CASH.LIFE AG
ANNUAL REPORT
2007

TICKER SGS.ETR
WKN 500 910
ISIN DE 000 500 9104
TYPE INDIVIDUAL SHARES
NOMINAL VALUE EUR 1.00

EXCHANGES:

REGULATED MARKET_PRIME STANDARD
BERLIN
BREMEN
FRANKFURT AM MAIN
HANOVER
XETRA

REGULATED UNOFFICIAL MARKET
DUSSELDORF
HAMBURG
MUNICH
STUTTGART

07

cash.life AG

Annual Report 2007 of cash.life AG

with Management Report and Consolidated Financial Statements
according to International Financial Reporting Standards (IFRS)

Report by the Board of Management

Dear Shareholders,

Our share took heavy losses in the financial year 2007. These reflect not only disappointed growth fantasies, but also a loss of confidence in our company and in our business model. After the second consecutive year of profit warnings, this is certainly understandable. Since taking over as the new CEO in January 2008, I together with my colleague Klaus Leusmann stand for a clear change of course: as reliable partners for our investors, our aim is now to deliver more than we promise. Prognoses are not crucial: results are. This annual report already follows this principle, which entails a high degree of transparency.

The first step is to analyse and enumerate the past errors. Regarding our core competencies of purchasing, structuring, selling and managing life insurance policies, I see the following challenges:

In purchasing retail policies, we have suffered definite losses compared to 2006 – not only in market share, but also in absolute numbers, and this despite our growth orientation in a dynamic marketplace. A poorly-planned purchasing strategy was at fault, one which aimed at volume, extensive marketing, and relationship management with professional agents. In addition, we did not react appropriately to our now-established competition in policy purchasing, which has put pressure on the purchasing prices and thus on our margin from policy trading.

Simultaneously, our refinancing costs grew as a consequence of the general rise in interest rates, so that the profit margin of our trading portfolio sank by more than 100 basis points. The margin did, however, stay on the positive side, thanks to the use of interest rate derivatives in our risk management program. Looking at the current liquidity crisis, we must be prepared for a possible cost increase in our refinancing conditions. However, the banks see the financing of our portfolio – with the security and quality of the assets – as a relatively low-risk credit proposition.

Although two of our three sources of income were under pressure, costs still rose considerably in the last year. On the one hand, we actively diversified into new, peripheral fields of business, and we created a complex structure for the concern. Valuable resources were committed to these projects, which could never deliver enduring results. On the other hand, this cost increase resulted from too-complex operating procedures, whose further optimization was neglected in

Frank Alexander de Boer
39 years old, married, 3 children, has been CEO of cash.life AG since January 2008. After executive positions within the ING Group in Luxemburg and Den Haag, his career took him to Union Investment KAG in Frankfurt as a member of the management board. Recently, as Managing Director for Germany, he was responsible for the market entry of the ROBECO Group into Germany. The native Dutchman is a Graduate of Business Administration and holds an MBA from the Kellogg School of Management/WHU.

the course of growth. As a consequence of the massive advertising as well as the too-lax profitability criteria and too-low minimum repurchasing values, our operating capacities were additionally burdened and our costs driven unnecessarily high. In the last year and a half, our personnel numbers significantly increased across the entire concern. With the reduced returns of the financial year 2007 and the steep escalation in operating costs, our results have indeed suffered.

In spite of the existing problems, I find cash.life AG's basic business model attractive. We must, however, concentrate on our core business and react appropriately to the changing market conditions, intensified by the current liquidity crisis. We are in an arbitrage business with a very narrow margin, where efficient and agile processes and structures are decisive factors in success. The aberrations described above must be rapidly and consistently corrected. A massive reduction in operating costs, strict profit orientation, slimming down and flexibilization of the concern structure, better synchronization of policy purchases and sales to reduce the size of the portfolio, product diversification to attract new, institutional customer groups, operative excellence, and cost leadership: these are the principles behind the restructuring and new orientation, which are already in progress. The first steps were announced in January and we are progressing even more quickly than we had hoped. For details of the individual measures, please see the chapter »New Strategic Focus« in the group management report on page 60.

I think our chances of success are good. Ultimately, we have many strengths to draw on for our further development. We are the market leader with an established brand, our purchasing network is strongly diversified, our processes cover the entire value creation chain, and we provide several independent funds brokers with high-quality policies and servicing. The funds pay administrative fees for our policy management over their entire term: the »servicing fees«. This revenue is a highly dependable source of income.

In addition, we see earning possibilities for our core business through a more thorough market penetration and an increase in our market share of the attractive policy segments, even though the rates of increase on the life insurance secondary market in general may slow in the future. Right now, neither growth nor market share is our focus. On the contrary: we will check the profitability of policy purchases even more closely than before. Simultaneously we will do our homework and substantially improve the quality of our service for the insured, for agents, and for policy investors. In addition, we must structure new products in order to attract further institutional customer groups.

You see: the course has been set for the further development of our business and we will ensure that we keep up our pace implementing these measures. The cash.life AG employees appreciate this dynamism, because they are convinced that these measures will be effective and they want to do their part for our success. Come with us on our clearly defined journey. We will actively and promptly inform you of current developments, with the transparency you need.

Yours, Frank Alexander de Boer

CEO

THE CASH.LIFE BOARD OF MANAGEMENT

FRANK ALEXANDER DE BOER (CHAIRMAN)
Corporate Development/Strategy, Purchasing, IR/Staff, Auditing
Born 1968, Graduate of Business Administration (Hogeschool van Utrecht)
and MBA (Kellogg School of Management/WHU)
CEO of cash.life AG since 1 January 2008.
Appointed through 31 December 2012.

KLAUS LEUSMANN
Operations/IT, Finance/Treasury, Capital Market Products
Born 1960, Graduate of Business Administration (Westfälische Wilhelms-Universität Münster)
Management Board member of cash.life AG since 1 November 2006.
Appointed through 31 October 2009.

Klaus Leusmann

48 years old, married, 2 children, has been the Chief Financial Officer of cash.life AG since November 2006. His career led him to Bankhaus Merck, Finck & Co in Munich, and Vereins- und Westbank in Hamburg, among others. He was most recently responsible for group controlling of the BHW Group in Hameln. Klaus Leusmann is a Graduate of Business Administration.

Report by the Supervisory Board

Dear shareholders,

The Supervisory Board saw the business performance in the lapsed year as anything but satisfactory, above all with regard to the deviation from planned and actual figures. The good news is that we see the core of cash.life AG's business model as absolutely intact. This will not be altered by the new legal framework conditions, mainly the amended German Insurance Contract Act (VVG) and the withholding tax. However, we were faced with many self-made problems and poor developments in 2007 in an admittedly challenging capital market and competitive environment. The ultimate consequence here was that it prompted the Supervisory Board to carry out personnel measures combined with a reduction in the size of the Management Board. The Supervisory Board expressly welcomes the return to the core business now implemented and the restructuring and cost reduction measures introduced. A critical development in the future will be the sustainable increase in the company's profitability and securing the leading position in the market in Germany.

supervisory board activities in the 2007 financial year

In the 2007 financial year, the Supervisory Board administered all tasks incumbent upon it according to law and the rules of internal procedure. It provided the Management Board with regular advisory services for corporate management and monitored the company's management. It was thus included in all decisions of fundamental importance for cash.life. The Management Board kept the Supervisory Board extensively up to date on the business performance both verbally and in writing. The risk situation and risk management received special attention, as did the questions on the further strategic and operating development of the Group and its companies, as well as the important business transactions. Deviations in the course of business from plans and targets were explained to us in detail, and we examined these using documents presented to us. When required by law and statutory provisions, the Supervisory Board voted on the reports and resolution proposals of the Management Board after in-depth analyses and consultations.

The Supervisory Board's consultations focused on the new legal framework conditions, the altered competitive environment, the development of non-core business fields, the purchase and marketing strategy, the optimisation of the Group structure, the strong cost increase, the improvement in operating processes and the planned acquisition projects.

Gerd A. Bühler
57 years old, married, 4 children, has acted as the Chairman of the Supervisory Board of cash.life AG since November 2004. Together with Klaus Mutschler, he founded the company in 1999 and managed the former parent company of cash.life AG – adv.orga Beteiligungen Aktiengesellschaft – as the only member of the Management Board through to 2004. Gerd A. Bühler is a lawyer and a tax accountant.

I myself was also in regular contact with the Management Board outside of the Supervisory Board meetings. I was informed of the up-to-date development of business and the important business processes. I discussed the prospects and future direction of the Group with the Management Board in separate discussions on strategy.

STRUCTURE OF THE SUPERVISORY BOARD

The Supervisory Board consists of six members. This composition gives us a degree of know-how from which we will benefit in our further development. We have furthermore organised the work of the Supervisory Board in committees. These are one personnel committee and one audit committee, and each deal with their respective topics.

MEETINGS AND PARTICIPATION

The Supervisory Board of cash.life AG held five meetings in the 2007 financial year. This included one per quarter and an extraordinary meeting on 28 February 2007 to address strategic company positions. Four of the meetings took place in Pullach and one in Aschheim/Dornach. In accordance with our compliance statement on the German Corporate Governance Code, we would like to note that all Supervisory Board members were present at at least half of all meetings. The entirety of the Management Board was present at all meetings with the exception of one.

