

Your Family Entertainment AG

Annual Business and Financial Report 2013



At a glance
Key Data

Key data		2013	2012
Sales	€ k	2.526	2.501
EBITDA *	€ k	-362	-10
EBIT	€ k	872	883
Net Income	€ k	772	776

* Earnings before interest, taxes and depreciation / appreciation

		2013	2012
Value of film assets	€ k	19.925	16.906
Shareholders' equity	€ k	14.578	13.747
Total balance sheet amount	€ k	21.357	18.293
Interest-bearing liabilities	€ k	2.163	2.975

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1. CEO's opening comments

Dear Shareholders

2013 was an exciting and eventful year for Your Family Entertainment AG.

First of all, I would like to express my sincerest thanks, on behalf of the company, to our employees, the team of Your Family Entertainment. 2013 was very challenging because the further expansion of the two channels – RiC Free-TV and yourfamily Pay-TV – were advanced continuously with our existing team.

There was a great improvement in our film stock, in particular with the signature in summer 2013 of an extension of licence rights from Nelvana for 29 programmes and three new series. The decision in autumn 2013 to issue convertible bonds, and the issue itself in February 2014, have significantly improved the liquidity situation. These two developments together offer a strong strategic basis for the coming years.

Here is our detailed report:

Right at the start of the year, a representative study by the market research institute iconcids & youth international research GmbH found that high-quality television entertainment for children is important to mothers in Germany – over 40 percent of mothers would subscribe to the pay-TV channel "yourfamily". The study found greater interest amongst respondents in our pay-TV channel than in other children's pay-TV channels. This is testimony to our high quality standards for educational viewing that is free from violence and teaches ethical values, and confirmed us in our desire to internationalise the channel.

We had learned by the end of January that the pre-school series "Heroes of the City", a joint production by Your Family Entertainment AG and its Swedish production partner Ruta Ett DVD AB, had been sold to

over 180 countries. Production on season 2 also got underway.

In February 2013, RiC launched a partnership with TV-Magazin und Media GmbH & Co. KG from the Rhine-Main region. RiC is now included in the programme listings in the publisher's TV magazines, and in return, a new broadcasting slot has been launched on Rheinmain-TV, the metropolitan channel owned by the publishing company. The slot is called "Wackelzahn TV" and is filled with RiC programmes. The TV magazines include the monthly listing "mein tv-magazin" and "rheinmaintv-Magazin" and the children's TV magazine "Wackelzahn".

Our RiC mascot was part of the Kids Run on 23 February, making sure the children in Dortmund's Westfalenhalle had a fun and happy day.

In February, we had something for the crime series fans. The licensor Your Family Entertainment AG made the cult detective classic "Heimlich&Co." available to download from standard download portals and for viewing as a stream. The sound had been remastered by Highscore Music.

In May, a wide-ranging cooperation agreement was entered into with the Italian Mondo-TV Group, which produces and distributes children's TV series. From the summer of 2013, YFE's award-winning pay-TV channel "yourfamily" was then able to broadcast a range of children's TV classics for the first time, programmes which closely reflect our educational and ethical objectives. The classics include "Robin Hood", "Zorro", "The Jungle Book" and "The Lion King".

In September, we launched a television partnership with KATAG AG. The KATAG children's clothes brand Staccato and the children's channel RiC TV are developing a joint multi-channel strategy to reach a tar-

get group ranging from infants to teenagers at the POS, on TV and online.

In early September, Your Family Entertainment AG collaborated with ORF Enterprise and the IMZ International Music + Media Centre to host the semi-final rounds of judging for the International Emmys, the world's leading TV awards. On 5 September, Palais Schönburg in Vienna was a hot spot of the international TV industry. A distinguished jury held four semi-final judging events to decide the nominees for this year's Emmy Awards in the Arts Programming, Documentary, Kids: Factual and Kids: TV Movie/Mini-Series categories. The world's most prestigious TV awards were then presented at a gala in New York in November.

The channel RiC launched an international partnership with the children's charity SOS Children's Villages International to raise awareness for children's rights. On the 2013 International Children's Day, officially celebrated in Germany on 20 September, RiC broadcast SOS Children's Villages International films from 1:00 pm to 5:00 pm about children in other countries. The films gave an insight into the children lives, for example telling the story of "Cherline Jean" growing up in an SOS Children's Villages International home in Haiti. Other items focused on the lives of children in Tibet, Lebanon, India and Argentina.

Intensive negotiations were successfully completed on 30 August 2013 with the signature of an agreement with Nelvana International Limited, a subsidiary of Corus Entertainment Inc., one of North America's largest and best-known producers of children's television programmes. The agreement extends the licence for 29 programmes with a total of over 770 episodes and grants new licence rights for a further three series. This extension guarantees Your Family Entertainment AG the right to show these high-quality programmes until the end of 2035 and 2042 respectively on its own pay-TV channel "yourfamily", on

the free-TV channel "RiC" and on the home entertainment channel "yourfamilyentertainment" (DVD & VOD), and to use them for its own sales activities.

In October 2013, "yourfamily" was once again nominated in the Children's category for the prestigious Eutelsat TV Awards in Venice. These leading international awards were launched 16 years ago to recognise the best satellite TV channels for content quality, programme format, innovation and audience relevance.

October also saw the launch of the free-TV children's channel RiC on Zattoo Live TV on the Internet in Germany and Switzerland. Zattoo Live TV can be received on all devices, including smartphones, tablets, computers and Smart TV, and is Europe's largest live Internet TV provider.

We also launched a partnership with the specialist youth and family communications agency Blattwerk Media. The two companies will now be collaborating to offer their clients 360-degree family advertising campaigns. There will also be close cooperation on marketing the TV channel RiC.

The extraordinary general meeting on 7 November 2013 voted by a majority of 99.81 percent to authorise Your Family Entertainment AG to issue convertible bonds and to obtain the necessary conditional capital for that purpose. Now that RiC has been successfully launched, the company is seeking to develop the reach and raise the profile of the channel. This objective received full shareholder support.

In the light of the upturn in the free-TV children's channel market, the company is speeding up the rollout of RiC. The focus is on investments in new programmes, as well as on marketing activities and technical measures to increase our reach.

The convertible bond gives existing shareholders and selected partners the opportunity to take out a (further) stake in the company. It is also the first step in the growth of our free-TV business.

On 15 November 2013, the children's channel RiC switched off its picture – and broadcast radio plays and a blank screen all day instead. We wanted to show that a good story is always the essential element no matter what the medium - TV, radio or books. We also wanted to encourage parents to read to their children more. That is why we also took an active part in the nationwide "Reading Day" (*Vorlesetag*) and launched a storytelling event in our Munich studios.

By the end of the year, RiC was also listed in the TV section of the "Neue Kronen Zeitung", Austria's most widely read daily newspaper. The "Krone" has a readership of 2.6 million and a key role as an information medium in Austria. Listing in this paper is therefore an enormous boost to our communicative reach in general and in Austria in particular. RiC's TV schedule is already published in major German TV magazines from TV Movie to Hörzu and TV Spielfilm, which have a total circulation of around 6 million.

Our activities still focus on the responsible further development of our company through growth in existing and new business fields under the premise to increase the value of our company in order to create sustainable values for you, our shareholders.

I would like to take this opportunity to thank you, dear Shareholders, for your trust in our company. Likewise, I express my thanks to the members of the Supervisory Board who permanently support Your Family Entertainment AG with guidance and resources.

I would also once again like to express my warmest thanks to the team at "Your Family". Innovative solutions and excellent contributions, often in the early hours of the morning or late at night, are what have made the above achievements possible. We are now seeing a real signature of the company emerging, written with passion and commitment. To use the RiC slogan, the team at Your Family Entertainment AG is truly "always cool" (*"immer richtig cool ..."*).

I would like to thank the team as a colleague and as director.

Munich, April 2014



Dr. Stefan Piëch
CEO

2. About us

The name Your Family Entertainment AG (YFE) symbolises innovation and tradition in one: we have been licensing and producing high-quality and educational TV series for children, young adults and families for more than 30 years.

Your Family Entertainment AG is backed by a young and dynamic team of highly motivated employees who jointly strive for one objective: we wish to pass on our excitement and our passion for high-value children TV programmes – to children, families and our customers all over the world.

In the international trade of licences we dispose of one of the biggest libraries for kid's movies in Europe. In the meantime, we have a programme inventory of about 3,500 half-hour programmes. The many series, all created with great enthusiasm and dedication, have enabled us to offer such a strong and varied schedule.

The library is constantly being updated, with new programmes being added. Last year saw further improvements in our excellent film stock. The highlights include series such as "Fix & Foxi" and a current children's favourite "Cosmo & Wanda".

At the same time, we have been operating the pay TV channel "yourfamily" since 2007 which has been given the renowned HOT BIRD TV Award in 2010. In 2011 and 2013 it was again nominated for the final of the top three children's channels worldwide. This is where we show high-value animation series for children and entertainment programmes for the entire family.



Since 2012, the YFE is by the children's channel "RiC" also represented on free-TV. Our small but nice channel is THE new station with quality standards for children at the age of 3 to 13: we broadcast sophisticated, educational series of European origin that have been developed jointly with teachers in long years of cooperation and are free from any violence. At the same time, we attach importance to a realisation that is suitable for children: the decelerated contents, the picture format that is tailored to the special needs of children and our programme design are unique in Europe. RiC is broadcasted via satellite (Astra), some cable networks and as a live-stream on the internet of German-speaking countries as well as on the mobile platforms iOS and Android. Currently, RiC can be received in more than 23 million households in the German-speaking world. The range of the cable network is continuously being expanded.

RiC's Unique Selling Propositions at a Glance

RiC - The channel with the red curtain: the red curtain frames the entire programme of RiC. It produces a "theatre effect" and reduces the perceptual overload. This underlines the fictional element and thus creates a completely new TV experience for children.

World première: we switch off the TV for one half hour each day – during this time, we broadcast a fixed-image and the kids listen to a good-night story: this way, children will calm down after an exciting day – what helps parents to bring their children to bed.

Another characteristic of our channel is RiC, the raven, the likeable mascot of the channel: it creates a sense of closeness to the small audience and experiences funny stories in its own small animated films. A life-sized version of the mascot is present during important events and embodies the face of our children's channel toward the outside.



Free TV channel RiC with the red curtain

3. Report of the Supervisory Board

Dear Shareholders,

The Supervisory Board regularly monitored, controlled and advised on the work of the Board of Management during the 2013 financial year. The Board of Management kept the Supervisory Board comprehensively and punctually informed by means of both verbal and written reports. The Supervisory Board and the Board of Management were also in constant contact between the meetings. Telephone conferences and e-mail correspondence took place. Thus, the Supervisory Board was informed at all times of the intended business policy, the company's planning, including financial, investment and human resources, as well as the development of the business and the company's current situation.

A total of four meetings of the Supervisory Board were held in the financial year 2013. With the exception of one session, all members were in attendance for each meeting. All members of the Supervisory Board therefore participated in at least half of its meetings during their period of office in the 2013 financial year. During these meetings, all major matters of business policy, especially those relating to the company's commercial and financial development, its strategy and planning, important business events and matters requiring the consent of the Supervisory Board were subjected to detailed and empirical analysis, deliberated upon and discussed with the Board of Management on the basis of comprehensive and complete reports prepared by the Board of Management. In addition, the Supervisory Board also held discussions by means of telephone conferences. Also during the 2013 financial year, the Supervisory Board repeatedly made use of its right to inspect the books and records as well as the company's assets. The Board of Management was available at all times

to answer questions and to give explanations.

Key subjects discussed by the Supervisory Board

As in the previous years, the Supervisory Board's deliberations and control activities in the 2013 financial year again were dominated by the sales development in the company's core business on the one hand and, on the other hand, the monitoring of the development and the extension of the business segments by the company. In addition, there were several capital market measures which were presented to the Supervisory Board by the Board of Management and which were discussed and decided by the Supervisory Board.

The sales development achieved in the 2013 financial year reflects the pricing pressure identified in the market. The installation of the channel "RiC" was closely accompanied by the Supervisory Board. In the future the company expects here a significant sales contribution. The development will be monitored by the Supervisory Board intensively.

The significant incidents in the financial year included the creation of conditional capital by an extraordinary shareholders' meeting. In this context, the Supervisory Board repeatedly dealt extensively with the issue of financing and thereby also with the instrument of the convertible bond, the issue was decided.

As in previous years, the ongoing monitoring of the company's liquidity situation remained a main focus of the Supervisory Board. The Board of Management reported regularly on the subject.

Committees of the Supervisory Board

The Supervisory Board has not established any committees.

Report on the audit of the annual financial statements

The annual financial statements and the management report of Your Family Entertainment AG were prepared in accordance with the provisions of the German Commercial Code (HGB).

