



**Development of the business**

Your Family Entertainment AG's (YFE) business development during financial year 2008 continued to be heavily influenced by the expansion of the company's distribution activities.

Your Family Entertainment AG's sales during the period from January 1<sup>st</sup> to October 31<sup>st</sup> 2008 were K€ 1,719 (2007: K€ 1,227); including business invoiced in November 2008, sales up to and including the date of this interim announcement (14.11.2008) increased to approximately K€ 4,700. The total sales achieved in the financial year 2007 (K€ 1,514) had by the reporting date therefore been exceeded by approximately 210 % (K€ 3,186).

The income situation is up to our expectations.

The capital increase carried out in March 2008 with gross issuing proceeds of € 3,261,968.00 and the cash flow generated by normal business operations has led to a considerable increase in liquid funds by the reporting date.

**Outlook für the financial year 2008**

Based on the restructuring carried out and the positive results achieved in 2007, 2008 will also be characterised by limited risk growth.

The optimisation of distribution channels and the establishment of the "Your Family Entertainment" brand continue to play a key role in the company's future development.

The first steps in this direction have already been taken with the establishment of the pay-TV channel

"yourfamilyentertainment" and its own DVD label.

Since November 2008 "yourfamilyentertainment" can also be viewed in Unitymedia's newly introduced programme package "Digital TV Kinder" (children's digital TV). Negotiations are currently taking place with other possible partners.

The termination of the distribution cooperation agreement with EM.Entertainment GmbH opens opportunities for Your Family Entertainment AG to re-enter the market with its whole portfolio. In October 2008 YFE was represented at the internationally-oriented MIPCOM which, according to its organisers, is the largest industrial fair and conference in the world dealing with content creation, co-production, purchasing, sales, financing and the distribution of entertainment programmes on all platforms and was able to conclude its first deals under its own name.

Due to the company's current commercial development, prospects with respect to its financing, asset and earnings situation in the financial year 2008 remain positive.

**Auditors' review and statements regarding the future**

This interim report has neither been audited in accordance with § 317 of the German Commercial Code (HGB) nor has it been subject to review by the auditors of the annual financial statements.

This interim report also contains statements relating to the future which are based on the management's current evaluation of future developments.



Such statements are subject to uncertainties and risks which are beyond the influence of Your Family Entertainment AG.

Should such uncertainties or risks occur, or should the assumptions on which these future-oriented statements are based prove to be incorrect, the actual results could differ considerably from results explicitly stated or implicitly contained in these statements. Your Family Entertainment AG neither intends nor does it assume a particular obligation to update statements relating to the future in order to adjust them in accordance with events or developments occurring after the date of this interim report.

Munich, November 14<sup>th</sup> 2008

Your Family Entertainment AG  
The Board of Management

Dr. Stefan Piëch

#### **Your Family Entertainment AG**

Your Family Entertainment AG, Munich, belongs to the most long-established companies in Germany both in the production and in the licensing of entertainment programmes for children, young people and families.

Everyday and trendsetting technologies, like IPTV, VoD and DVB-H are used as transmission media.

The own children and family channel 'yourfamilyentertainment' shows animated series and exciting adventure films with interesting and well-known characters, like Urmel, Fix & Foxi, Tobias Totz, Dragon Hunters, Enid Blyton and many more. The programme encompasses choices of an educational nature for pre-school children, top quality animated series for children, right the way up to entertaining programmes for the whole family. Thereby Your Family Entertainment, which used to trade under the name RTV Family Entertainment AG and has its origins in the Ravensburger AG, above all focuses on top quality programmes for the whole family.

Your Family Entertainment AG is quoted in the regulated market on the Frankfurt stock exchange (WKN: 540 891/ISIN: DE 000540 8918, abbr.: RTV).

#### Board of Management:

- Dr. Stefan Piëch

#### Supervisory Board:

- Dr. Hans-Sebastian Graf von Wallwitz (Chairman)
- Johannes Thun-Hohenstein (Deputy Chairman)
- Dr. Andreas Aufschnaiter

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