AUDIT COMMITTEE

The Audit Committee met twice in 2007 to deal intensively with the financial statements of cash.life AG and the Group, and prepared the issue of the audit assignment to the auditor. The auditor was partially involved in the consultations. Other focal points of the consultations were the further development of the operational control systems and improvements in the area of risk management.

PERSONNEL COMMITTEE

The Personnel Committee was primarily concerned with the compensation system and the amount of the remuneration of the Management Board. In addition, it also dealt with recommendations for replacements on the Management Board.

SUPERVISORY BOARD PERSONNEL CHANGES

Mr. Klaus Mutschler, Vice-Chairman of the Supervisory Board, resigned from office as a member of the Supervisory Board on 29 June 2007 in accordance with Section 10 Paragraph 4 of the rules of internal procedure. With the Annual General Meeting on 29 June 2007, Dr. Claus-

Michael Dill was elected to serve on the Supervisory Board for the remainder of Mr. Mutschler's term. Mr. Ralf P. Brammer was elected as the new Vice-Chairman of the Supervisory Board.

The terms of office of Dr. Claus-Michael Dill and of Mr. Ralf P. Brammer end at the Annual General Meeting in 2009. Mr. Gerd A. Bühler's term of office ends at the Annual General Meeting in 2010, while those of Mr. Hans-Gerd Füchtenkort, Dr. Michael Kemmer and Professor Dr. Frank A. Schäfer end with the Annual General Meeting in 2011.

MANAGEMENT BOARD PERSONNEL CHANGES

Mr. Ulrich T. Grabowski resigned from his position on the Management Board on 27 August 2007. Dr. Stefan Kleine-Depenbrock resigned from his post as the Chairman of the Management Board on 31 December 2007 upon the request of the Supervisory Board. The Supervisory Board and Management Board have thanked both gentlemen for the work they performed. The Supervisory Board has elected Mr. Frank Alexander de Boer as the new Chairman of the Management Board. Mr. de Boer assumed his office on 1 January 2008. The office of Mr. Grabowski was not reassigned.

CONFLICTS OF INTEREST

We are not aware of any conflicts of interest that could impinge on the duties of the Supervisory Board. No consultant's contracts have been concluded with members of the Supervisory Board.

AUDIT OF THE 2007 ANNUAL FINANCIAL STATEMENTS FOR THE GROUP AND THE AG

The Annual General Meeting on 29 June 2007 appointed O&R Oppenhoff & Rädler AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, based in Munich, as the firm's certified auditors. They conducted an audit of the annual financial statements of cash.life AG as of 31 December 2007, the consolidated financial statements of the Group as of 31 December 2007 and the management report and Group management report for the 2007 financial year, and issued an unreserved audit certificate for the financial statements and reports.

All documents relating to the audit, the proposal by the Management Board for the appropriation of profits and the auditor's report were submitted to the Supervisory Board. They were examined by the Supervisory Board and discussed at its meeting on 27 March 2008 in the presence of the auditor, who reported on the most significant findings of the audit. The Supervisory Board accepted the findings and did not have any reservations after conducting its own examination and reaching its own conclusive opinion. The Supervisory Board approved the annual financial statements of the AG, the consolidated financial statements of the Group and the management reports for both the Group and the AG. The Supervisory Board furthermore examined the statements made by the Management Board in the company's management report regarding Section 289 Paragraph 4 and Section 315 Paragraph 4 HGB. The contents of these statements are correct and applicable according to the assessment of the Supervisory Board. The annual financial statements of the AG and the Group have thus been duly approved. The Supervisory Board concurs with the proposal made by the Management Board regarding the appropriation of profits.

CORPORATE GOVERNANCE

The Supervisory Board and the Management Board support the German Corporate Governance Code without reservation. Good corporate governance is a prerequisite for earning and maintaining the trust of our shareholders. As such, we have significantly reduced the number of instances of non-compliance with the recommendations in the Code. On 20 September 2007, the Supervisory Board and Management Board of cash.life AG approved an amendment to the compliance statement. Detailed information on our corporate governance can be found in our annual report.

On behalf of my colleagues on the Supervisory Board, I would like to thank the Management Board and all of our employees for their hard work and dedication. Against this background, it has been particularly painful on the part of the Supervisory Board to carry out the drastic cutback in the number of employees at the beginning of 2008. This measure, however, had become necessary and was fully supported by the Supervisory Board. I am convinced that we have set the right course, thus giving me a very optimistic glimpse into the future.

On behalf of the Supervisory Board

Gerd A. Bühler
Chairman

THE CASH.LIFE SUPERVISORY BOARD

All members of the Supervisory Board have been elected for a term of four years.

GERD A. BÜHLER (CHAIRMAN)

Born 1951, Lawyer, Tax Accountant
Appointed to the Supervisory Board of cash.life AG on 1 July 2005.

RALF BRAMMER (VICE-CHAIRMAN)

Born 1963
Appointed to the Supervisory Board of cash.life AG on 15 June 2004.

DR. CLAUS-MICHAEL DILL

Born 1954, CEO of Damp Holding AG, Damp
Appointed to the supervisory board of cash.life AG on 29 june 2007.

HANS-GERD FÜCHTENKORT

Born 1949, CEO of Grohe AG, Rottach-Egern
Appointed to the Supervisory Board of cash.life AG on 23 June 2006.

DR. MICHAEL KEMMER

Born 1957, CEO of BayernLB, Munich
Appointed to the Supervisory Board of cash.life AG on 23 June 2006.

PROF. DR. FRANK A. SCHÄFER

Born 1957, Lawyer
Appointed to the Supervisory Board of cash.life AG on 23 June 2006.

COMMITTEES

Personnel Committee
Gerd A. Bühler (Chairman), Ralf Brammer and Hans-Gerd Füchtenkort.

Audit Committee
Dr. Michael Kemmer (Chairman), Ralf Brammer (Vice-Chairman)
and Gerd A. Bühler.

Endowment policies as an asset class

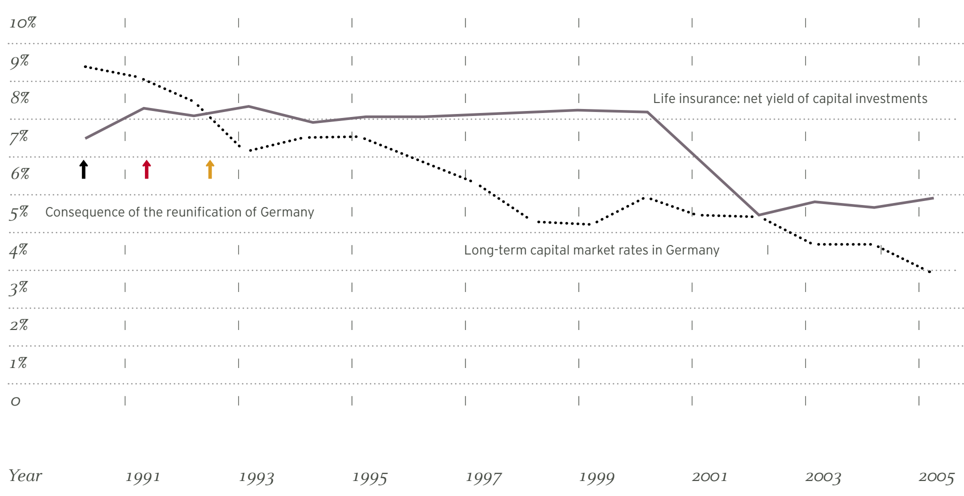
SECURITY

AAA-equivalent assets: German life insurance companies are monitored by the state in the form of the BaFin (German Federal Financial Supervisory Agency). Strict rules force the companies to adopt conservative investment policies. As separate assets, the capital investments of insured persons are also protected in the unlikely event that an insurer goes bankrupt. The legally required security fund also serves to protect all policyholder claims in such an event.

No Market-to-market risk: Thanks to the surrender values guaranteed by the insurer at any point in time, there are no uncertainties whatsoever with regard to the valuation. Surrender values can never fall. Quite the contrary, they rise continuously, at least by the contractually agreed-upon minimum yield.

Implicit put-option: Life insurance policies can be terminated at guaranteed surrender values at any time.

HISTORICAL NET YIELDS OF GERMAN LIFE INSURANCE



Sources: GDV, OECD

ABOVE-AVERAGE YIELDS

A glimpse back in time speaks for itself: German life insurance companies generate net yields with their capital investments which exceed the long-term capital market interest rates.

High degree of visibility: The ongoing yield of a life insurance policy is made up of a stipulated guaranteed rate of interest (2.25%–4.0%) and the variable profit participation. However, this is declared annually in advance. As such, the interest rate for the next 12 months is announced at the end of a calendar year. The share of the terminal bonus at the end of the contract term and, of late, the legally required participation in hidden reserves are additional yield triggers.

Premium yields through secondary market policies: cash.life purchases policies mostly in the second half of their terms. The yield-impairing acquisition costs are already paid off in full at this point in time.