In accordance with the Supervisory Board's instructions, Ernst & Young GmbH, auditors in Stuttgart, audited the company's accounting system and its financial statements and management report for the 2013 financial year. The auditor issued an unqualified audit in each case based on the audit. The company's annual financial statements and management report, as well as the audit reports of the auditor, were submitted to the Supervisory Board and examined by it. The Supervisory Board discussed these documents in detail at its balance sheet meeting held on the first of April 2014 in the presence of the auditor who reported on the principle findings of the audit. All questions of the Supervisory Board were answered in detail. The Supervisory Board took note of and approved the findings of the audit. Following its own conclusive examination, the Supervisory Board established no grounds for objecting to the company's financial statements and management report for the 2013 financial year. The Supervisory Board approved Your Family Entertainment AG's financial statements submitted by the Board of Management. Accordingly, the financial statements of Your Family Entertainment AG are adopted. The Board of Management has prepared its report on the company's relationships with affiliated companies and submitted this report, together with the audit report on this subject, to the Supervisory Board. The auditor issued the following unqualified opinion:

"We confirm, following our obligatory examination and assessment, that

the factual details contained in the report are correct,

the consideration of the company in the course of the transactions listed in the report was not unreasonably high."

The auditor reported on relations with affiliated companies and on the principle findings of the audit. The Supervisory Board's examination of the Board of Management's report and the audit report gave no cause for objections; the Supervisory Board agrees with the findings of the audit of the auditor.

The auditor also carried out an examination in accordance with § 317 para. 4 HGB [German Commercial Code] and concluded that the Board of Management had installed a monitoring system, that the legal requirements for the early recognition of risks threatening the existence of the company are fulfilled, and that the Board of Management has taken appropriate measures to recognize developments at an early stage to counter risks.

The auditor submitted the independence declaration required by the Corporate Governance Code to the Supervisory Board and disclosed the audit and consultancy fees occurring in the respective year to the Supervisory Board.

Corporate Governance and the declaration of conformity

The subject of Corporate Governance has a high priority for the Supervisory Board. The Supervisory Board dealt with the refinement of the Corporate Government principles in the company. The declaration given by the Board of Management and the Supervisory Board pursuant to § 161 AktG [German Companies Act] is reproduced in the chapter Corporate Governance of the Annual Business and Financial Report 2011 and additionally available on the company's website (www.yf-e.com) under Investor Relations.

For more information on the subject of Corporate Governance, see the Annual Accounts on pages 13 to 15 (Corporate Governance report).

The Supervisory Board thanks the Board of Management and all employees for their

commitment during the 2013 financial year.

Munich, April 2014

Dr. Hans-Sebastian Graf von Wallwitz

Chairman of the Supervisory Board



RiC - mascot of the channel

4. The share

4.1 Overview

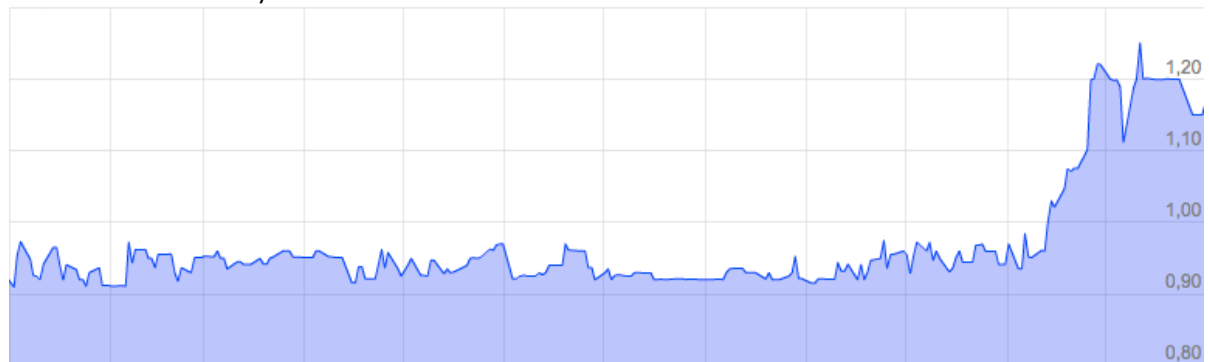
Your Family Entertainment AG is quoted under the security identification number WKN 540891/ISIN: DE0005408918 and the ticker symbol „RTV“ on the regulated market of the Frankfurt Stock Exchange (General Standard).

Share of Your Family Entertainment AG	
Number of shares	9,662,999 units
Subscribed capital	€ 9,662,999
Initial notice	June 8th, 1999
Industry	Media & Entertainment

4.2 Development of the price of the share in 2013

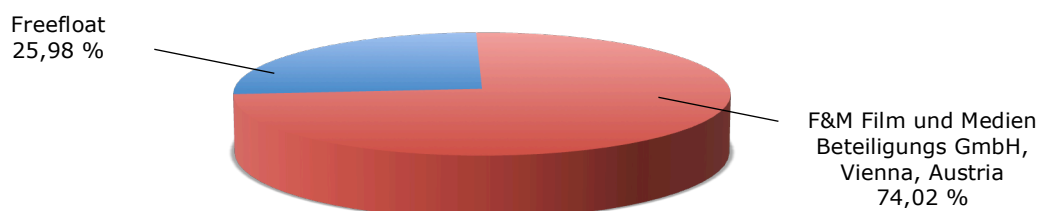
During the period from January to December 2013, the price of the share of Your Family Entertainment AG on the Frankfurt Stock Exchange developed as follows:

Share of Your Family Entertainment AG



Quelle: www.dab.de

4.3 Shareholding structure (as of December 31st, 2013)



5. Corporate Governance Report

Your Family Entertainment AG continued to develop further its Corporate Governance also in 2013 and mainly follows the recommendations and suggestions of the German Corporate Governance Code in the version of May 13th, 2013.

The Supervisory Board of Your Family Entertainment AG does not form committees as it consists of only three members, but has at its disposal an independent financial expert who meets the required criteria. This financial expert is independent and was no member of the Management (suggestions in section 5.3.2). In its current composition, the Supervisory Board of Your Family Entertainment AG has a very broad expert knowledge, which also accommodates the international orientation of the company (section 5.4.1). YFE will go by this target also when making suggestions for new elections in the Supervisory Board. If Your Family Entertainment AG makes use of the exception regulations in section 5.4.4 of the Code when a member of the Board of Management becomes a Supervisory Board member, it will explain this in the shareholders' meeting.

The remuneration for Board of Management and Supervisory Board is shown in the notes to the annual financial report 2013. Remuneration was not assessed as contracts are ongoing. There was therefore no internal vertical comparison (4.2.2 / 4.2.3).

In 2013, conflicts of interest did neither occur in the Board of Management nor in the Supervisory Board. A possible conflict of interest in connection with the Supervisory Board member Dr. Sebastian Graf von Wallwitz was avoided in that a resolution sought by the company on cooperation with the legal firm of Schwarz Kelwing Wicke Westphal, in which Graf von Wallwitz is a partner, was submitted to the 2007 share-

holders' meeting for adoption of a resolution and that an appropriate approval was given.

It is still the case that the members of the Board of Management do not hold any Supervisory Board or comparable office.

The Supervisory Board monitors the efficiency of its own activities every year. It is the Supervisory Board's opinion that it has a sufficient number of independent members.

A comparison of the previous declaration of conformity with the Corporate Governance Code, which was actually implemented in the 2013 financial year, did not reveal any discrepancies. Your Family Entertainment AG to a large extent complies with the recommendations of the government commission German Corporate Governance Code, departing from the Code only in areas where this appears justified due to the company's size, the usefulness of such measures and also the financial parameters of a medium-sized company.

The rules of business procedure under which the Board of Management and the Supervisory Board operate remained unchanged in 2013. Approximately 22 shareholders and guests, representing 78.54% of the voting share capital, took part in the 2013 shareholders' meeting. All items proposed for resolution were accepted.

About 22 shareholders, representing 76,84% of the voting share capital, took part in the extraordinary shareholders' meeting in November 2013. All items proposed for resolution were accepted.

Munich, March 2014

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

Dr. Stefan Piëch (CEO)

Declaration of conformity of the Board of Management and Supervisory Board of Your Family Entertainment AG regarding the German Corporate Governance Code pursuant to § 161 AktG [German Companies Act]

§ 161 AktG [German Companies Act] requires that Board of Management and Supervisory Board of a listed company declare annually that the recommendations made by the "Government Commission on the German Corporate Governance Code", published by the Federal Ministry of Justice in the official part of the electronic Federal Gazette, have been and will be complied with or which recommendations were not and will not be applied, stating the reasons.

The company's Board of Management and Supervisory Board welcome the German Corporate Governance Code and declare the following:

Your Family Entertainment AG will comply with the recommendations of the German Corporate Governance Code in the version of May 13th, 2013, with the following exceptions:

D&O insurance for the Supervisory Board (section 3.8, para. 3)

For the members of the Supervisory Board, there is a D&O insurance which does not provide for an excess. The company does not consider the agreement of an excess to be suitable for improving the work ethic and sense of responsibility with which Supervisory Board members carry out the tasks and functions assigned to them. The legal requirements are met for the Board of Management.

Composition of the management Board (section 4.2.1 sentence 1)

Owing to the scope of business operations and the size of the company, the Board of Management currently only consists of one individual.

Management remuneration (section 4.2.2 para. 2 sentence 3, 4.2.3 para. 2 sentence 6)

Insofar as the new version of the Code further specifies the vertical comparison of management remuneration already required by the German Stock Corporation Act [*Aktiengesetz (AktG)*], and defines in detail the comparison groups and time period for comparison, we must declare potential non-compliance. In its vertical comparison, the Supervisory Board did not distinguish between the comparison groups as recommended in the Code, nor did it obtain data on the changes over time in wages and salaries. The Supervisory Board nevertheless intends to include vertical comparison in future evaluations of management pay on the basis of the content and time-scale criteria in the new Code recommendations. The Board of Management and the Supervisory Board also take the view that certain details of the new section 4.2.2. para. 2 sentence 3 are still the subject of considerable debate in practice and in the legal literature in the field. For this reason too, we therefore take the precaution of declaring possible non-compliance.

The recommendation in section 4.2.3 para. 2 sentence 6 of the Code for an upper limit both to total remuneration for directors and to the variable element only came into effect with the most recent amendment to the Code. The current directors contract, which was concluded before the aforementioned recommendation came into effect, does not set upper limits either for total remuneration or for the variable elements. However, variable remuneration is exclusively performance-related and the Supervisory Board believes view that this ensures the reasonable and appropriate nature of the remuneration.

Diversity in the Board of Management (section 5.1.2 para 1 sentence 2)

As the company has but one sole director, the Supervisory Board cannot be mindful of diversity within the Board of Management.

Furthermore, as the Board of Management comprises but one member, which is currently deemed adequate for the company and whose position is filled for the foreseeable future, it appears also to be impossible to follow the governmental commission's recommendations to consider women for the position.

Formation of committees (sections 5.3.1, 5.3.2, 5.3.3)

Due to the limited size of the Supervisory Board (three members), the formation of committees is not deemed necessary

Establishment of specific goals for the composition of the Supervisory Board (section 5.4.1 para 2 and para 3)

The Supervisory Board of Your Family Entertainment AG does not state any specific goals for its composition. In its proposal of exclusively suitable Supervisory Board election candidates, the Supervisory Board has always aimed to put together a Supervisory Board made up of members who possess the proper qualifications - the knowledge, abilities and industry experience to work effectively. In the opinion of the Supervisory Board, this approach has proven itself. Therefore, no necessity is seen to change this practice. Consequently, the recommendations based on that pursuant to section 5.4.1 para. 3 cannot be followed.

Date of financial reporting (section 7.1.2 sentence 4)

The annual financial statements will not be made publicly available within 90 days after the end of the financial year; interim reports will not be made publicly available within 45 days after the end of the reporting period. The associated workload for a timely release of said information would involve unjustifiably high costs. In the opinion of the Board of Management and the Supervisory Board, the legal

requirements for promptly providing information to shareholders and the capital market are sufficient.

Since the last declaration of conformity of December 2012, Your Family Entertainment AG basically complied with the recommendations of the German Corporate Governance Code in the version of May 13th, 2013. The recommendations from sections 3.8 para. 3, 4.2.1 sentence 1, 4.2.2 para. 2 sentence 3, 4.2.3 para. 2 sentence 6, 5.1.2 para. 1 sentence 2, 5.3.1, 5.3.2, 5.3.3, 5.4.1 para. 2 with the exception of parts of sentence 2, 5.4.1 para. 3 and 7.1.2 sentence 4 were not applied.

For the reasons of deviating from the above-mentioned sections, see explanations under no. 1.

Munich, December 2013

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

Dr. Stefan Piëch
(CEO)

6. Annual Financial Statements and Management Report

6.1 Balance sheet as of December 31st, 2013

	ASSETS	in €	Dec. 31st, 2013	Dec. 31st, 2012
A.	Fixed assets			
I.	Intangible Assets			
1.	Franchises and similar rights acquired for a consideration		28,959.73	18,257.89
2.	IT software		633.00	1,324.00
3.	Film assets and other rights		19,924,877.53	16,906,148.67
4.	Deposits paid		0.00	14,732.50
			19,954,470.26	16,940,463.06
II.	Tangible Assets			
1.	Other equipment, Operational and office equipment		41,005.00	44,205.00
			41,005.00	44,205.00
B.	Current assets			
I.	Inventories			
1.	Accounts receivable trade		737,009.41	922,273.17
2.	Other assets		68,210.92	38,814.25
			805,220.33	961,087.42
II.	Cash on hand and balances with banks		229,327.49	227,321.01
C.	Deferred charges and prepaid expenses		326,773.19	119,824.31
	Total assets		21,356,796.27	18,292,900.80

6.1 Balance sheet as of December 31st, 2013

	LIABILITIES	in €	Dec. 31st, 2013	Dec. 31st, 2012
A.	Shareholders' equity			
I.	Capital subscribed		9,662,999.00	9,662,999.00
	Nominal amount own shares		<u>-13,000.00</u>	<u>-51,400.00</u>
	Issued capital		9,649,999.00	9,611,599.00
II.	Capital reserve		2,527,457.81	2,507,232.56
III.	Accumulated earnings		2,400,777.40	1,628,410.67
			14,578,234.21	13,747,242.23
B.	Provisions & Accrued Liabilities			
1.	Pension provision		298,147.00	296,258.00
2.	Other provisions and accrued liabilities		704,979.76	561,177.07
			1,003,126.76	857,435.07
C.	Liabilities			
1.	Loans		2,163,441.12	2,975,000.00
2.	Advance payments received on account of orders		1,821,411.56	13,12.18
3.	Accounts payable, trade		1,682,178.56	584,783.90
4.	Accounts due to other group companies		0.00	2,139.21
5.	Other liabilities		44,850.16	39,686.84
			5,711,881.40	3,614,922.13
D.	Accruals and deferrals		63,553.90	73,301.37
	Total liabilities		21,356,796.27	18,292,900.80

6.2 Income Statement for 2013

	Income Statement	in €	Dec. 31st, 2013	Dec. 31st, 2012
1.	Sales		2,526,035.71	2,501,155.29
2.	Other operating income		2,821,367.21	3,251,856.54
			5,437,402.92	5,753,011.83
3.	Cost of materials			
	a) Cost of licenses, commissions and materials		226,077.82	229,388.96
	b) Cost of purchased services		430,840.56	322,508.87
			656,918.38	551,897.83
			4,690,484.54	5,201,114.00
4.	Personnel expenses			
	a) Salaries		890,343.02	919,341.95
	b) Social security expenses		129,174.99	140,328.95
	c) Expenses of pension schemes		3,835.35	3,540.52
			1,023,353.36	1,063,211.42
5.	Depreciation on intangible assets and property, plant and equipment		1,259,152.74	1,810,681.20
6.	Other operating expenses		1,536,249.60	1,443,946.57
			871,728.84	883,274.81
7.	Other interest and similiar income		4,972.94	2,524.90
8.	Interest and similar expenses		95,940.37	101,171.13
9.	Result from ordinary operations		780,761.41	784,628.58
10.	Taxes on income		8,132.68	7,710.70
11.	Other taxes		262.00	519.00
12.	Net income		772,366.73	776,398.88
13.	Profit brought forward from previous year		1,628,410.67	852,011.79
14.	Accumulated earnings		2,400,777.40	1,628,410.67

6.3 Cash Flow Statement for 2013

	Cash Flow Statement 2013	in € k	2013	2012
1.	Cash flows from operating activities			
	Net income		772	776
	Depreciation of film assets and other rights		1,226	1,781
	Depreciation of other fixed assets		34	30
	Write-ups of film assets and other rights		-2,493	-2,704
	Change in long-term provisions and accrued liabilities		2	0
	Other non-cash		-124	71
	Interest income		-5	-3
	Interest payable		96	101
	Tax expenses		8	8
	Increase in trade receivables		155	-34
	Decrease in other assets		-236	-113
	Increase (previous year decrease) in trade payables		1,130	75
	Increase in other liabilities		2,069	-190
	Cash from ongoing business activities before interest and taxes		2,634	-202
	Interest payments		-78	-84
	Tax expenses		-8	-8
	Cash flows from operating activities		2,548	-294
2.	Cash flows from investing activities			
	Payments for investments in property, plant and equipment		-24	-25
	Payments for other investments in other intangible assets		-17	-34
	Payments for investments in the film assets and the other rights (including advance payments)		-1,752	-221
	Cash flow from investment activities		-1,793	-280
3.	Cash flows from financing activities			
	Dividends paid to shareholders		0	-175
	Payments for the purchase of own shares		-79	-35
	Proceeds from the sale of own shares		138	0
	Proceeds from capital increase		0	1,044
	Proceeds from issuing bonds/loans		530	0
	Payments for the repayments of bonds/loans		-1,342	-151
	Cash flow from financing activities		-753	683
4.	Cash funds at the end of the period			
	Change in cash funds from cash-relevant transactions		2	109
	Cash funds at the beginning of the period		227	118
	Cash funds at the end of the period		229	227
5.	Composition of cash funds			
	Liquid funds		229	227

6.4 Statement of Shareholder's Equity 2013

in €	Subscribed capital	Minus nominal amount of own shares	Issued capital	Capital reserve	Accumulated earnings	Shareholders' equity
Jan. 1st, 2012	8,793,000.00	-16,000.00	8,777,000.00	2.332.638,01	1.027.381,79	12.137.019,80
Acquisition of own shares	0.00	-35,400.00	-35,400.00	594.75	0.00	-34,805.25
Dividend	0.00	0.00	0.00	0.00	-175,370.00	-175,370.00
Capital Increase	869,999.00	0.00	869,999.00	173,999.80	0.00	1,043,998.80
Net income	0.00	0.00	0.00	0.00	776,398.88	776,398.88
Dec. 31st, 2012	9,662,999.00	-51,400.00	9,611,599.00	2,507,232.56	1,628,410.67	13,747,242.23
Jan. 1st, 2013	9,662,999.00	-51,400.00	9,611,599.00	2,507,232.56	1,628,410.67	13,747,242.23
Acquisition of own shares	0.00	-76,600.00	-76,600.00	-2,774.75	0.00	-79,374.75
Sale of own shares	0.00	115,000.00	115,000.00	23,000.00	0.00	138,000.00
Net income	0.00	0.00	0.00	0.00	772,366.73	772,366.73
Dec. 31st, 2013	9,662,999.00	-13,000.00	9,649,999.00	2,527,457.81	2,400,777.40	14,578,234.21

6.5 Notes for 2013

A. General Information

The annual financial statements of Your Family Entertainment AG (YFE), Munich, for the 2013 financial year were prepared in accordance with § 242 et seqq., § 264 et seqq. German Commercial Code (HGB) as well as the relevant provisions of the German Companies Act (AktG). The rules for large companies limited by shares apply.

Your Family Entertainment AG has its offices in Munich, Nordendstraße 64, Germany.

Object of the company:

The creation, editing and production of films, video and sound carriers and merchandising products, the purchase and sale of rights, investment in broadcasting companies, trade with films, image/sound carriers, merchandising products and national and international rights as well as event marketing. The company is also a full-service provider in the sense of an agency for the marketing of its own and third-party merchandising rights at home and abroad. The company's object also includes music publishing and all related transactions or transactions promoting the purpose of the company, including the production of music, especially film music, either in its own capacity or through third parties.

The company's business activities are split into the business segments "Production" and "License Sales".

B. Accounting and valuation methods

The accounting and valuation takes place pursuant to the following principles:

Balance sheet

Film assets and other rights are shown at their amortized costs. Scheduled amortization takes place depending on the exploitation of the film rights. Corresponding to the proportionate sales recognized in the financial year in relation to the overall exploitation of the film rights planned, including the sales realized in the financial year, the periodic proportionate amortization resulting from the exploitation takes place.

The approach chosen is based on the industry-specific US standard FASB ASC 926 (Entertainment - Films).

In addition, an impairment test is carried out at each balance sheet cut-off date. A write-up is made when an impairment no longer exists or has been reduced. The write-up is recorded under the position "other operating income" in the income statement. However, the increase in value and/or the reduction of the impairment of an asset only is recorded to the extent in which it does not exceed the book value which might have resulted taking into account the depreciation and amortization effects if no impairment had been recorded in the previous years.

In the past financial year, the segment VoD (Video on Demand) was for the first time taken into account when estimating revenues in the movie review. This led to an increase in the film assets by € 818k.

The IT software acquired for a consideration as well as the property, plant and equipment are valued at costs of acquisition minus scheduled depreciation. The amortization of IT software takes place pursuant to the straight-line method pro rata temporis. The movable assets are de-

preciated using the straight-line method pro rata temporis. The period of amortization and depreciation corresponds to the useful lives of the assets customary in the industry. For IT software, it amounts to three years and for the other operational and office equipment, it amounts to two to ten years.

Receivables and other assets are shown at their nominal value. All items fraught with risks are accounted for by forming reasonable specific provisions. In addition, a general provision amounting to 1% exists for the general credit risk.

The pension provisions are calculated in accordance with the Project Unit Credit Method, using Dr. Klaus Heubeck's "2005 G Tables". For discounting, a fixed rate, based on the average market interest rate and 15 years remaining to maturity, of 4,89% was used, in accordance with the German Regulation on the Discounting of Provisions of November 18th, 2009. Expected salary and pension increases were not to be taken into account.

The other provisions cover all recognizable risks and contingent liabilities. They are valued amounting to the settlement value (i.e. future cost and price increases). Other provisions with a remaining time to maturity of more than one year have been discounted with an adequate interest rate for the remaining time to maturity pursuant to the German Regulation on the Discounting of Provisions.

The liabilities are valued at the settlement value.

Amounts in foreign currency are valued at the spot exchange rate at the balance sheet cut-off date. In the case of a duration of more than one year, the realization and historical cost principle is observed.

Economic hedging relationships are reflected in the balance sheet by recognizing hedging relationships. Balancing value changes from the risk hedged are not included in the balance sheet, applying the

"net hedge presentation method". The balancing positive and negative value changes both of the underlying transaction as well as the hedging instrument are recorded without affecting the income statement.

For the determination of deferred tax due to temporary or quasi-permanent differences between the valuation of assets under the commercial code, debts and accruals and deferrals and the fiscal valuations or due to fiscal losses brought forward, the amounts of the resulting tax burden and relief will be valued at the company-specific tax rates (32.98%) at the time of reducing the differences and not discounted.

Deferred tax differences on the assets side as of the balance sheet cut-off date mainly result from for pension provisions, other provisions and foreign currency gains.

The option for capitalization of deferred taxes is not exercised.

Income Statement

The Income Statement is structured pursuant to the total expenditure format.

The recognition of sales takes place depending on the respective license agreement, in particular pursuant to the following:

- a license contract signed by both parties is available;
- the contractual obligations regarding the delivery/supply of the material have been met;
- the licensing period has begun;
- the contractual fee can be determined, e.g. also by means of periodic reports of the video on demand (VoD) platforms.

Whether the licensee uses the rights only at a later point in time is not relevant for the time of recognition of the sale.

As regards merchandising sales (business segment „License Sales“), the guaranteed income is shown at the time of conclusion

of the contract and/or at the start of the respective license period. In the case of income that is solely dependent on sales, the recognition of the income takes place when the sales are given for the licensee.

Sales in the business segment "Production" are recognized after completion and acceptance of the individual episodes.

C. Explanations of the balance sheet

Fixed assets

The development of the individual items of the fixed assets is illustrated in the separate summary of fixed assets, stating the depreciation and amortization of the financial year.

Accounts receivable and other assets

Items with a remaining time to maturity of more than one year exist in the receivables from trading amounting to € 36k (previous year € 0k) and in the other assets amounting to € 12k (previous year € 11k).

Shareholders' equity

Share capital

The share capital of Your Family Entertainment AG as of the balance sheet cut-off date is divided into 9,662,999 no-par shares, each with a pro-rata amount in the share capital of € 1.00. As of December 31st, 2013, the share capital thus amounts to € 9,662,999.00. The shares are bearer-shares. They are fully paid up.

As of December 31st, 2013, F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, is in possession of 74.02% of the share capital.

Capital reserve

The share premium of € 23,000.00, which was achieved through the sale of 115,000

treasury shares to an investor, was transferred to the capital reserve.

For settling the purchase price for 76,000 own shares above the nominal amount, € 2,774.75 were obtained from the capital reserve in 2013.

Authorized capital 2012

The shareholders' meeting of June 27th, 2012 approved new authorized capital (authorized capital 2012).

In this respect, the following resolution was adopted:

a) The authorization for the Board of Management to increase the company's share capital by June 8th, 2015, on one or more occasions, by up to a total of € 3,387,001.00 (authorized capital 2010), is herewith nullified, effective at the time when the new authorized capital, in accordance with subsequent paragraphs b) and c), is entered in the commercial register.

b) With the approval of the Supervisory Board, the Board of Management is authorized to increase the company's share capital by June 26th, 2017, on one or more occasions, by up to a total of € 4,831,499.00, through the issue of up to 4,831,499 new zero-par bearer share certificates in return for cash and/or contributions in kind (authorized capital 2012). As a matter of principle, shareholders will be thereby granted a subscription right. The legal subscription right can also be granted in such a way that the new shares can be underwritten by a bank or similar institution according to § 186 para. 5 sentence 1 AktG (German Companies Act) with the obligation to offer these to shareholders of Your Family Entertainment AG for subscription. With the approval of the Supervisory Board, the Board of Management is authorized to exclude the legal subscription right:

- if a capital increase against cash contribution does not exceed 10 % of the capital stock and the issue

price of the new shares does not vastly fall below the stock market price (§ 186 para. 3 sentence 4 German Companies Act); when making use of this authorization to exclude the subscription right under § 186 para. 3 sentence 4 German Companies Act, the exclusion of the subscription right due to other authorizations listed under § 186 para. 3 sentence 4 German Companies Act is to be taken into account.