OUR SERVICES FOR INVESTORS

Selection: cash.life uses a complex rating process to continuously analyse and assess the financial strength and capital investment success of the more than 100 life insurance companies in Germany. We have knowledge of more than 2,500 insurance rates. This allows for a positive selection, which leads to above-average yields.

Tax-optimised structuring: As an innovative service provider, cash.life offers institutional investors custom-made products that are also structured in an optimal way from tax aspects.

Policy management: Following the sale of a policy, we take on the servicing function for our customers. We regularly gather surrender values, maintain correspondence with the insurance companies, monitor values at maturity, organise the premium payments and take on the processing in the event of an insured person passing away prior to the end of the term.

An overview of our services

OUR CORE BUSINESS: WE PURCHASE YOUR LIFE INSURANCE

Selling a life insurance policy to cash.life is more advantageous than terminating the policy with the insurance company.

Advantages for policyholders:

› The purchase price exceeds the current surrender value by up to 7%.
› The death protection is free of charge and is not affected by the sale, as the policy is continued.
› The quality of our service is documented: cash.life was the top performer of the foundation ÖKOTEST in 2007; the rating agency Scope gives our processes the second-best mark of AA+.

Advantages for brokers:

› With reference to the secondary endowment policy market and cash.life, the legally required »Best Advice« principle is accommodated.
› The policy portfolio and the commissions linked to this remain, as the policies are continued.
› cash.life pays an allowance upon successful referral.

OUR POLICY LOANS – THE CLEVER ALTERNATIVE TO CONSUMER CREDIT

Existing life insurance policies can also be drawn upon for the purpose of collateralising a loan. This gives policyholders access to favourable interest conditions regardless of their individual creditworthiness.

Advantages of lending on policies:

› The loan can be paid off free of charge at any time, also in partial amounts.
› An interest rate stipulated at a maximum of ten years allows for high visibility.
› A detailed credit check is not required.
› The lending limit is 100% of the current surrender value.
› The ongoing insurance premiums can be co-financed upon request.
› The full extent of the insurance protection and the pension provision are maintained.
› We charge no processing fees whatsoever.

Christian Baumann
Head of the business partners segment, 27 years old, married, passionate diver.

»Our most important agents are banks and insurance agents. We purchase more than 70 percent of retail policies through them. Supporting them and making the access to them as well as the processing as simple as possible is our greatest concern. This is how we gain agents as future business partners.«

ANOTHER SECONDARY MARKET: WE BUY YOUR CLOSED-END FUND SHARE

Until now it was hardly possible to prematurely withdraw from closed-end funds at fair prices. In 2007 we also began providing a liquid secondary market in this asset class.

Advantages of selling shares:

- We promptly provide a binding purchase price upon request.
- We are an independent supplier and therefore represent the interests of those selling shares and determine the highest price to be offered to potential buyers from our cooperation network.
- We charge no processing fees whatsoever and provide fast processing free of complications.

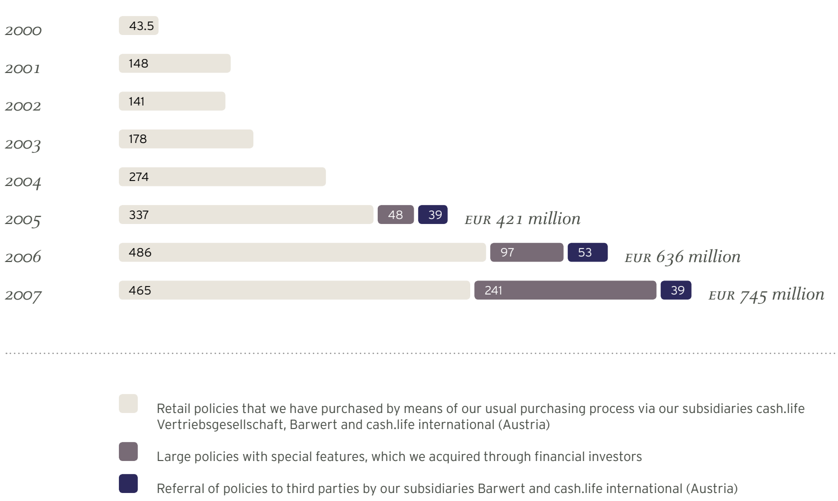
Tobias Weihrather
Head of pricing, 26 years old, single, connoisseur in every respect and great Bayern Munich fan.

»In our department every policy is individually calculated. This forms the basis for the decision whether and at which maximum price we can purchase the contract. With our know-how we ensure that we provide our investors with the policies with the strongest yield.«

Company history

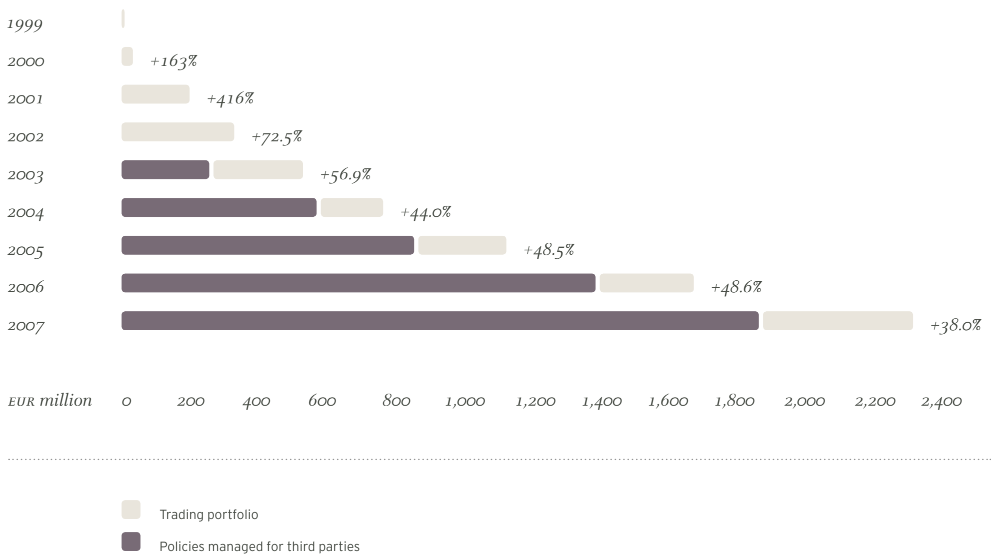
cash.life has established itself on the German market since 1999 by becoming the first company to offer policyholders a better alternative to encashment and make an interesting asset class accessible to investors. We have used this innovative idea to boost formidable growth and create a great deal of value in the past eight years. However, even stories of success mostly come with setbacks and stumbling blocks. We learned this the hard way in 2007. In a phase like this, it is important to concentrate on the critical factors of success and to routinely rectify poor developments. If a company is able to do this, the chances of tapping into past successes are good.

OUR PURCHASE VOLUME TREND



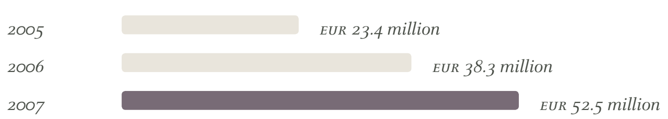
cash.life had already posted a considerable rise in the purchase volume in the first three years, when the company only made purchases on its own account. Purchasing saw a further upward trend beginning in 2002 after the first fund companies placed closed-end funds with German life insurance. A policy volume of approx. EUR 745 million was achieved overall in 2007. Of this, EUR 241 million referred to so-called large policies.

OUR PORTFOLIO OF POLICIES MANAGED TREND



cash.life AG began to take on policy purchasing and servicing for closed-end funds in 2003. Demand from issuing houses, which was constantly on the rise, brought about additional growth. A heavily rising purchase volume came with a corresponding increase in the portfolio of policies managed. This passed the EUR 2 billion mark for the first time in 2007.

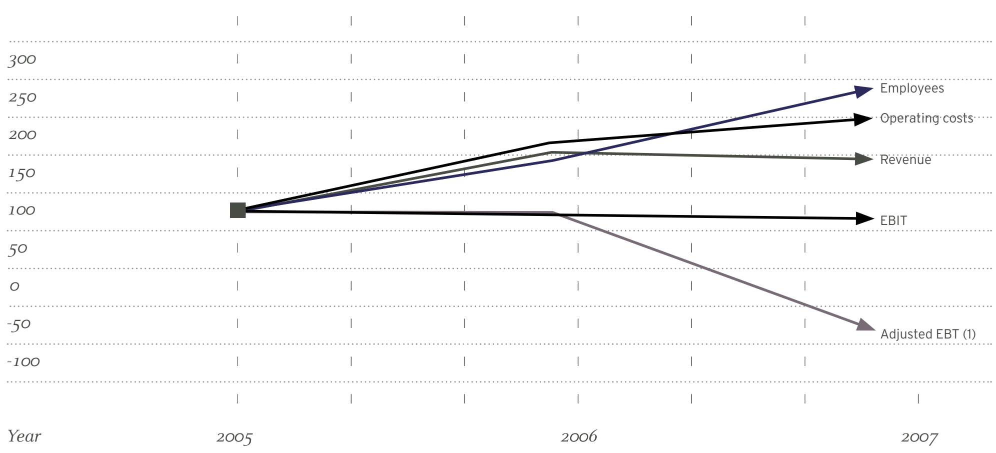
PRESENT VALUE SERVICING FEES TREND (1)



1) Rate of discounting: 5.0%

After selling a policy to issuing houses, cash.life continues to manage it until maturity on behalf of the fund. In return, cash.life receives an annual servicing fee. The revenue from the management of policies is contractually fixed, easy to plan and practically independent of the capital market. As such, it makes a significant contribution to the stability of our profit situation. The present value of these future cash flows amounted to EUR 52.5 million as of 31 December 2007 (rate of discounting: 5%).