- if the shares are issued against a contribution in kind made for the purpose of purchasing companies or interests in companies or parts of companies or for the purpose of purchasing receivables from the company;
- to the extent that it is necessary for offsetting fractional amounts.

c) With the approval of the Supervisory Board, the Board of Management is authorized to determine further details of the capital increase and its implementation. The Supervisory Board is authorized to update the wording of the articles of association in accordance with the utilization of the authorized capital.

§ 4 para. 3 of the articles of association will be rewritten in accordance with the aforementioned resolutions.

Conditional capital 2013

The extraordinary general meeting on 7 November 2013 approved conditional capital (2013 Conditional Capital).

The following resolution was passed:

“a) The Board of Management shall be authorised, subject to the approval of the Supervisory Board and between now and 06 November 2018, to issue, in one or in multiple issues, bearer convertible bonds with a total nominal value of up to € 10,000,000.00 and a term of no longer

than 20 years and to grant the bearers of said convertible bonds conversion rights to new shares in the company up to a total equivalent value of € 2,300,000.00 of the share capital in accordance with the detailed terms of the convertible bonds. The convertible bonds may be issued in one or in multiple issues, in whole or in partial bonds, and in different tranches.

The shareholders have a fundamental subscription right for the convertible bonds. The statutory subscription right may also be granted by one or more credit institutions purchasing the convertible bonds with an obligation to offer the bond to shareholders for acquisition. The Board of Management shall nevertheless be entitled, subject to the agreement of the Supervisory Board, to limit or exclude the subscription right of shareholders in the company for convertible bonds with conversion rights to shares in the company, in order to exclude shareholder subscription rights to fractional amounts arising as a result of the subscription process.

The holders of any convertible bonds which may be issued shall have the right, in accordance with the detailed terms of the convertible bond, to trade in their convertible bonds for shares in Your Family Entertainment Aktiengesellschaft. The amount of share capital represented by the shares to be issued upon conversion must not exceed the nominal value of the convertible bonds. The conversion ratio shall be equal to the nominal value of a convertible bond divided by the nominal value of a share in Your Family Entertainment Aktiengesellschaft. The bond terms may allow for a variable conversion ratio and for the conversion price to be set depending on the movement of the share price during the term or over a set period within the term. The conversion ratio may be rounded up or down to a whole number; a part payment in cash may also be specified. The terms may also allow for fractional amounts to be combined and/or settled in cash.

The terms of the convertible bond may also entitle the company to pay the equivalent value in cash instead of granting shares in the company to those exercising their conversion option. The terms of the convertible bond may also allow the company to issue its own shares to bondholders exercising their conversion option.

The conversion price to be set for a share must be at least 80 % of the average closing price of the company shares in floor trading on the Frankfurt Stock Exchange or, if the shares are traded on the XETRA, in XETRA trading or in an equivalent, subsequent system, for the last ten trading days before the day of the Board of Management's decision to issue convertible bonds. This does not affect section 9 para. 1 or section 199 para. 2 AktG (German Stock Corporation Act).

The Board of Management shall be authorised to define, with the agreement of the Supervisory Board, further details of the issue and terms of the convertible bonds, in particular the interest rate, issue price, term and denomination, and the conversion price and conversion period.

b) There shall be a conditional increase in share capital by up to € 2,300,000.00 with the issue of up to 2,300,000 new zero-par bearer share certificates (2013 Conditional Capital). The conditional capital increase shall be used to grant shares to the holders of convertible bonds that are issued in accordance with the above authorisation. The conditional capital increase will only be carried out to the extent that the holders of convertible bonds issued by the company by 06 November 2018 as authorised by the general meeting of 07 November 2013 exercise their conversion right and to the extent that other forms of settlement are not employed. The new shares shall entitle the shareholder to participate in profits from

the beginning of the financial year in which they are acquired by exercise of conversion rights. The Board of Management shall be authorised to specify, subject to the approval of the Supervisory Board, further details on the implementation of the conditional increase in capital. The Supervisory Board shall be authorised to amend the wording of the articles of association in accordance with the use of the conditional capital." Section 4 of the articles of association has been amended accordingly.

Share repurchase

In 2013, the authorization to purchase own shares, which was passed at the June 27th, 2012 shareholders' meeting, was made use of and a total of 76,6000 own shares with an arithmetical portion of the share capital of a total of € 76.6k at an overall price of € 79,4k were purchased on the stock exchange. 115,000 own shares were sold in the street for a total price of € 138.

Thus, the own shares as of the balance sheet cut-off date amount to 13,000 shares. This corresponds to 0.13% of the share capital.

Provisions & Accrued Liabilities

The other provisions mainly relate to human resources costs, provisions for outstanding invoices as well as the provisions for the annual financial statements and the audit.

Furthermore, a provision for contingent loss from derivative financial instruments amounting to € 79k (previous year € 100k) was formed.

Liabilities

Liabilities in €k	Up to 1 year	2 – 5 years	> 5 years	Total
As of Dec. 31st 2013				
Loans	1,513	650	0	2,163
Advance payments received on account of orders	1,821	0	0	1,821
Accounts payable, trade	1,284	237	162	1,683
Accounts due to other group companies	0	0	0	0
Other liabilities	45	0	0	45
- thereof for taxes	(16)	(0)	(0)	(16)
- thereof for social security	(2)	(0)	(0)	(2)
Total liabilities	4,663	887	162	5,712

As of Dec. 31st 2012				
Loans	1,892	1,083	0	2,975
Advance payments received on account of orders	13	0	0	13
Accounts payable, trade	558	27	0	585
Accounts due to other group companies	2	0	0	2
Other liabilities	40	0	0	40
- thereof for taxes	(14)	(0)	(0)	(14)
- thereof for social security	(6)	(0)	(0)	(6)
Verbindlichkeiten gesamt	2,505	1,110	0	3,615

In order to secure loans, collaterals in the form of rights and claims under film license contracts have been granted. In addition, loans are supported by bill designations and blank bills.

Other financial commitments

Other financial commitments due within one year amount to € 358k and are primarily divided into rental (€ 75k), lease (€ 7k), consultancy and service commitments (€ 276k).

Within a period of 2 to 5 years, a total of € 63k will become due, primarily for service commitments.

Derivative financial instruments

For hedging interest risks, the company concluded interest rate hedging instruments. These financial instruments are effective as of June 1st, 2012.

Type/category	in €k	Nominal amount	Fair value	Book value
Interest swap		500	-70	n/a
Interest swap		300	-42	n/a
Cap		700	-46	-46
Cap		500	-33	-33
Total		2,000	-191	-79

To the extent that the underlying transactions are closed items, no need for provisions resulted.

For the caps, other provisions amounting to € 79k (previous year € 100k) were formed.

The following valuation methods were applied:

The values stated are cash values (present value). Possible past cash flows (e.g. interest or premium payments) are not taken into account. Future cash flows from variable payments as well as discount rates are determined based on generally accepted actuarial models. For the valuation, average interbank rates are used.

Hedging relationships

The following hedging relationships were recognized:

Underlying transaction/ hedging instrument	Risk/ type of hedging relationship	Amount involved (€k)	Amount of the risk hedged (€k) ¹
Floating interest rate Loan payables/ interest swap	Interest rate risk/ microhedge	800	-112

The underlying transaction is a floating interest credit line, which will be drawn on with high probability during the hedging period (June 1st, 2012 to June 3rd, 2019) permanently at least amounting to the hedging volume. The opposed cash flows of underlying and hedging transactions presumably will be balanced in the hedging

period nearly to the full extent because the payments from interest swaps are opposed by an underlying transaction to the same amount. The effectiveness of the hedging relations is determined based on the "hypothetic derivative method". As of the accounting date, no need for provisions resulted from this.

D. Explanations of the income statement

Sales

Sales of € 1,091k (previous year € 961k) were achieved in Germany and € 1,435k (previous year € 1,540) abroad.

In 2013, the sales of € 2,526k were achieved completely in the "License Sales" segment (previous year € 2,501k).

Other operating income

This item primarily includes income from write-ups to intangible assets amounting to € 2,493 (previous year € 2,704k).

In addition, a contractor's advances, which were paid but not yet passed to account were collected due to the termination of the cooperation as per contract.

Furthermore, income from currency conversion amounting to € 22k (previous year € 6k) was shown.

Prior-period income, in the amount of €37 thousand, was primarily from payments for licence payables recognised as profit.

Cost of materials

This position relates to sales-related costs for licenses, commission, materials and purchased services. Above all, these are the expenses for purchased services amounting to € 431k (previous year € 323k), for licenses (authors' shares) with € 167k (previous year € 152k) and commissions € 59k (previous year € 77k).

Personnel expenses

On average throughout the year, 16 employees were employed, including apprentices and interns but excluding the Board of Management.

Depreciation & amortization

Unscheduled amortization of film assets amounting to € 928k (previous year € 1,603k) was to be made as a result of

the so-called impairment test. In addition, amortization of € 297k (previous year € 178k) were made on film assets as a result of the use made of the assets.

Other operating expenses

This collective item mainly includes the costs of repairs and administration (especially investor relations, legal, court, audit and consultancy costs), rental and leasing costs as well as press, advertising and trade show costs.

Furthermore, currency conversion accounted for € 14k (previous year € 9k) in expenses.

Other interest and similar income

The income from the addition of accrued interest amounts to € 1k (previous year € 2k).

Interest and similar expenses

Interest expenses from provisions and accrued liabilities was € 18k (previous year € 17k).

Taxes on income

This item amounting to € 8k exclusively relates to foreign withholding tax.

Significant transactions with affiliated persons and/ or companies

Within the framework of a credit agreement with UniCredit Bank Austria AG, Vienna, a letter of guarantee for € 1.3 million plus interest and ancillary costs was issued by F&M Film und Medien Beteiligungs GmbH, Vienna, for Your Family Entertainment AG. As a result F&M Film und Medien Beteiligungs GmbH committed its continued stake in the company and ensured that Your Family Entertainment AG is lead and equipped with financial resources in such a scope that it is at all times in a position to meet its current and future liabilities towards its creditors in time as long as the credit with UniCredit Bank Austria AG (in-

cluding all interests and additional costs) is not fully repaid.

Within the framework of a credit agreement for €1.1 million with UniCredit Bank Austria AG, Vienna, a further letter of guarantee was issued for Your Family Entertainment AG by F&M Film und Medien Beteiligungs GmbH, Vienna.

Further transactions not made at arms-length conditions were not given.

E. Information on the company's statutory bodies

Supervisory Board

The members of the Supervisory Board are:

- Dr. Hans-Sebastian Graf von Wallwitz, Munich, Germany
Lawyer (Chairman)
- Mag. Johannes Thun-Hohenstein, Vienna, Austria
Media consultant, Coach and Civil Law Mediator (Deputy Chairman)
- Dr. Andreas Aufschneider, Munich, Germany
Business consultant, Executive Board MS Industrie AG

The total remuneration (without expenses) of the Supervisory Board in the 2013 financial year amounted to € 45k. Pursuant to § 16 of the company's articles of association, € 20k of this amount are due to the Chairman, € 15k to the Deputy Chairman and € 10k to the other members. The members of the Supervisory Board owned 100 shares on December 31st, 2013.

The members of the Supervisory Board hold the following positions on other supervisory boards and control bodies within the definition of § 125 para. 1 sentence 5 German Companies Act:

- Dr. Andreas Aufschneider:
Full member of the Supervisory Board

of

- MEA AG, Aichach
- STEMAS AG, Munich
- ACB Vorsorge KGaA, Eggenfelden
- Beno Holding AG, Starnberg

Board of Management

The sole Management Board member of Your Family Entertainment AG is:

Dr. Stefan Piëch
Vienna, Austria
Film Distributor

The Board of Management's total remuneration during the 2013 financial year amounted to € 207k and includes fixed remuneration, payments in kind (car) and insurance contributions. Because of being less than the agreed objectives no variable remuneration was paid.

As of the balance sheet cut-off date, the Board of Management held 59,881 shares.

The total remuneration for former members of the Board of Management amounted to K€ 18. The pension provisions for former members of the Board of Management and their surviving dependants are fully formed and as of December 31st, 2013 amount to € 273k.

F. Audit and consultancy fees

The auditor's total fee invoiced for the financial year was € 44k, of which € 40k were incurred for the audit of the financial statements (financial statements in accordance with the German Commercial Code (HGB) and the audit of the dependent company report) and € 4k for other auditing services.

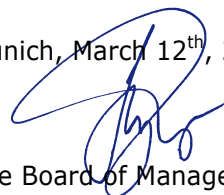
G. Declaration in accordance with § 161 AktG [German Companies Act] relating to the Corporate Governance Code

Your Family Entertainment AG, Munich, has submitted the declaration for 2013 required under § 161 AktG [German Companies Act] and made it permanently available to the

shareholders in December 2013 on the website of the company (www.yf-e.com) under the heading "Investor Relations".

Munich, March 12th, 2014

The Board of Management



H. Development of the fixed assets

in €k	Intangible assets				Total	Tangible assets	Total
	Franchises and rights acquired for a consideration	IT software acquired for a consideration	Film assets and other rights acquired for a consideration	Down payments		Other equipment, operational and office equipment	
Jan 1 st , 2013	19	57	126,533	15	126,624	267	126,890
Acquisitions	17	0	1,752	0	1,769	24	1,793
Disposals	0	0	87	15	102	9	111
Dec. 31 st , 2013	36	57	128,198	0	128,290	282	128,572
Accumulated depreciation	7	56	110,765	0	110,828	241	111,069
Book value Dec. 31st, 2013	29	1	19,925	0	19,954	41	19,995
Depreciation for the year	6	1	¹⁾ 1,226	0	1,232	27	1,259
Write-ups 2013	0	0	2,493	0	2,493	0	2,493

1) Thereof unscheduled amortization totalling € 928k.



„Bob’s Beach”



„Da Boom Crew”



„Heroes of the City”

6.6 Management Report for 2013

A. General

Your Family Entertainment AG (YFE), Munich, is one of Germany's longest-established companies engaged in the production of entertainment programs for children, teens and the whole family and trade in licenses regarding these products.

YFE, which previously traded as RTV Family Entertainment AG (RTV) and which has its origins in Ravensburger AG, focuses its activities on educational, non-violent programs for the whole family.

The company's high-quality library of programs currently comprises more than 3,500 half-hour programs and is therefore one of the largest of its kind in Europe. The construction of the library was started by Ravensburger Group over 30 years ago and is being continued by YFE with the same traditional values.

At present, the company's business segments are divided into "License Sales" and "Productions".

The License Sales business division includes all of the economic exploitation of the rights library. This is done by licensing of individual series or characters on free- and pay-TV channels, home entertainment companies, Video on Demand platforms (VoD) and suppliers on the field of "new media" such as mobile TV channels as well as the entire value creation chain of ancillary rights marketing.

The License Sales business division also includes the manufacture and the distribution by the company itself or third parties of DVD and audio products in the field of home entertainment. The company's own distribution takes place under the DVD label "yourfamilyentertainment". This division also is responsible for the coproduction of individual film titles.

Since the end of 2007, YFE has also been successfully operating in the market with its pay-TV station "yourfamily", on which own series are also offered as a program. The channel broadcasts programs 24 hours a day via satellite, cable and DSL (IPTV). In 2010, "yourfamily" won a Hot Bird™ TV Award in the category "Children's". Again, in 2011 and 2013 it was nominated for the final of the top three children's channels around the world. Since 2012, the YFE operates with the children's channel "RiC" also on free TV. Via satellite (Astra), some cable networks and live stream, RiC is receivable in the German-speaking world.

The segment "Productions" is divided into the two sub-divisions productions-to-order and the so-called repertoire productions. Its range extends from the pure development of programs through to full-service productions. This spectrum includes both animation and live-action programs on the one hand and game and quiz shows as well as infotainment on the other hand. As a co-producer, this company division also develops and creates TV series in cooperation with international partners.

B. Annual Financial Statements

1. The overall economic situation

1.1 World economic climate

The announcement of the OMT (Outright Monetary Transactions) programme in September 2012 went a considerable way toward reducing uncertainty regarding further developments in the eurozone crisis, and the global economy then stabilised in the course of 2013. The rate of growth in economic output rose slightly in the industrialised countries. However, the current upturn is not yet self-sustaining, as many industrialised countries still have large pub-

lic deficits and are pursuing an extremely expansionary monetary policy to support their economies. The economic slowdown in the newly industrialised countries continued this year; in some NICs, country-specific problems are affecting the growth rate in economic output.

In terms of future developments, the early indicators suggest a slight increase in global economic output. In the industrialised countries, the improvements to be expected on the employment and property markets ought to have a positive effect on domestic demand. An improvement in economic conditions in industrialised nations should drive global trade and lead to greater growth in economic output in the newly industrialised countries. Assuming that the United States does not raise the debt ceiling at the start of 2014 and that the eurozone crisis does not worsen, the rate of increase in global economic output should rise from 2.2% this year to 3.0% in the coming year.

The euro area's crisis countries have made progress in improving competitiveness. Some of the countries in question have already achieved a current account surplus this year. Despite progress, there is still a need for further adjustments. In particular, public and private debt must be reduced further. The euro area is probably now overall out of recession. Due to the year's weak start, a growth rate of -0.4% in GDP is expected for 2013. A rate of 1.1% is expected for 2014."

Source: German Council of Economic Experts at the German Federal Statistical Office (*Statistisches Bundesamt*), Wiesbaden 13 November 13 p. 19

1.2 Entertainment and media industry

"For the 2013 financial year as a whole, the private broadcasting and media association VPRT (Verband Privater Rundfunk und Telemedien e.V.) is expecting positive developments in all market segments relevant to its members. Sustained growth is also expected in 2014 in each of the market segments analysed. Particularly dynamic growth is expected in ad-financed audio and video services on all interactive platforms, and in pay-TV and paid video-on-demand services.

Advertising: radio, TV, online and mobile segments gaining a growing share of the advertising market

The electronic media providers in the VPRT association have steadily increased their shares of the advertising market year on year, setting aside the usual fluctuations in the advertising sector linked to economic conditions. A comparison of historic changes in advertising investment in newspapers and magazines on the one hand with those in radio, TV and online media on the other gives a strikingly clear picture of this development. The VPRT is expecting a further, steady increase in the electronic media's share of the advertising market both for 2013 and for subsequent years.

Television advertising in 2013

For 2013, the VPRT is predicting growth of 1.1 percent in net TV advertising sales." [Note: The ZAW (German advertising association) and VPRT 2013 market forecast puts net advertising revenue in the television industry in 2012 at 4.05 billion euros] "TV and video advertising are expected to gain further shares of the market in the coming years."

Online and mobile advertising in 2013

Online advertising revenue is only set to rise by an estimated 8 percent in 2013. For

the mobile advertising segment, on the other hand, the VPRT forecasts growth of c. 60 percent in the current year. The VPRT is expecting a sustained audio/video boom across all platforms over the coming years and therefore positive drivers for audio and video providers' shares of the advertising market.

Pay-TV revenue in 2013

There is particularly dynamic growth in the overall market for pay-TV and paid video-on-demand. The VPRT expects growth of around 11.5 percent across all providers and platforms for 2013, and further growth in the years to follow."

Source: VPRT annual report for 2013 (*VPRT Jahresbericht 2013*), p. 66ff.

Continuing growth in the entertainment and media industry until 2017

"The entertainment and media industry grew once again in 2012 and developments in this sector should continue to be positive over the coming years. This is the finding of the "German Entertainment and Media Outlook 2013-2017" presented by auditors PwC at the Medientage media conference in Munich. The study found that the media market in Germany reached 64.5 billion euros in 2012, market growth of 1.8 percent compared to the previous year. By 2017, PwC expects the German media industry as a whole to have achieved average annual growth of 2.3 percent to reach 72.4 billion euros."

"The analysts from PwC are expecting growth in all segments of the German market represented by the VPRT: TV sales should rise by an average of 1.9 percent per year to 14.285 billion euros by 2017; PwC expects average growth in radio sales over the same period of 1.4 percent per year to 3.755 billion, and forecasts an annual increase in online advertising sales of 7.2 percent. The film and music industry should also perform positively; sales are

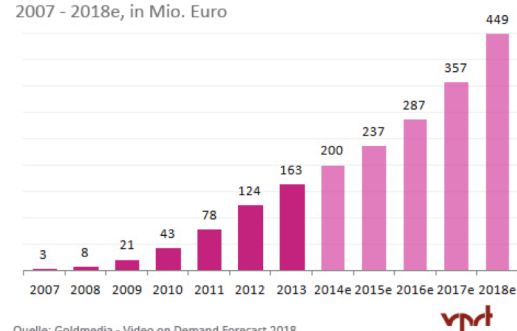
however expected to continue falling in the newspaper and magazine segment.

For the advertising-financed segment, PwC is expecting the shift in advertising market shares from newspapers and magazines to online, TV and radio advertising to continue in the coming years." "According to ZAW statistics, television advertising generated the highest sales of all media in 2012 (see ZAW 2012 statistics for advertising market shares)."

Source: VPRT report on 01 November 2013

VoD sales could rise to nearly 450 million euros by 2018

Umsatzgesamtvolumen mit Video-on-Demand in Deutschland
 2007 - 2018e, in Mio. Euro



Quelle: Goldmedia - Video on Demand Forecast 2018

"The total volume of the video-on-demand market in Germany could rise to 449 million euros by 2018, concludes the consultancy firm Goldmedia in its "Video-on-Demand Forecast 2018". Compared to 2012 where sales totalled 124 million euros, this is equal to average annual growth of around 22 percent. Sales were already up by 31 percent in 2013 to 163 million euros."

Source: VPRT report of 04 February 2014

"Business on the VoD market will also grow in Germany in 2014 because the conditions are now right for mass business: the devices are on the market, the bandwidths are available, the users are more experienced and we are seeing continuous growth in the number of VoD providers. Nevertheless, the market for VoD is more difficult here

than elsewhere. With relatively few advertisement breaks and little suited to “binge viewing” (the extensive consumption of entire seasons of TV series), television in Germany offers fewer reasons for viewers to switch to all-you-can-watch services like Hulu or Netflix from the USA. Services in this segment are, however, slowly taking off. Watchever is already investing millions in advertising to establish VoD subscriptions on the mass market. The battle for consumers has now been joined.”

Source: Klaus Goldhammer, Goldmedia Director, report of 03 February 2014

2. Key events during the 2013 financial year

Authorisation to issue convertible shares and raise conditional capital (2013 Conditional Capital)

At an extraordinary general meeting on 07 November 2013, shareholders authorised the Board of Management to issue in one or in multiple issues, subject to the approval of the Supervisory Board and between then and 06 November 2018, bearer convertible bonds with a total nominal value of up to € 10,000,000.00 and a term of no longer than 20 years, and to grant the bearer of said convertible bonds conversion rights to new shares in the company up to a total equivalent value of € 2,300,000.00 of the share capital in accordance with the detailed terms of the convertible bonds.

The share capital is being conditionally increased by up to €2,300,000.00 with the issue of up to 2,300,000 new zero-par bearer share certificates (2013 Conditional Capital). The purpose of the conditional capital increase is to grant shares to the holders of convertible bonds.

On the basis of the above authorisation and with the approval of the Supervisory Board, the Board of Management decided on 14 January 2014 to issue a convertible bond with a total nominal value of up to 4,999,200.00 EUR, divided into 2,083,000

equal partial bearer bonds (*Teilschuldverschreibungen*) with a nominal value of 2.40 EUR each. The issue price per partial bond is equal to 100% of the nominal value, i.e. 2.40 EUR. The partial bonds are interest-bearing at a rate of 4% p.a. The term of the convertible bond is four years commencing on 10 February 2014 and ending at the close of the day on 09 February 2018.

“Nelvana”

Your Family Entertainment AG extended its extensive rights agreement with Nelvana for 29 series and obtained licences for three new series.

On 30 August 2013, YFE and Nelvana International Limited, a subsidiary of Corus Entertainment Inc., one of the largest and best-known producers of children’s television programmes in North America, signed an extension of licence rights to 29 programmes with over 770 episodes and a new agreement for a further three series.

This extension guarantees Your Family Entertainment AG the use of these high-value programmes until 2035 and 2042 respectively, which is a substantial addition to the value of our film rights stock.

“Fix und Foxi”

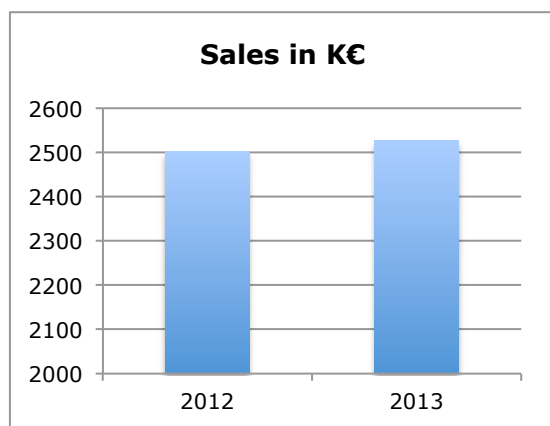
Your Family Entertainment AG acquired comprehensive rights from Kauka Promedia Inc. to over 70 characters in Kauka comics, including Fix & Foxi, Lupo and Pauli, with effect from 31 December 2013. The company plans to harness the strong brand image of these characters and sales of over 780 million comics to comprehensively assess the value of the rights acquired in the segments of interactive media, TV, VoD and merchandising activities. The licence to use “Fix und Foxi” as a testimonial at Ravensburger Spieleland leisure park was extended as early as January. As part of the acquisition of rights, we also extended indefinitely our rights of use to the two

seasons of the "Fix & Foxi" series that were co-produced by the company.