DEVELOPMENT OF REVENUE, COSTS AND EBT



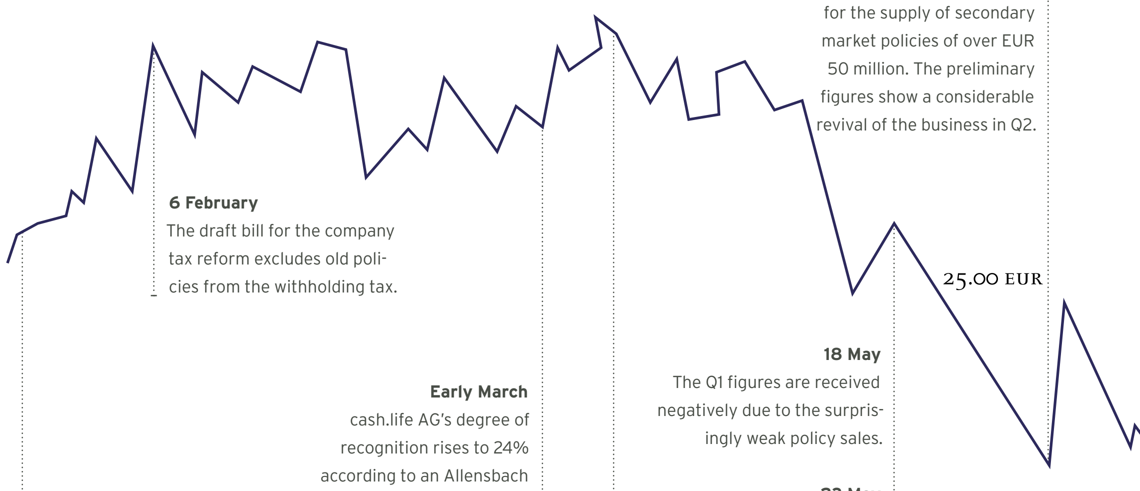
(1) Earnings before tax (EBT), adjusted for value fluctuations of interest rate derivatives

The last two years saw a strong rise in the employee count and costs, while development in the operating business recently showed stagnation. As such, significant cost savings of EUR 6 million were concluded in January 2008 in the scope of an extensive restructuring programme. This includes a reduction of the workforce by up to 40 employees.

Barbara Jelinek
Department head of incoming contracts, 26 years old, single, fast car fan.

»When the customer has accepted our price offer, the signed purchase contract is passed on to our department. We check whether all requirements for an effective assignment of the policy have been met, so that the customer gets his money from us as quickly as possible.«

2007 end-of-year review



16 January
The cooperation with Hannover Leasing is announced. cash.life supplies the »Hannover Leasing Life Invest I« life insurance fund, which has a total investment volume of some EUR 100 million.

29 January
The preliminary figures for the 2006 financial year fall short of the forecasts. An optimistic outlook calls for strong growth in 2007.

6 February
The draft bill for the company tax reform excludes old policies from the withholding tax.

Early March
cash.life AG's degree of recognition rises to 24% according to an Allensbach survey.

14 March
The framework agreement with MPC Capital for the MPC yield fund »Leben plus VII« with an investment volume of EUR 298 million is signed.

3 April
A cooperation with the association of savings banks in Bavaria is begun for the purchase of policies.

26 April
The final figures for the 2006 financial year are presented at cash.life AG's annual press conference.

18 May
The Q1 figures are received negatively due to the surprisingly weak policy sales.

23 May
The withholding tax is surprisingly applied to old policies (signed before 2005).

29 June
The AGM of cash.life AG is held. A framework agreement with Real I.S. is signed for the supply of secondary market policies of over EUR 50 million. The preliminary figures show a considerable revival of the business in Q2.

2 July
EUR 0.50 per share is distributed as dividends for 2006.

July / August
The markets deal with the consequences of the high interest rate increase for the cash.life AG business model.

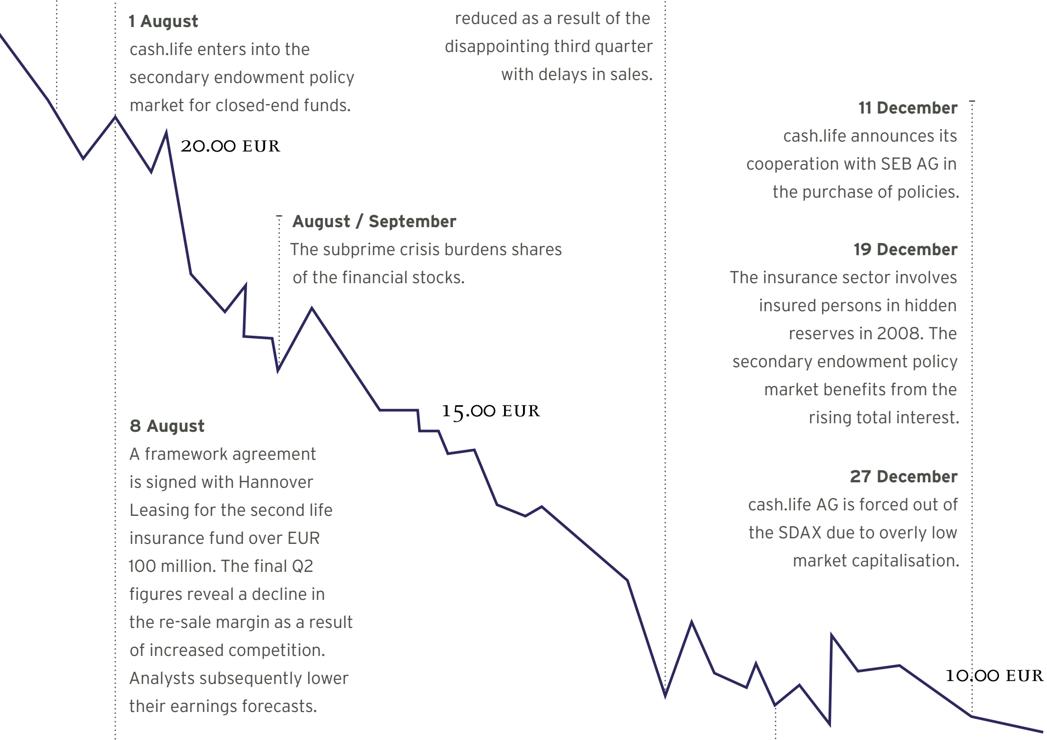
August
Assets under management climb past the EUR 2 billion mark.

1 August
cash.life enters into the secondary endowment policy market for closed-end funds.

8 August
A framework agreement is signed with Hannover Leasing for the second life insurance fund over EUR 100 million. The final Q2 figures reveal a decline in the re-sale margin as a result of increased competition. Analysts subsequently lower their earnings forecasts.

27 August
COO Grabowski resigns from the Management Board.

August / September
The subprime crisis burdens shares of the financial stocks.



22 October
cash.life AG announces the retirement of Chairman Kleine-Depenbrock at the end of the year due to strategic differences with the Supervisory Board. Frank Alexander de Boer is announced as his successor.

31 October
The revenue and earnings forecast for the full year is reduced as a result of the disappointing third quarter with delays in sales.

5 November
The 9M figures reveal a loss. cash.life AG announces a restructuring programme aimed at increasing profitability.

11 December
cash.life announces its cooperation with SEB AG in the purchase of policies.

19 December
The insurance sector involves insured persons in hidden reserves in 2008. The secondary endowment policy market benefits from the rising total interest.

27 December
cash.life AG is forced out of the SDAX due to overly low market capitalisation.

Critical questions

THE NEW CEO FRANK ALEXANDER DE BOER ANSWERS QUESTIONS FROM EQUITY ANALYST THORSTEN WENZEL, CFA, FROM THE DZ BANK

Thorsten Wenzel: You identified inefficient processing in the purchase of policies and, as a result, a lack of competitiveness and market share losses as one of cash.life's weaknesses. How long is it likely to take to correct these inefficiencies?

Frank Alexander de Boer: There are several different aspects to your question. It can fundamentally be said that it will come down to two main criteria in purchasing from the viewpoint of customers and agents: the price offered and the quality of processing. It should also be noted that the sale of a life insurance policy is a relatively seldom and randomly occurring event for most agents. We therefore have to come up with a way to more efficiently address the different source channels.

For our purchase strategy, this means that in future we will have to shift our concentration to the customer needs just described. The presence with professional brokers and policyholders, made necessary by the relatively low transaction frequency out of concrete necessity from the customer's point of view, is only achieved efficiently through online and direct marketing. The marketing mix will also have to change accordingly. For this reason we will accelerate our direct marketing with all target groups and invest in online solutions. These take sellers through the selling process step by step and at any time. They also always show the up-to-date status. More complex customer support, as we had carried out excessively in the past, will be concentrated especially on active broker partners. The reorientation will be concluded in the first half year. The savings resulting from this are an important part of the cost reduction target communicated for 2008.

Yet another aspect is the pricing policy, where we have operated too schematically in the past. This was due to the fact that we did not allow for pricing leeway when dealing with the customer. This made us easy to figure out for the competition. We are already conducting more flexible pricing depending on how attractive the policies offered are. This will give us significantly more clout in acquiring high-quality life insurance policies.

We will ultimately have to work on industrialising our operating handling processes. These have not kept up with the rapid growth of the last few years. The stronger automation of individual working stages should lead to faster processing times and much lower unit costs. We

Frank Alexander de Boer
faces up to questions from Thorsten Wenzel, CFA. Thorsten Wenzel is an equity analyst for insurers and financial service providers at DZ BANK in Frankfurt and leads the research team of insurers/banks/financial service providers.

had already begun implementing the corresponding measures by the end of 2007; these will take the entire year of 2008, and we will even continue to work on the process quality after that time.

Just let me say one more thing: in the past our processes were burdened by a true flood of inquiries as a result of the TV advertising campaign and a minimum surrender value set too low at EUR 5,000. This made the finalisation ratios very low, which was a cause of frustration for our customers. Our reaction to this problem was to lift the minimum surrender value to EUR 10,000. We will discontinue the expensive and ineffective TV advertising campaign.

Thorsten Wenzel: Do the cost reductions announced for 2008 make cash.life competitive enough to maintain its market share or even win back market shares?

Frank Alexander de Boer: We want to gain attractive business, but market shares are not our first priority. However, the main factor in doing so is not cutting costs, but rather ensuring the success of the strategic position of points just mapped out. On the other hand, we will stray from our past habits and in the future be able to react adequately to the competition thanks to the cost leadership targeted. We want to reduce our operating costs excluding the revenue-related broker commissions by a total of EUR 6 million to EUR 18 million in 2008. This should improve the profitability of the core business considerably and in a sustainable manner. We will also get help in the future from the considerably leaner group structure, which we have achieved by returning to the core business, spinning off unprofitable non-core activities, discontinuing and reintegrating unnecessary subsidiaries and letting go of 30 to 40 employees. Paired with the improved information and control systems, this will increase our focus, flexibility and thus power of impact.

We are best equipped for a successful business development. We are the only relevant market participant to cover the entire value chain with our processes. We are also independent of cross-subsidisation through our strategic partners and we have an extensive refinancing framework for the trading portfolio. Our processing and administrative systems are scalable and even demonstrably tackle high unit figures. It ultimately comes down to the quality of the policies acquired and the servicing offered. In this regard, we are also the only market participant with established and successful partnerships with several independent fund houses to fall back on.

Together with our high degree of brand recognition and our heavily diversified purchase network, we therefore see ourselves on a very good path to at least halting the erosion of the market share seen over the last few years and to boost our profitability.

Thorsten Wenzel: The re-sale of policies has lagged behind purchasing for a fairly long time. Your most important customer, MPC, expects a declining sales volume of closed-end life insurance funds for 2008. Is cash.life still operating in a growth market?

Frank Alexander de Boer: It is only at first glance that re-sale has lagged behind the purchase of policies in the last few quarters. From a different point of view, it becomes clear that based on normal retail policies, which we need for our established business with closed-end funds, demand is still much greater in structural terms than the supply that is offered at the moment. However, it is also true that the interest in secondary market policies drops temporarily in times of heavily rising capital market interest rates, as was seen in the first half of 2007. In phases like these, refinancing costs of funds rise faster than the yields of life insurance policies. These temporary dents in demand however will only continue until the interest rates and yields have levelled off. Of course, they are also a part of our business model.

In general, the demand of closed-end funds for policies is unbroken. Even if MPC as the oldest supplier of secondary market life insurance funds is seeing the first signs of saturation in its sixth year of operation, this potential drop is likely to be more than offset by the growth of our newly won-over cooperation partners Hannover Leasing and Real I.S. As a consequence, a more even distribution in terms of unit sales will therefore emerge in the future, which we expressly welcome.

At the moment we clearly see the reason for limited growth as stemming from the purchasing side. The idea here is to better tap into the existing potential through stronger market penetration and to bring lost business back in. As soon as we do this, we will be able to grow in the next few years, even if the secondary endowment policy market has already surpassed a phase of peak growth rates.

Thorsten Wenzel: Despite the optimistic assumptions of the future profit participation, closed-end life insurance funds only offer a yield of a good 5%. The high costs with which this sales channel works contribute to this. Are you working on developing more cost-friendly sales channels?

Frank Alexander de Boer: Most of the yields forecast by fund houses are well over 5%. However, we would like to diversify our sale channels more in the future and will therefore invest more in the development of products in order to provide institutional investors with tailor-made, attractive solutions. We are already marketing an initial structured product for this target group on the basis of our SICAV fund. For this we need large policies, which we acquire through financial investors, and which made up a large part of our trading portfolio as of the end of 2007. However, we will take the interests of our existing fund partners into consideration in any case when further developing our business model.

Thorsten Wenzel: Do you expect the drop in interest rates to help revive the demand for policy funds?

Frank Alexander de Boer: We are already noticing a revival, and not just because interest rates have fallen. Profit participations of life insurance policies and thus the yields were also increased at the same time. Against the backdrop of the subprime crisis, the security of our investment class is also pretty much appreciated at the moment. This leads us to believe that demand will pick up considerably beyond the contractually fixed order backlog of EUR 320 million as of 31 December 2007. Our problem at the moment however is that we were not able to purchase enough policies in 2007. This should burden our performance in the first quarter of 2008. On the other hand, we are very confident that our new purchase strategy will yield considerably higher volumes of high-quality retail policies in the medium term.

Thorsten Wenzel: cash.life's business model is based on purchasing life insurance policies at a low price relative to the expected value at maturity and to thereby generate an attractive overall yield. The reform of the German Insurance Contract Act, which took effect in January 2008, will probably lead to higher surrender values by allowing policyholders to participate in hidden reserves. The result for the secondary endowment policy market will be higher purchase prices. How do you think this will affect the business model?

Frank Alexander de Boer: The participation in hidden reserves for a start will have a positive impact on our trading portfolio and the portfolios of our fund partners. Basically, you are right in saying that the participation in hidden reserves over the entire term of a life insurance policy should lead to higher surrender values. However, from my point of view it doesn't make sense to consider this aspect alone, as the amended German Insurance Contract Act (VVG) will also yield other effects that are relevant to us and have a positive impact. Insurance companies will have to lift their surrender values for early termination in order to guarantee that policyholders preserve their invested capital. For counter-financing purposes, life insurance providers are therefore likely to reduce the surrender values in cases of late termination relevant for us. The current market trend also leads us to assume that the terminal bonus will become more significant at the expense of the ongoing interest rate. We therefore expect a marginally positive effect for our business model from the VVG reform in net terms at the moment. This is the case even if it still remains to be seen at this early stage how its realisation will actually go in practice.

Thorsten Wenzel: As a result of the company tax reform, the withholding tax in the sale of life insurance policies will take effect at the beginning of 2009. In the case of encashment, this tax would become due. To what extent do you think this will make the secondary endowment policy market seem less attractive? Do you expect this tax amendment to negatively impact the purchase volume and/or the margin between policy purchases and sales?

Frank Alexander de Boer: We see nothing of the sort. Selling to cash.life will still remain the better alternative to encashment, even after the withholding tax is introduced. The policyholder receives more money and retains the death protection. These are two strong arguments speaking in favour of selling. Our purchase and sale conditions are geared exclusively towards the attractiveness of the policies and towards their term. The purchase volume and/or margin will therefore in all likelihood remain unaffected by the withholding tax.

Thorsten Wenzel: A so-called interest stripping rule will also be introduced with the company tax reform. This will weigh on heavily leveraged companies. Will it affect you?

Frank Alexander de Boer: As a heavily leveraged company, we at the Management Board level have indeed paid a great deal of attention to the issue of the interest stripping rule. We can assure you now that we will definitely not be impacted. In this regard, the targeted streamlining of the complexity of the company will also be of help to us.

Thorsten Wenzel: German life insurance companies generate encashment profits with late termination, even if they don't like to admit it. Against this background, is the cooperation with the life insurance sector that has constantly been announced in the past a realistic scenario?

Frank Alexander de Boer: It is already lived practice for some German insurance companies. This makes us fundamentally optimistic that the insurance sector as a whole will accept us in the medium term as a part of the value chain. Ultimately, insurers will miss out on future profits over the actual remaining term of the policy affected in the case of encashment. Low encashment rates are also a characteristic of quality for insurance companies, thus making them an important argument for a sale. A successful secondary market basically always has positive effects on the primary market. An improvement in exit opportunities at the moment is lifting the marketing opportunities with non-current assets. Moreover, the interest on the part of secondary market investors is proof of the attractive risk-return profile of German life insurance companies. In the future, we will therefore continue to approach the insurance industry and maintain a constructive dialogue.