3. Business performance

The Board of Management manages the YFE, among other means, based on monthly reporting. Key figures used in the management of the business relate particularly to the sales, EBITDA and liquidity status.

3.1 Development of the business



Sales revenues were in total slightly higher than last year (€ 25k or 1.0%). The sales of € 2,526k (previous year € 2,501k) were achieved completely in the "License Sales" segment. In this case, however, the business and customer structure have changed. The for the first time decreasing numbers in the pay-TV sector were offset by sales increases in the channel's customers, VoD and free-TV sector.

On principle, fluctuations of the sales development may be caused by project transactions and/or so-called "package" deals. Furthermore, it is due to the rules of accounting that it comes to shifts in sales, since sales are not recognized until the beginning of the license period. This effect may lead to shifts in revenues in future periods.

3.2 Sales by region

YFE's sales by region during the reporting period were:

Region	2013		2012	
	in €k	in %	in €k	in %
Domestic	1,091	43	961	38
Foreign	1,435	57	1,540	62
Total	2,526	100	2,501	100

4. Earnings situation

The result of ordinary operations amounts to € 781k compared to € 785k in the previous year.

Earnings before depreciation, write-ups, interest, taxes and extraordinary items (EBITDA) amounted to € -362k (previous year: € -10k).

The annual surplus 2013 amounts to € 772k compared to € 776k in the previous year.

The other operating income in the reporting year amounts to a total of € 2,821k (previous year € 3,252k). They mainly include the write-ups to film assets amounting to € 2,493k (previous year € 2,704k). These write-ups to film assets are the result of, among other factors, licenses that have become available once more and updated sales expectations.

Compared with the previous year, the depreciation decreased from € 1,811k to € 1,259k. In addition to scheduled depreciation of € 331k (previous year € 208k), this item includes unscheduled amortization of film rights to an amount of € 928k (previous year € 1,603k), largely owing to the impairment tests carried out on the balance sheet cut-off date.

Costs of material relate to licenses, commissions and material. They are directly connected with realized sales

revenues. These are mainly royalties depending on sales that are to be paid to the licensors of YFE. The increase results from additional expenses made for the new channel.

5. Asset and financial situation

The balance sheet total increased by € 3,064k to € 21,357k (previous year € 18,293k).

The film assets rose significantly by € 3,019k. This increase mainly results from investments in the film assets in the amount of € 1,752k as well as write-ups in the amount of € 2,493k due to rights that have become available and the evaluation based on the impairment test listed above. These were offset by depreciation and amortisation in the amount of €1,226k.

The receivables and other assets decreased by 16 % to € 805k.

Equity increased mainly based on the business trend by € 831k from € 13,747k to € 14,578k. The equity ratio as of 31 December 2013 is therefore approx. 68 % (prev. year 75 %). The reduction in the equity ratio results from the increase in liabilities in connection with the acquisition of film rights.

As of December 31st, 2013, the company records subscribed capital amounting to € 9,663k, a capital reserve of € 2,527k and accumulated earnings amounting to € 2,401k.

The other provisions increased to € 705k (previous year € 561k). The increase results from a provision for a possible liability from the lawsuit "Robinson Sucroe" in the amount of € 264k.

Cash and cash equivalents on the balance sheet date, consisting of balances at banks, remained almost unchanged at € 229k (previous year: € 227k).

A credit line in the amount of € 2,500k with no fixed term and a loan in the amount of € 975k at the balance sheet date were grant-

ed by UniCredit Bank Austria AG, Vienna, Austria. The loan repayments are quarterly at € 108k.

To hedge interest rate risk, the company concluded interest rate hedging instruments, which secure the credit line to the amount of the expected average draw-down.

A credit line of € 1,100k with a term running until 31 March 2017 was granted by Bank Austria in September 2013 to finance the purchase of a large film package. The purpose of this credit line is to hedge the transaction and to finance the payment instalments. As at the end of the year, €500k had been drawn down and € 180k repaid.

In an agreement of 11 July 2012, UniCredit Bank Austria AG, Vienna, granted the company a separate line for sureties / guarantees up to an amount of € 140k. That line will be available until further notice.

As of the balance sheet cut-off date, the company records loans amounting to € 2,163k (previous year € 2975k) at a credit line of € 1750k. The company's liquidity has been sufficient at all times.

While there was cash outflow for loan repayments, investment activities and business operations, there was also positive cash flow for a transaction not yet recognised as income.

YFE's liquidity requirements are monitored using rolling financial planning. The main instruments besides the global credit line are amortizable loans and short-term money investments. Further aims of the financial management include the optimization of interest payable and interest income as well as securing of the required foreign currency. The company has a USD account.

The risk of increasing loan interest and exchange rate fluctuations on liabilities in foreign currency is counteracted with the derivative financial instruments.

6. Investments

In the reporting period, investments amounting to € 1,793k were made (previous year € 279k). Therefrom, € 1752k were brought up for film assets.

This was the extension of 29 titles with Nelvana, in particular Fairly Odd Parents or Cosmo & Wanda as the German title is and the new acquisition of three titles (Maggie and the Ferocious Beast, Miss Spider and Seven Little Monsters). Furthermore, the

acquisition of almost all Kauka characters. Among these also the remaining rights to Fix & Foxi. In 2013, it has also been invested in various language versions and digitization of films.

7. Key Data

Key Data	in €k	2013	2012
Sales		2,526	2,501
EBITDA		-362	-10
EBIT		872	883
Net income		772	776
Total balance sheet amount		21,357	18,293
Value of film assets		19,925	16,906
Shareholders' equity		14,578	13,747
Interest-bearing liabilities		2,163	2,975

8. Employees

Personnel expenses for the 2013 financial year amounting to € 1,023k were lower than the previous year's personnel expenses amounting to € 1,063k.

Due to the small changes in personnel in 2013, the additional charges of temporary capacity increase from the previous year could be avoided.

On average throughout the year, 16 employees were employed, including apprentices and interns.

As of the balance sheet cut-off date, as in the previous year, a total of 17 persons were employed by YFE, including one member of the Board of Management and one apprentice.

9. Summary

The business segments of YFE were and still are project-driven business segments and thus subject to strong fluctuations. As already in the previous years, measures were taken in 2013 in order to establish an even broader basis for the YFE.

The year 2013 was characterized by an inconsistent development of the company as a whole. On the operating side, the business in classic license sales was still impacted by the economic trend in the European markets. One of the typical "package deals" causing the aforementioned fluctuations in sales tied up considerable resources in 2013. This project has been successfully completed; however, in accordance with the accounting standards applied, it will only be recognised in sales in a later accounting period. In addition, the channel development of RiC bound capacities, but the channel has not yet made a significant contribution to sales, which had a major impact on earnings. However, we were able to sustainably invigorate the foundations of our company, the film assets, by the extension of a big number of license agreements in the year 2013. And we were able to do all that thanks to the

enormous efforts of our existing energetic team and without a increase of our human resources capacities. It was, in particular, the establishment of the German-speaking free-TV offer RiC and the expansion of the existing film assets that ensured that our company is based on sound and new foundations. The successful capital increase in the first half year provided us with a sufficient number of liquid funds for this business establishment. The company is able to further develop on an international level thanks to its solid foundation and its strategically favourable position.

The Board of Management considers the revenue trend in the past financial year 2013 as satisfactory – in view of the conditions described above – and the earnings development as acceptable.

Work to intensify licence sales announced in the previous year for the two years to follow was launched; as expected, however, it had not yet achieved significant results by the end of the past year. The same applies to the advertising revenue forecast for the free-TV channel "RiC". Here too, the first steps have been taken and will achieve results in the current period.

C. Risk management

At regular intervals, the general and operational risks are recorded and assessed and measures for minimizing the risks are determined.

We understand risk management as a core responsibility of the Board of Management, the management team and all employees. The risk management of Your Family Entertainment AG is divided into the following four steps:

1. Risk identification
2. Risk assessment
3. Risk management
4. Risk monitoring

For each of these steps, we have developed suitable strategies, adapted to the size of the company, which have time horizons of less than one year up to several years depending on the content.

A central instrument of the risk management of Your Family Entertainment AG are the regular discussions between the Board of Management and the second management level. These discussions serve to recognize and assess risks and, if necessary, to take counter-measures in time and to monitor the measures taken. Moreover, the second management level informs the Board of Management about risks occurring unexpectedly also outside these regular meetings.

Particular facts are discussed by the Board of Management and Supervisory Board in a timely manner.

We use three instruments for the continuous risk monitoring: liquidity management, sales controlling and balance sheet controlling. By ensuring a regular and systematic control of these areas, all major operational and structural risks of the business activity of YFE are monitored. The overall responsibility for the monitoring of these risks lies with the Board of Management of the company.

The aim of the liquidity management is the continuous monitoring and ensuring the liquidity of the company. The liquidity management is based on three reports, namely the annual liquidity plan as part of preparation of the budget, the rolling liquidity forecast and the daily liquidity status.

The aim of the sales controlling is to recognize, quantify and develop the sales potential of the company by planning and coordination of the sales activities. This ensures that realizable medium-term sales potential is recognized and investments are covered by realizable income and that a realistic cash flow planning can be prepared. Furthermore, the sales activities

of the company are planned based on the sales planning. In addition, these figures are checked for their plausibility using a rights-based approach.

The aim of the balance sheet controlling is the monitoring of the balance sheet items in order to recognize necessary corrective measures in time, especially an equity deficiency. The balance sheet controlling comprises three pillars: the audited financial statements, the semi-annual financial report and the continuous balance sheet controlling. In addition, a monthly report that features a contribution margin accounting is prepared. The development of the particular market and company is also updated in an internal rolling forecast. Short-term budgeting is therefore used both as an important early-warning system and as the basis for variance analyses and budget control.

As part of the risks lies outside the Board of Management's sphere of influence, even a functioning risk management is unable to guarantee that all risks are eliminated. Insofar, developments may arise which differ from the planning of the Board of Management.

D. Internal control and risk management system with respect to the accounting system

As a publicly-quoted company, within the definition of § 264d German Commercial Code, oriented towards the capital market, and in accordance with § 289 para. 5 German Commercial Code, we are obliged to provide a description of the main features of the internal control and risk management system with respect to the accounting system.

The law does not define the required internal control and management system with regard to the accounting process.

We understand the term internal control system to mean the basic principles, procedure and measures introduced in the company by the Board of Management and management team aimed at the organizational implementation of decisions made by the management

- in order to ensure the validity and profitability of the company's business activities (this includes the protection of its assets and the prevention and disclosure of damage to assets),
- in order to ensure proper and reliable internal and external accounting, as well as
- in order to ensure compliance with the legal requirements applicable to the company.

The risk management system encompasses the totality of all organizational rules and measures for the purposes of identifying risk and in dealing with the risks of entrepreneurial activity.

Your Family Entertainment AG has implemented the following structure and processes with respect to the accounting system:

The Board of Management bears the overall responsibility for the internal control and risk management system with regard to the accounting process. Due to the company's size, the financial and sales managers are directly involved in the process of preparing the annual financial statements.

With regard to the accounting process, we consider such characteristics of the internal control and management system as material which may significantly influence the accounting process and the overall message conveyed by the annual financial statements and the management report. These are the following elements in particular:

- the identification of major areas of risk and control of relevance for the accounting system;
- continuous balance sheet controlling in order to monitor the accounting system and its results;
- preventive control measures in finance and accounting as well as in the operative company processes that generate essential information for the preparation of the annual financial statements and the management report, as well as a separation of functions and approval processes in relevant areas;
- measures to ensure the proper IT-supported processing of accounting-related processes and data;
- measures to monitor the accounting-related internal control and risk management system.

E. Forecast, opportunity and risk report

1. General business risk

Fluctuations of future business results

During a financial year and from year to year, fluctuations of the sales and the operating profit of YFE may occur - as generally for any company of the Film and TV production. These fluctuations have a variety of causes, such as for example the degree and timing of completion of new productions, the degree and timing of the sales of films and television rights, as well as market and competitive influences on the demand for products and consequently on sales prices.

2. External risks/market risk

Competition-related risks

Even though the first signs of an increase in demand are discernible, the film and television market on which YFE operates is still characterized by a process of consolidation and concentration, among both producers and customers. These developments can have implications on the demand for productions. TV stations and groups of stations in particular look far more thoroughly at the profit contributions of the programs they broadcast than they did in the past. This, together with the increasing number of repeats of individual programs in the industry, leads to a more efficient use of companies' own program resources and accordingly to reduced investment in new projects. This process is particularly marked in the field of children's programs. Moreover, external factors such as current consumer and leisure behavior and basic shifts in the advertising market influence the stations' program planning and purchasing policy.

3. Business performance risks/litigation risk

a) Risks in the production of programs

The production of programs - both produced by the company itself and co-productions - involves a range of operational risks. On principle, the development and production of formats and/or TV shows usually involves high costs and accordingly entails a high financial risk. If, for example, delays in completion occur despite the careful selection of co-production partners and/or service providers, this may give rise to postponements of the sales and profit planned by the company to a later accounting period. It can also not be excluded that YFE will not have sufficient financial resources available for the development of programs and their

production, which is a basic condition for the economic activity of the company.