Thorsten Wenzel: cash.life needs a great deal of borrowed funds for its trading portfolio. Do you notice or expect a deterioration of your financing conditions in connection with the distortions on the financial market at the moment?

Frank Alexander de Boer: Our trading portfolio consists of German and Austrian life insurance policies, which gives us first-class security. As such, banks also see a rather low-risk credit business here. On the other hand, the most recent developments weigh on the banks with liquidity spreads to different degrees. As a result, we cannot realistically rule out a certain degree of deterioration of refinancing costs in the future.

Thorsten Wenzel: cash.life has equity of EUR 44 million and thus seems amply capitalised, given the refocusing of the business model and scaled down growth ambitions. Is this also your assessment?

Frank Alexander de Boer: We are certainly comfortably capitalised in the sense that we will not need any additional equity for the further organic business development. As the situation is at the moment however, we do not have a significant amount of excess equity in our view. Instead, we believe the resources at hand to be adequate in terms of risk aspects and considering the framework of borrowed capital. As such, we will suggest refraining from paying out dividends for the 2007 financial year.

Thorsten Wenzel: Investors expect a return on equity well into the double digits from a company like cash.life. Is this a realistic expectation?

Frank Alexander de Boer: Definitely. If you look back at our past, you will see that our business has always brought in significantly double-digit returns on equity, with the exception of 2007. Our critical cost reduction and restructuring programmes combined with the reorientation of our purchase strategy make us confident that we will be able to bring the profitability back up to an attractive level. We have our sights set on a sustainable return on equity of at least 15% in the medium term.

The cash.life share in 2007

A strong presence in the capital market is important to us. We are continuously presenting our business model at national and international conferences and roadshows. As such, we have been able to develop a high level of recognition among small-cap stocks.

EARNINGS PER SHARE

In 2007, we generated earnings per share of EUR -0.32 after EUR 0.82 in the previous year. However, one-off effects in connection with the restructuring measures weighed on the result.

DIVIDEND PAYMENT TO BE OMITTED

The Management Board and Supervisory Board will recommend that the Annual General Meeting refrain from paying out dividends as a result of the disappointing business performance for the year 2007. We furthermore need the existing capital framework for the Group's initiated restructuring and focus for the purpose of showing profitable growth again in the future. We therefore see no reason for depriving the company of substance at the present time.

SMALL-CAPS UNDERPERFORMING THE MARKET:
RECORD LEVEL IN THE DAX, SDAX MOVING IN REVERSE

The capital market environment in 2007 was a mixed bag: The DAX featured a considerable rise over the course of the year, thereby improving from 6,596.92 to 8,067.32 points. This equals a 22.3% increase.

In contrast, the SDAX lost 6.8%, dropping from 5,567.36 points at the beginning of the year to 5,191.56 points at the end of December.

CASH.LIFE SHARE PRICE DROPPED

In 2007, the cash.life share slipped by 69.0% from EUR 25.00 at the beginning of the year to EUR 7.75 at the end of the year.

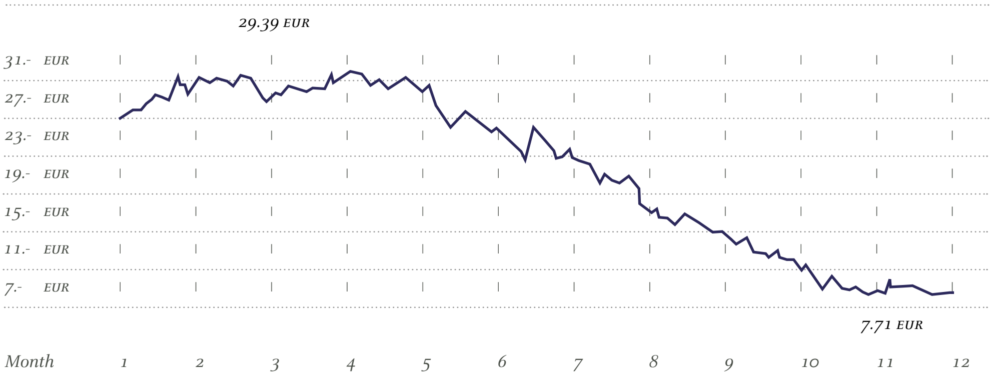
Mirjam Rupprecht
Department head for contract processing, 41 years old, married, lover of historical novels.

»Our high quality standards ensure that there are no legal risks for our investors coming from the assignment process.«

PRICE PERFORMANCE OF THE CASH.LIFE SHARE IN 2007

Our share price fell by 69.0% in 2007, from EUR 25.00 at the beginning of the year to EUR 7.75 at the end of the year. The year-high for the share was EUR 29.39 and the year-low was EUR 7.71.

Source: Deutsche Börse AG



The event causing the drop in the share price was the surprising announcement at the end of May of the introduction of the withholding tax. This applies to old policies, meaning policies that were signed prior to 1 January 2005. Together with the amendment to the German Insurance Contract Act (VVG), this came as the second regulatory issue within a few months which the Management Board and cash.life shareholders had to deal with. However, our analysis show that neither of the two legal changes are likely to have a significantly negative impact on the future of our business.

The first half of 2007 also saw a noticeable rise in the general interest level. Following the long phase of low interest rates, this caused an increasingly critical assessment of the interest sensitivity of our business model. Our share is a small cap stock in the financial sector. As such, it was also dragged down by the subprime and credit crises despite the lack of any objective context behind it.

The share's chart in general played a major role in the fall of the share price. Our shares are predominantly in the hands of institutional investors and large amounts were sold in the last few months, for which there were no adequate buyers. The major fundamental driver however was our disappointing business performance in the lapsed financial year. On the part of analysts and investors, this gradually led to a significant reduction of revenue and profit expectations for the short and medium term.

DAILY TRADING VOLUME RISES

The average daily trading volume of the cash.life share rose from EUR 635,846.82 in 2006 to EUR 796,435.87. This is an increase of 25.3%. The strongest month in terms of stock market turnover was May, with some EUR 1.3 million per trading day on average, followed by October with some EUR 1.2 million. March was the weakest month in terms of turnover, when cash.life shares changed owners with a value of EUR 0.3 million on average per trading day.

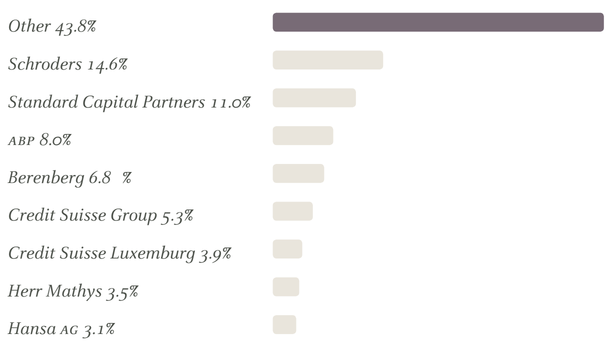
EXIT FROM THE SDAX

cash.life exited the SDAX on 27 December 2007 in the course of a regular index revision by the Deutsche Börse. The change was agreed upon on 5 December 2007 and is particularly the result of our relatively low market capitalisation at present following the heavy drop in the share price.

INSTITUTIONAL INVESTORS DOMINATE THE SHAREHOLDER STRUCTURE

As of 31 December 2007, predominantly institutional investors held 100% of all cash.life shares. Most of our shareholders are located outside of Germany.

SHAREHOLDER STRUCTURE AS OF 31 DECEMBER 2007



Shares of 100%

All cash.life shares are in free float. Institutional investors make up our largest group of shareholders – the four largest alone hold a combined share of 40.4% of our stock. Most shareholders are located outside of Germany.

Source : cash.life AG

PRESENCE SHOWN WITH SOME 100 INVESTORS

We spoke with more than 100 investors at over 20 national and international roadshows and conferences in the past year. We were represented at the following investor events:

Date	Event	Location
16 January 2007	*Cheuvreux 6th German Corporate Conference*	*Frankfurt, D*
21 March 2007	*Deutsche Bank Small and Mid-Caps Conference*	*London, UK*
23 May 2007	*Dresdner Kleinwort German Mid & Small Cap Financial Seminar*	*London, UK*
21 June 2007	*Deutsche Bank German Corporate Conference*	*Frankfurt, D*
18 September 2007	*KBW European Financials Conference*	*London, UK*
27 September 2007	*UniCredit German Investment Conference*	*Munich, D*

We furthermore inform our analysts and institutional investors on current events on a regular basis by way of telephone conferences. The recordings are available on our homepage shortly thereafter. We held five telephone conferences in 2007:

Date	Occasion
26 April 2007	*Final financial figures for 2006*
18 May 2007	*Financial figures for Q1 2007*
25 May 2007	*Withholding tax*
8 August 2007	*Financial figures for Q2 2007*
5 November 2007	*Financial figures for Q3 2007*

In the investor relations section under www.cashlife.de you can also subscribe to the IR newsletter. The newsletter, published sporadically, goes beyond the required coverage and gives those interested a glimpse into our operating business. Three versions were released in 2007, all of which are available on our homepage.

The core business also benefits from our capital market communication, as this increases our media presence and thus our level of recognition. Some 30% of all media reports on cash.life centre around capital market topics.

12 BANKS REGULARLY ANALYSE CASH.LIFE AG

12 banks regularly released research studies on the cash.life share in 2007. This is two more than in 2006. The rising interest of bank analysts supports the establishment of cash.life and the business area. The analysts made the following recommendations on the balance sheet date:

Bank	Recommendation	Price target as of 31 December 2007
BayernLB	*Buy*	*EUR 13.26*
Berenberg Bank	*Hold*	*EUR 8.00*
Cheuvreux (1)	*Underperform*	*EUR 13.00*
Citigroup	*Buy*	*EUR 13.00*
Deutsche Bank	*Buy*	*EUR 14.00*
DZ Bank	*Sell*	*EUR 9.00*
HSBC Trinkaus & Burkhardt	*Overweight*	*EUR 12.50*
Keefe Bruyette & Woods	*Market Perform*	*EUR 17.00*
Landesbank Baden-Württemberg (1)	*Sell*	*EUR 7.20*
Merck Finck & Co.	*Sell*	*EUR 17.00*
UniCredit (1)	*Hold*	*EUR 10.00*
WestLB	*Buy*	*EUR 17.00*

(1) incorporated research activities for the cash.life share in 2007.

MORE LIQUIDITY THROUGH DESIGNATED SPONSORS

Designated sponsors increase the liquidity of a share by offering bid-ask spreads for the shares. cash.life AG is served by three designated sponsors:

› BayernLB, Munich (since 2005)
› Berenberg Bank, Hamburg (since 2005, through December 2007)
› DZ Bank, Frankfurt (since October 2006)

AD-HOC RELEASES ON THE CAPITAL MARKET

As a listed company, we are required to publish ad-hoc releases on any facts having influence on the share price. The eight ad-hoc releases from 2007 are available on our homepage.

Date	Titel
29 January 2007	*Dividend announced – policy purchases in the full year 2006 lifted by 50%*
13 March 2007	*cash.life AG plans dividend of EUR 0.50 per share*
18 May 2007	*cash.life AG releases final Q1 figures – purchase volume of life insurance lifted by 76%, annual forecast confirmed*
29 June 2007	*cash.life AG confirms annual forecast, Q2 EBIT rises to EUR 2.5 to 3.0 million*
8 August 2007	*cash.life AG releases final Q2 figures – operating profit increased by 181 percent to EUR 3.5 million, Hannover Leasing orders policies for another EUR 100 million*
22 October 2007	*New CEO of cash.life AG*
31 October 2007	*cash.life AG releases preliminary Q3 figures and reduces the annual forecasts*
5 November 2007	*cash.life AG releases final Q3 figures – operating profit of EUR 2.4 million at the level of the previous year*

DIRECTORS' DEALINGS RELEASES

We were notified of seven directors' dealings releases in 2007.

Date of transaction	Person/party involved	Transaction	Number of shares	Share price
23 March 2007	*Elisabeth Kleine-Depenbrock*	*Sale*	*10,000*	*EUR 27.30*
1 November 2007	*Dr. Stefan Kleine-Depenbrock*	*Purchase*	*10,000*	*EUR 8.10*
5 November 2007	*Dr. Stefan Kleine-Depenbrock*	*Acquired(2)*	*54,739*	*Not given*
5 November 2007	*Gerd A. Bühler (1)*	*Acquired(2)*	*19,245*	*Not given*
7 November 2007	*Dr. Stefan Kleine-Depenbrock*	*Purchase*	*10,000*	*EUR 8.90*
7 November 2007	*Gerd A. Bühler (1)*	*Purchase*	*25,000*	*EUR 9.40*
9 November 2007	*Ralf Brammer*	*Purchase*	*10,000*	*EUR 8.70*

(1) GAB Grundstücks-, Finanzierungs-, Verwaltungs- und Beteiligungs GmbH

(2) Acquired due to a resolution of a company

INFORMATION AND FACTS ON THE CASH.LIFE SHARE

Ticker:	SGS.ETR
WKN:	500 910
ISIN:	DE 000 500 9104
Type:	Individual shares
Nominal value:	EUR 1.00
Subscribed capital:	EUR 8,579,900.00

Exchanges

Regulated market/Prime Standard:	Berlin-Bremen
	Frankfurt am Main
	Hannover
	XETRA
Regulated unofficial market:	Düsseldorf
	Hamburg
	Munich
	Stuttgart

Performance

Share price as of 2 January 2007:	EUR 24.66 (XETRA)
Share price as of 28 December 2007:	EUR 7.75 (XETRA)
Year high 2007:	EUR 29.39 (11 April 2007)
Year low 2007:	EUR 7.71 (28 November 2007)
Market capitalisation as of 28 December 2007:	EUR 66.5 million
Average daily trading volume 2007:	EUR 796,435.87


cash

Management Report on the position of the Group

for the 2007 financial year

BUSINESS FIELDS, SERVICES AND BUSINESS MODEL

cash.life AG is active on the German and Austrian secondary endowment policy markets. The Group buys, structures, sells and manages life insurance policies. In addition to these core activities, cash.life markets policy loans and refers shares of closed-end funds to issuing houses.

Our services

cash.life AG offers three services:

› The purchase of endowment policies
› The lending of endowment policies
› Referral of shares to closed-end funds

PURCHASING LIFE INSURANCE

cash.life AG purchases life insurance from policyholders, re-sells the policies to investors and subsequently manages them. Since our company was founded in 1999, we have initiated the secondary market for German life insurance policies and have since become the leader in a growth market.

Advantages for customers choosing to sell their policies as opposed to terminating them:

› We pay more money than the insurance company.
› Death protection insurance coverage remains.

Basic criteria for purchasing policies:

› Capital-forming endowment or pension assurance policy with capitalisation option of a German insurance company
› Surrender value of at least EUR 10,000
› Remaining policy term of a maximum of 15 years
› The policy must meet our yield requirements

LENDING LIFE INSURANCE

In November 2006, we began offering customers another alternative for their liquidity needs: the lending of their capital-forming endowment or pension assurance policies. The private pension provision and the insurance coverage remain to their full extent. We lend policies for the amount desired, up to a maximum of the current surrender value at a fixed interest rate for a maximum of 10 years. The customers are then able to make repayments in part or in full at any time and at no charge. Aside from the interest rate, there are no additional fees or handling costs.

REFERRAL OF SHARES TO CLOSED-END FUNDS

We entered into the secondary market for closed-end funds as an agent in August 2007. In doing so, we concluded cooperations with leading buyers and determined a price for shares of ship and real estate funds within this network upon request. This way, we set a binding purchase price for the owner of the fund share within 48 hours.

Sources of income

Income within the cash.life Group stems from the following sources:

› Interest rate margin of the trading portfolio
› Margin from the re-sale of policies
› Income from policy management
› Margin from policy loans
› Margin from the referral of shares to closed-end funds
› Other

INTEREST RATE MARGIN OF THE TRADING PORTFOLIO

Initially, all policies are purchased for our own account in our trading portfolio. After the policies are optimised and bundled in tranches, we re-sell them to investors such as closed-end funds. As long as the policies remain in the trading portfolio, they are our property and accounted for as assets. The trading portfolio is refinanced through bank loans. Our banks generally lend the life insurance policies at 100% of their surrender value. The policies are continuously appreciating: the annual interest credit of the insurer and the ongoing premium payments accrue value added of some 5% each. The policy yield exceeds the interest on the loans for the trading portfolio. This interest difference in our case leads to earnings. Our average refinancing rate at present lies 60 to 65 basis points above the three-month interest (EURIBOR). We have also used interest rate caps through to the year 2013 at a EURIBOR level of 4% for hedging purposes.

INTEREST MARGIN IN THE TRADING PORTFOLIO

We earn money with our inventory of policies, our trading portfolio, as the yield from our policies exceeds refinancing interest rates.

Source: cash.life AG

We show the appreciation of policies in the trading portfolio under »value appreciation of insurance contracts«. The premiums we pay for the policies in our trading portfolio are shown under »insurance premiums«. The premium payments and the resulting appreciation cancel each other out: if you deduct the »insurance premiums« from the »value appreciation of insurance contracts«, you then get the yield of life insurance policies in our trading portfolio. This figure reduced by the share of »financial expenses«, which are allotted to the refinancing of our trading portfolio, yields the interest rate margin.

MARGIN FROM THE RE-SALE OF POLICIES

Investors purchasing policies from us pay a price exceeding our acquisition cost. This margin leads to income. The re-sale price for the funds which we supplied with policies in 2007 exceeds the surrender value of policies by up to 4.8%.

MARGIN FROM THE RE-SALE OF POLICIES

We purchase our policies at a higher price than the surrender value. We re-sell them to closed-end funds for a premium of up to 4.8% above the surrender value.