Co-production

YFE ensures the completion of its co-productions by the careful selection of established and reliable co-production partners and service-providers as well as by means of hedging instruments, such as insurance policies or completion bonds. YFE also carries out regular checks on both finances and content during the production. Nevertheless, delays in completion may occur on individual projects, which may lead to the postponement of sales and profit from one accounting period to the next.

Production-to-order

If the company, being the producer of a made-to-order production, is responsible for carrying out the production according to the contract, the company usually will receive a fixed price for this from the client. The producer therefore carries the risk of possible budget overruns should he have wrongly estimated the costs of the production or should unplanned costs arise. In the case of a license production, the producer carries the full financing risk right through to the delivery of the completed product. The costs of production and, where applicable, profit are covered by the license fee if the production is delivered in accordance with the contract. Should, however, the budget not be covered or not fully covered by license sales, then the producer carries the risk of the resulting loss.

b) Risks in the purchasing and marketing of programs

YFE tries to recognize trends in the fields of programs and TV stations' requirements as early as possible and to design its own product range accordingly. In doing so, the company has to take account of TV stations' currently restrictive purchasing policy and its own limitations as regards

investment possibilities and the provision of security for its productions. The company has concluded a variety of contracts with licensors for the licensing of programs. On the one hand, the company carries the general contractual risks, such as the risk of (non)-fulfillment. Moreover, a variety of copyrights and ancillary copyrights have to be transferred to the relevant customers as part of the contracts. The company must therefore ensure, within the framework of its contracts with those involved in the production of the particular program, that the necessary copyrights and ancillary copyrights are transferred to the company in order to avoid infringements of industrial property rights (e.g. copyrights, license rights and personal rights). Even though the company uses internal and external legal advice, the possibility cannot be ruled out that third parties will assert claims regarding the above-mentioned rights, which might have significant negative implications for the company's asset, financial and earnings situation.

The amortization of film assets (that is the rights of use and exploitation referred to above) and the other rights are governed by the exploitation of the film rights. The amortization resulting from the exploitation takes place in accordance with the relation of the sales realized in the financial year to the total planned future sales from the exploitation of the film rights including the sales realized in the financial year. Moreover, a so-called impairment test is made at each balance sheet cut-off date. It cannot be completely ruled out that impairment tests carried out in the future will considerably change the value of the film library. Two thirds of the company's catalogue of film rights, which currently comprises approximately 180 titles, derives from licenses from third parties, whilst only one third of the titles were own productions or coproductions. The licenses from third parties in YFE's possession have not been granted indefinitely but generally for a limited period of time. YFE may no longer

use these licenses should it not be possible to renew a large part of them on expiry. Consequently, an essential part of the library and thus the basis of the company would cease to exist. This may have negative implications for the company's asset, financial and earnings situation.

On principle, there is the risk that receivables from the exploitation of programs remain unpaid. The Board of Management assumes that the default risks are sufficiently covered all in all.

c) Risks arising from ongoing proceedings

„Robinson Sucroe“

In the action by Mr Claude Robinson and Les Productions Nilem Inc. which has been pending since 1996, an appeal judgment was issued on 9 December 2011 and the highest Canadian court, the court of final instance, issued its judgment on 23 December 2013. The court found Ravensburger Film + TV GmbH and other defendants to be jointly and severally liable for damages and other payments in the amount of 2.8 million Can\$. The company's liability is limited under an agreement between the joint and several debtors to 15% of the total liability.

The plaintiff's Canadian lawyers have indicated their intention first to seek payment from another joint and several debtors that are registered in Canada. Currently, therefore, there is no payment obligation for the company. An existing E&O insurance policy covering claims against France Animation and the company also insures a total sum of 1.0 million Can\$ plus interest and costs.

Although we cannot currently assess the reliability of the company release from liability issued by France Animation (now the insolvent Moonscoop), YFE is, as before, not currently anticipating any further significant financial liabilities from the action.

From the above sum, the company is still directly liable for payment in the amount of

388,000.00 Can\$ plus interest for the plaintiff's loss of profit. The company has created provisions in this amount in the 2013 annual report. The company also intends to take all useful and sensible legal steps to prevent such payment falling due.

4. Financial risks

a) Access to external financing, interest risks, interest hedging transactions

Within the framework of a contract on a credit line with Bank Austria AG, Vienna, Austria, YFE transferred to the bank securities in form of titles and claims from film license contracts. The possibility of YFE to take up further loans might be made significantly more difficult if valuable securities are not released. If the company in case of need is unable to acquire additional loans, this could have considerable implications for the company's asset, financial and earnings situation.

There are risks from the agreement of variable interest. These risks were counteracted by conclusion of contracts on derivative financial instruments. In spite of an existing financial hedging relationship, no evaluation unit was formed, because not all criteria are completely fulfilled.

b) Exchange rate fluctuations, exchange hedging transactions

The company's current and future activities outside the area of the European Monetary Union are partly transacted in currencies other than the euro, either by YFE or by its distribution partners. The applicable exchange rates are subject to fluctuations which cannot be foreseen and which may possibly prevent the company from generating a stable income. On principle, there is the risk of losses from such exchange rate fluctuations. Unfavorable exchange rate fluctuations or costs incurred in the future for currency hedging could therefore have negative effects on the development of sales and thus the asset,

financial and earnings situation of the company.

At present, the company has not concluded currency hedging transactions.

5. Opportunities

In addition to its high-quality and extensive library of approximately 3,500 half-hour programs, the experience of Your Family Entertainment AG of many years in the production of TV programs and the extensive network of cooperation with purchasing broadcasters are to be considered its strengths.

The company's opportunities lie in an even better exploitation of its stock of rights via new distribution channels, supported by the development of exploitation and production concepts. The value-oriented approach pursued in this respect as regards contents clearly distinguishes the company from its competitors.

The progressive digitalization and the changing possibilities and/or habits in media consumption they bring about develop into positive framework conditions.

6. Forecast

For the coming year, the Board of Management continues to expect a progressive upturn on all domestic and international markets relevant for YFE for the film, rights and character licensing business. The development of sales and results will, however, continue to be subject to natural fluctuations in future as a result of dependency on projects and package deals. In 2014, the company is planning to achieve steady to slightly increased growth in the licence sales segment in accordance with market developments and disregarding any extraordinary items.

The licence business for the pay-TV channel "yourfamily" may be subject to greater fluctuations. The addition or loss of a distribution channel could, depending on the size of the client, have a significant effect

on sales and results. Continuing work on improving quality and expanding distribution internationally should diversify the business, making it less dependent on individual clients.

We are to intensify sales activities for advertising slots on the free-TV channel "RiC" and expect this to have a positive effect on sales and results. The scale of success depends above all on achieving market awareness (viewer figures); we will work on this area in 2014.

Overall, therefore, we are expecting 2014 sales and results of at least the same level as in the previous year.

It is YFE's long-term goal to become a major player on this market once again.

F. Declaration of the company's management in accordance with § 289a HGB [German Commercial Code]

The declaration of the company's management (§ 289a HGB [German Commercial Code]) includes the declaration of conformity, information on the company management practices, and a description of the work methods of the Board of Management and the Supervisory Board. Our goal is to describe the management of the company in a manner that is clear and to the point.

Declaration of conformity of the Board of Management and Supervisory Board of Your Family Entertainment AG regarding the German Corporate Governance Code pursuant to § 161 AktG [German Companies Act]

§ 161 AktG [German Companies Act] requires that Board of Management and Supervisory Board of a listed company declare annually that the recommendations made by the "Government Commission on the German Corporate Governance Code",

published by the Federal Ministry of Justice in the official part of the electronic Federal Gazette, have been and will be complied with or which recommendations were not and will not be applied, stating the reasons.

The full text of the declaration is published on the company's website (www.yfe.com) under "investor relations".

Information on the company's management practices and the work methods of Board of Management and Supervisory Board

The structures of the company's management and the monitoring of Your Family Entertainment AG are as follows:

Shareholders and shareholders' meeting

Our shareholders exercise their rights in the shareholders' meeting.

The shareholders' meeting is convened in the legally required manner and at least 30 days before the day on which the shareholders are required to notify their participation in the shareholders' meeting, stating the agenda.

The chairman of the Supervisory Board takes the chair at the shareholders' meeting.

The shareholders' meeting decides on all the functions allocated to it by law (including election of the members of the Supervisory Board, amendments to the articles of association, appropriation of profits, capital measures).

Supervisory Board

The main function of the Supervisory Board is to advise and monitor the Board of Management.

The Supervisory Board of Your Family Entertainment AG currently consists of three full members and a substitute member.

In addition to the reimbursement of their expenses to which the value added tax due on their remuneration must be added, the

members of the Supervisory Board receive a fixed fee payable at the end of the financial year amounting to € 10,000.00 for the individual member, twice that amount for the chairman, and 1.5 times that amount for the deputy chairman.

Board of Management

As the public company's management body, the Board of Management manages the company's affairs and, in accordance with the German Companies Act, is bound by the interests and the business principles of the company. It reports to the Supervisory Board regularly, promptly and comprehensively on all essential matters of the development of the business, the company's strategy as well as on possible risks.

The remuneration of the Board of Management is made up of a performance-related and a fixed element.

Shares held by the Board of Management and the Supervisory Board

Members of the Board of Management and the Supervisory Board hold shares in Your Family Entertainment AG.

Transparency

Your Family Entertainment AG places high priority on uniform, comprehensive and prompt information. The business situation and the results of Your Family Entertainment AG are reported in the annual financial report, in the interim reports and in the semi-annual report.

Information is also published by way of press releases and ad-hoc announcements. All announcements and releases are accessible on the Internet.

Your Family Entertainment AG has prepared the list of insiders required by § 15 German Securities Trading Act (WpHG). The persons concerned have been informed of their legal obligations and sanctions.

Accounting and auditing of the annual financial statements

Since the 2006 financial year, the annual financial statements have been prepared solely in accordance with the provisions of the German Commercial Code (HGB). After preparation by the Board of Management, the annual financial statements are reviewed by the auditor and the Supervisory Board and then adopted by the Supervisory Board.

The annual financial statements are published within four months after the end of the financial year.

It has been agreed with the auditor that the chairman of the Supervisory Board will be notified immediately about the reasons for exclusions or exemptions and/or errors in the declaration of conformity revealed during the audit. The auditor immediately reports to the chairman of the Supervisory Board on all major issues and events that emerge during the audit.

Risk management

The business segments of Your Family Entertainment AG are subject to a large number of risks that are inseparably linked to global entrepreneurial action.

We understand risk management as a core responsibility of the Board of Management, the management team and all employees. By doing so, it should be possible to detect risks earlier, to limit them and at the same time make use of entrepreneurial opportunities.

The risk management of Your Family Entertainment AG is divided into the following four steps:

1. Risik identification
2. Risik assessment
3. Risik management
4. Risik monitoring

We have developed suitable strategies, adapted to the size of the company, for each of these steps.

The principle instrument of the risk management of Your Family Entertainment AG are regular meetings between the Board of Management and the second management level for the purpose of promptly recognizing and assessing risks and, where appropriate, taking countermeasures and monitoring the measures taken.

Moreover, the second management level informs the Board of Management about risks occurring unexpectedly also outside these regular meetings.

Particular facts are discussed by the Board of Management and Supervisory Board in a timely manner.

The controlling and the internal control systems are a material component of a consistent and effective risk management.

As part of the risks lies outside the Board of Management's sphere of influence, even a functioning risk management is unable to guarantee that all risks are eliminated. Insofar, developments may arise which differ from the planning of the Board of Management.

G. Events of particular significance occurring after the end of the financial year/ Report on post-balance sheet date events

On the basis of the authorisation by the general meeting of 07 November 2013 and with the approval of the Supervisory Board, the Board of Management decided on 14 January 2014 to issue a convertible bond with a total nominal value of up to 4,999,200.00 EUR, divided into 2,083,000 equal partial bearer bonds (*Teilschuldverschreibungen*) with a nominal value of 2.40 EUR each. The issue price per partial bond is equal to 100% of the nominal value i.e. 2.40 EUR. The partial bonds are interest-bearing at a rate of 4% p.a. The term of the convertible bond is four years com-

mencing on 10 February 2014 and ending at the close of the day on 09 February 2018. The subscription period was still ongoing as at the reporting date; however, subscription to date was in line with expectations.

Otherwise, no events of particular significance occurred after the end of the financial year.

H. Principles of the company's remuneration system in accordance with § 285 sentence 1 no. 9 HGB

The remuneration of the Board of Management complies with the legal requirements of the German Companies Act. The Board of Management receives a fixed remuneration, which also includes benefits-in-kind, in particular insurance premiums. These fixed elements ensure a basic remuneration enabling the Board of Management member to exercise his office in the well-understood interest of the company and to fulfill the obligations of a prudent businessman, without falling prey to the pursuit of purely short-term performance goals. The contract of employment also contains a variable special remuneration, which depends on the commercial results achieved by the company.

I. Reporting in accordance with § 289 para. 4 HGB [German Commercial Code]

1. Composition of the capital subscribed

The share capital as of the balance sheet cut-off date is divided into 9,662,999 no-par shares, each with a pro rata amount in the share capital of € 1.00. As of December 31st, 2013, the share capital thus amounts to € 9,662,999. The shares are bearer-shares. They are fully paid up.

2. Limitations concerning the voting rights or the transfer of shares

As part of limitations on disposal, 93,000 shares were subject to a holding period until June 30th, 2013 and must be sold neither in nor out of stock exchanges. After expiry of this holding period, sales of shares from the stock of the 93,000 shares, which exceed the volume of 10,000 share certificates have to be agreed with the company in advance.

3. Direct or indirect participation in the capital

As of December 31st, 2013, F&M Film und Medien Beteiligungs GmbH, Vienna, Austria, is in possession of 74.02% of the share capital.

Moreover, Dr. Stefan Piëch, Vienna, has a direct stake of 0.62% in the capital of Your Family Entertainment AG and an indirect stake of 74.02% through F&M Film und Medien Beteiligungs GmbH referred to above, such that in total 74.64% of the share capital are attributable to Dr. Piëch directly and indirectly.

4. Owners of shares with special rights

As of December 31st, 2013, no shares with special rights were given.

5. Nature of controls on voting rights in the case of employee shareholdings

There were no such controls on voting rights as of December 31st, 2013.

6. Rules established by law and in the articles of association concerning the appointment and dismissal of members of the Board of Management and changes to the articles of association

The appointment and dismissal of members of the Board of Management takes place in accordance with § 84 and § 85 German Companies Act. Changes to the articles of

association take place in accordance with § 133 and § 179 German Companies Act.

7. Rights of the Board of Management to issue and buy back shares

Authorized capital 2012

The shareholders' meeting of June 27th, 2012 decided to reverse the authorized capital 2010 and approved simultaneously a new authorized capital (authorized capital 2012).

In this respect, the following resolution was adopted:

a) The authorization for the Board of Management to increase the company's share capital by June 8th, 2015, on one or more occasions, by up to a total of € 3,387,001.00 (authorized capital 2010), also approved by the Supervisory Board, is herewith nullified, effective at the time when the new authorized capital, in accordance with subsequent paragraphs b) to d), is entered in the commercial register.

b) With the approval of the Supervisory Board, the Board of Management is authorized to increase the company's share capital by June 26th, 2017, on one or more occasions, by up to a total of € 4,831,499.00, through the issue of up to 4,831,499 new zero-par bearer share certificates in return for cash and/or contributions in kind (authorized capital 2012). As a matter of principle, shareholders will be thereby granted a subscription right. The legal subscription right can also be granted in such a way that the new shares can be underwritten by a bank or an equivalent under § 186 para. 5 sentence 1 German Companies Act institution with the obligation to offer these to shareholders of Your Family Entertainment AG for subscription. With the approval of the Supervisory Board, the Board of Management is authorized to exclude the legal subscription right:

if a capital increase against cash contribution does not exceed 10% of the

capital stock and the issue price of the new shares does not vastly fall below the stock market price (§ 186 para. 3 sentence 4 German Companies Act); when making use of this authorization to exclude the subscription right under § 186 para. 3 sentence 4 German Companies Act, the exclusion of the subscription right due to other authorizations listed under § 186 para. 3 sentence 4 German Companies Act is to be taken into account;

if the shares are issued against a contribution in kind made for the purpose of purchasing companies or interests in companies or parts of companies or for the purpose of purchasing receivables from the company or

to the extent that it is necessary for offsetting fractional amounts.

c) With the approval of the Supervisory Board, the Board of Management is authorized to determine further details of the capital increase and its implementation. The Supervisory Board is authorized to update the wording of the articles of association in accordance with the utilization of the authorized capital.

d) § 4 para. 3 of the articles of association will be rewritten in accordance with the aforementioned resolutions, as follows:

“(3) With the approval of the Supervisory Board, the Board of Management is authorized to increase the company’s share capital by June 26th, 2017, on one or more occasions, by up to a total of € 4,831,499.00, through the issue of up to 4,831,499 new zero-par bearer share certificates in return for cash and/or contributions in kind (authorized capital 2012). As a matter of principle, shareholders will be thereby granted a subscription right. The legal subscription right can also be granted in such a way that the new shares can be underwritten by a bank or consortium of banks with the obligation to offer these to shareholders of Your Family Entertainment AG for

subscription. With the approval of the Supervisory Board, the Board of Management is authorized to exclude the legal subscription right:

if a capital increase against cash contribution does not exceed 10% of the capital stock and the issue price of the new shares does not vastly fall below the stock market price (§ 186 para. 3 sentence 4 German Companies Act); when making use of this authorization to exclude the subscription right under § 186 para. 3 sentence 4 German Companies Act, the exclusion of the subscription right due to other authorizations listed under § 186 para. 3 sentence 4 German Companies Act is to be taken into account;

if the shares are issued against a contribution in kind made for the purpose of purchasing companies or interests in companies or parts of companies or for the purpose of purchasing receivables from the company or

to the extent that it is necessary for offsetting fractional amounts.

With the approval of the Supervisory Board, the Board of Management is authorized to determine further details of the capital increase and its implementation. The Supervisory Board is authorized to update the wording of the articles of association in accordance with the utilization of the authorized capital.”

Acquisition of the company’s own shares

The following resolution concerning the authority to acquire the company’s own shares was adopted at the shareholders’ meeting of June 27th, 2012:

a) The authority granted to the company by the shareholders’ meeting held on July 13th, 2010 to acquire the company’s shares until July 12th, 2015, will be nullified as soon as the new authorization resolution under b) to d) becomes valid.

b) The company is authorized to purchase its own shares. This authorization is, however, restricted to the acquisition of an arithmetic portion of up to 10% of the company's share capital. The authorization may be exercised wholly or in partial amounts, once or on several occasions, by the company itself or on its account by third parties. The authorization is valid until June 26th, 2017.

c) The acquisition will take place either via the stock exchange or by means of a public offer to buy, addressed to all shareholders of the company.

aa) Should the acquisition take place via the stock exchange, the counter-value per share paid by the company (excluding the ancillary costs of acquiring the shares) may not be higher or lower by more than 20% of the average closing price of shares of a similar nature on the Frankfurt Stock Exchange during the last ten stock exchange trading days prior to the acquisition of the shares.

bb) Should the acquisition take place by way of a public offer to buy addressed to all shareholders, the purchase price per share offered (excluding the ancillary costs of acquiring the shares) may not be higher or lower by more than 20% of the average closing price on the Frankfurt Stock Exchange during the last ten stock exchange trading days prior to the date the offer was published. The offer to buy may stipulate other conditions.

Acceptance must be made by quota should the offer to buy be oversubscribed. The privileged acceptance of a limited number of shares per shareholder of the company of up to 100 units of the shares offered for sale may be provided for.

d) The Board of Management is authorized, with the consent of the Supervisory Board, to dispose of the shares in Your Family Entertainment AG acquired on the basis of this authorization in other ways than

through sale by an offer to all shareholders or sale on the stock exchange, namely:

aa) By offering shares to third parties as part of a company merger, the acquisition of companies, investments in companies or parts of companies and as payment for the acquisition of receivables due from the company;

bb) By selling shares to third parties. The price at which the company's shares are issued to third parties may not be materially lower than the stock exchange price of the shares at the time of the sale. The exclusion of a subscription right due to other authorizations in accordance with § 186 para. 3 sentence 4 German Companies Act is to be taken into account when exercising the authorization.

cc) By redemption of the shares without the redemption or its execution requiring the approval of an additional resolution by the shareholders' meeting. The redemption leads to reduction of capital. The shares may also be redeemed in a simple procedure without reducing the capital, by adjusting the arithmetical pro rata amount of the other no-par shares in the share capital. The redemption may also be limited to a part of the shares acquired. The authorization of the redemption may be exercised several times. If the shares are redeemed using the simple procedure, the Board of Management shall be authorized to adjust the number of no-par shares in the articles of association.

The above authorizations relating to the use of the own shares acquired may be exercised once or on several occasions, completely or in parts, individually or jointly. The shareholders' subscription right regarding the own shares acquired is excluded insofar as these shares are used pursuant to the above-mentioned authorizations under aa) and bb). At the shareholders' meeting, the Board of Management will inform the shareholders of the reasons and the purpose of the acquisition of the company's own shares,

the number of shares acquired and the amount of share capital that they represent as well as the amount that was paid for the shares.

2013 conditional capital

At an extraordinary general meeting on 07 November 2013, shareholders authorised the Board of Management to issue, subject to the approval of the Supervisory Board and between then and 06 November 2018, bearer convertible bonds in one or in multiple issues with a total nominal value of up to € 10,000,000.00 and a term of no longer than 20 years, and to grant the bearers of said convertible bonds conversion rights to new shares in the company up to a total equivalent value of € 2,300,000.00 of the share capital in accordance with the detailed terms of the convertible bonds.

The share capital is being conditionally increased by up to €2,300,000.00 with the issue of up to 2,300,000 new zero-par bearer share certificates (2013 Conditional Capital). The purpose of the conditional capital increase is to grant shares to the holders of convertible bonds.

On the basis of the above authorisation and with the approval of the Supervisory Board, the Board of Management decided on 14 January 2014 to issue a convertible bond with a total nominal value of up to 4,999,200.00 EUR, divided into 2,083,000 equal partial bearer bonds (*Teilschuldverschreibungen*) with a nominal value of 2.40 EUR each. The issue price per partial bond is equal to 100% of the nominal value i.e. 2.40 EUR. The partial bonds are interest-bearing at a rate of 4% p.a. The term of the convertible bond is four years commencing on 10 February 2014 and ending at the close of the day on 09 February 2018.

8. Important agreements conditional on a change in control as a consequence of a take-over offer

There were no such agreements on the balance sheet cut-off date.

9. Compensation agreements

On the balance sheet cut-off date, there were no compensation agreements with the members of the Board of Management or employees in the event of a take-over offer.

J. Dependent company report

The Board of Management has prepared and submitted to the auditors a report on the relations of Your Family Entertainment AG with affiliated companies (dependent company report) for the 2013 financial year. The Board of Management declares that the company received an appropriate consideration for each legal transaction given the circumstances that were known to it at the time the legal transactions were carried out and that it was not disadvantaged by the measure taken or refrained from.

Munich, March 12th, 2014



The Board of Management

7. Auditor's Certificate Ernst & Young GmbH

We have audited the financial statements, consisting of the balance sheet, income statement, cash flow statement, statement of shareholders' equity and the notes to these financial statements - including the accounting system and the management report of Your Family Entertainment AG, Munich, for the financial year from January 1st to December 31st, 2013. The accounting system and the preparation of the financial statements and the management report in accordance with the provisions of the German commercial law are the responsibility of the company's legal representatives. It is our responsibility, on the basis of our audit, to express an opinion on the financial statements including the accounting and the management report.

We conducted our audit of the financial statements in accordance with § 317 German Commercial Code and in conformity with the generally accepted auditing standards laid down by the German Institute of Auditors (IDW). These standards require that the audit be planned and carried out in such a way so as to identify, with reasonable certainty, inaccuracies and infringements that significantly impact on the presentation of the asset, financial and earnings situation given by the company's financial statements in compliance with the generally accepted accounting principles and by the management report. In determining auditing activities, account is taken of knowledge of the business activity and of the commercial and legal environment in which the company operates as well as of the likelihood of possible errors. As part of

the audit scope, the efficiency of the internal control system as well as the evidence supporting the facts contained in the accounting system, financial statements and the management report are evaluated largely on the basis of random tests. The audit includes an assessment of the accounting

principles applied as well as the material estimates by the legal representatives and also an evaluation of the overall presentation of the financial statements and management report. We believe that our audit provides a sound basis for our opinion.

Our audit did not give rise to any objections.

In our opinion, based on the knowledge we acquired during the course of the audit, the financial statements comply with the legal requirements and give a true and fair picture of the company's asset, financial and earnings situation in accordance with generally accepted accounting principles. The management report is consistent with the annual financial statements, gives a true and fair picture of the company's situation, and accurately presents the opportunities and risks of future developments.

Ravensburg, 12th March 2014

Ernst & Young GmbH Auditors

Bürkle

Arnold

Auditors

Auditors

8. Assurance given by the company's legal representative

"I certify that, to the best of my knowledge and in accordance with the applicable accounting principles, the annual financial statements convey a true and fair picture of Your Family Entertainment AG's asset, financial and earnings situation and that the management report presents the development of the business and its results and the company's current situation in such a way that a true and fair picture is conveyed and that major risks and opportunities of

the company's expected development are described."

Munich, April 5th, 2014


Dr. Stefan Piëch
CEO

9. Financial Calendar

23.04.2014	Release of the annual financial report 2013
14.05.2014	Release of the interim report for the first half of 2014
25.06.2014	Shareholders' meeting
27.08.2014	Release of the semi-annual financial report 2014
12.11.2014	Release of the interim report for the second half of 2014

10. Imprint / How to contact us

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yourfamily
entertainment