Source: cash.life AG

This is compared to the book value of policies sold. These are accounted for in the item »disposal of sold insurance contracts«. If you deduct the acquisition cost from revenue, you get the re-sale margin.

income from policy management

After the sale of policies to investors, we continue to manage them until their maturity. We receive an administrative fee for this, the so-called servicing fee. This amounts to 0.4 to 0.5% p.a. of the surrender value of policies managed. We receive servicing fees over the entire term of the funds, typically a period of 15 years. The funds reach their maximum volume after five to six years, after which their value sinks again due to the maturity of policies. Income from the management of policies is fixed according to a contract, provides a great deal of visibility and is practically independent of the capital market. As such, they make a considerable contribution to the stability of our earnings situation.

Because the policies appreciate in value, proceeds from policy management increase even when the number of policies remains unchanged. The values develop as a result of annual interest credit and the continuous flow of contributions. The policies that have been newly sold to funds must be added. The policies which reach the end of their term and thus drop out of the portfolio are deducted.

margin from policy loans

In addition to the purchase of policies, we also offer our customers the opportunity to lend on them. With this we are also able to help customers obtain liquidity whose life insurance fails to meet our purchase criteria. Deutsche Kreditbank (dkb), a subsidiary of BayernLB, pays the bank loans. We procure the loans. The credit interest that the customer pays exceeds the refinancing conditions of the bank. cash.life receives a fee up front as well as 50% of the net profit from this business.

margin from referral of shares to closed-end funds

We refer shares to closed-end funds that are tended to us through our purchasing and broker network for commission to issuing houses such as htb, Nordcapital, Maritim Invest and Real Invest. We have signed the respective cooperation agreements with these buyers. The commission is determined by the amount of the established purchase price.

other

This primarily includes commission proceeds for the referral of policies to third parties through our subsidiaries Barwert GmbH and cash.life international GmbH. Barwert's business activities were incorporated into cash.life Vertriebsgesellschaft mbH at the end of 2007.

The business model in detail

We offer the entire value chain in the secondary endowment policy market for life insurance in one stop:

VALUE CHAIN OF CASH.LIFE AG: SECONDARY MARKET IN ONE STOP

Valuation › Purchasing › Structuring › Selling › Policy management (servicing)

From valuation to management - cash.life covers the entire value chain in the secondary endowment policy market for life insurance in Germany and Austria.

Source: cash.life AG

POLICY VALUATION

Our earnings are determined by our purchasing. The precise valuation of the policies being offered is therefore crucial for the pricing. An insurance company typically has several dozen different rates. These have different effects on the appreciation of policies. The valuation is conducted in two steps: first for the insurer, then for the contract. Overall, we buy less than 50% of the policies offered to us.

For the valuation of insurers, we have developed our own rating procedure together with the Institut für Finanz- und Aktuarwissenschaften (Institute for Finance and Actuarial Theory) in Ulm. The ASSEKURATA rating agency in Cologne supplies us with the current data of insurers on a quarterly basis. Our rating procedure allows us to forecast future yields from a life insurance contract. The rating includes more than 100 ratios from the annual reports of insurers. From this we derive statements on the earnings strength and stability of the insurer, as these are factors that impact the future yields. In order to assess the yield of a policy, we take the forecast maturity payment communicated to us by the insurer as a basis. Based on this, we deduct a discount, the amount of which is determined by the rating for the respective insurer. We then compare the expected yield with our refinancing costs. If this exceeds the cost of financing, we can purchase the policy. With some insurers, the discount is so great that their policies do not meet our yield expectations. However, the life insurance companies whose contracts we purchase make up a share of some 85% of the market in Germany.

If the insurer meets our criteria, the next step is to analyse the individual insurance contract. After nine years in the market, we have become familiar with more than 2,500 insurance rates and their historical performance. This know-how is a major competitive advantage, from which we and the investors to whom we re-sell the policies profit.

PURCHASING POLICIES

We purchase all policies on our own. This means that the consumer always signs the contract directly with us and can therefore benefit from our credit rating. As the market leader and a listed company, we are always a reliable partner for our customers.

We purchased normal retail policies in 2007 from the following sources:

› Final customers referring directly to us: ca. 28%
› Intermediaries: ca. 72%

hereof
Banks: ca. 40%
Brokers: ca. 33%
Other (co-operations with insurers among others): ca. 26%

We also buy so-called large policies from financial investors. These fulfil certain criteria (term, non-contributory periods, yield etc.).

Our trading portfolio is regularly approximately half as large as our purchase volume. This is due to the fact that we hold policies in the trading portfolio for some six months on average.

STRUCTURING OF POLICIES

Following the purchase of our policies, we optimise them, for example by arranging for the conversion to a yearly premium payment and terminating supplementary policies which burden the yield. We then bundle the policies into portfolios, which are tailored to the needs of our investors. The investors make specifications including:

› Insurance companies and rates when applicable
› The size of the policies
› The remaining term of the policies
› Diversification
› Yields

SELLING POLICIES

The selling process entails investors carrying out a precise analysis based on individual policies. Consumers in the period under review were predominantly closed-end funds of the issuing houses MPC Capital AG (61% of our policy sales), König & Cie. (5%), Hannover Leasing (28%) and Real I.S. (1%). Approximately 5% went to other consumers.

We have initiated an open-end fund, the »cash.life Premium Policies«, as a supplement to the closed-end funds. This opens up another sales channel if required. The fund is addressed to institutional investors and is structured in the legal form of a Luxembourgian SICAV. It was approved by the Luxembourgian Commission de Surveillance du Secteur Financier (CSSF) in July 2005.

POLICY MANAGEMENT

We continue to manage the policies until their maturity after we have sold them to the funds. We furthermore assume a service function; the funds contract us to regularly collect surrender values, conduct correspondence with the insurance companies, control flow performance, organise premium payments and assume responsibility for processing in the event that an insured person passes away prior to maturity of the policy. In the period under review, our portfolio of policies managed exceeded the EUR 2 billion mark for the first time. In addition to German life insurance policies, we also began managing British policies in 2005.

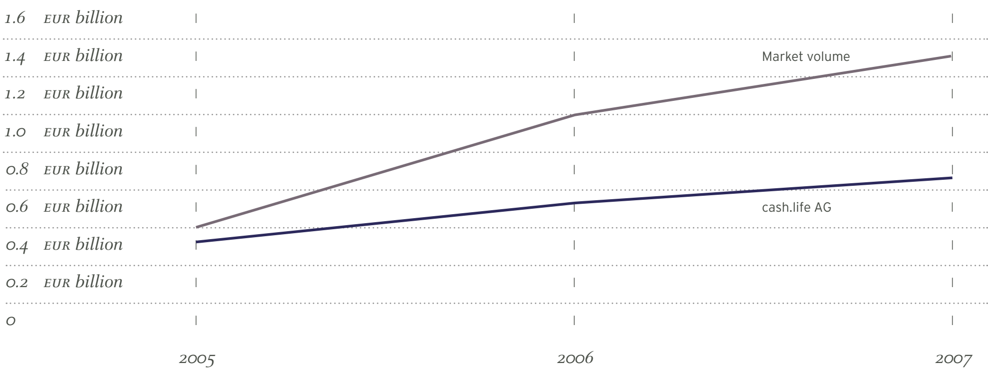
Markets and competitive position

GERMANY

The focal point of our business clearly lies in Germany: some 94% of our managed policy volume takes place on this market.

The secondary endowment policy market in Germany showed further significant growth in 2007. As the German Association of Investments in the Secondary Endowment Market of Life Insurance (BVZL) disclosed, some EUR 1.4 billion (2006: EUR 1.1 billion) worth of policies were traded on the German secondary market in 2007. EUR 745.5 million thereof (2006: EUR 636.0 million) was attributable to the cash.life Group, which equals a market share of a good 50% (2006: 60%). The exact volume and market shares cannot be identified due to the fact that many of our competitors do not publish their figures.

MARKET VOLUME AND PURCHASE VOLUME OF THE CASH.LIFE GROUP



In the last two years we have continually lost market shares in a growing overall market.

Sources: BVZL, cash.life AG

It is likely that the secondary market has passed the periods with the highest growth rates and has entered into a phase of maturity characterised by more intensive competition. Accordingly, purchasing has become more expensive, particularly in attractive policy segments.

Strengths

We are the market leader and possess a strong, established brand. In terms of purchasing, we have the most heavily diversified broker network as well as a significant direct sales channel. As for unit sales, we are well positioned compared to the competition thanks to existing cooperations with four leading fund houses. Given its highly visible revenue, the servicing business already offers financial stability and reliable future cash flows, which represent a hidden reserve from today's point of view. Our processing systems cover all critical processes of the value chain and also demonstrably handle high volumes. We are independent and do not rely on cross-subsidisation through strategic partners. Our refinancing capacities allow us to purchase a noteworthy number of policies into our own trading portfolio. Our proprietary rating model, which assesses the financial strength and the capital investment policies of more than 100 insurance companies in Germany, allows for a reliable, positive selection from the more than 2,500 insurance rates.

Weaknesses

From our comfortable leading position, our reaction to the competition has not been adequate. While cash.life has invested in establishing the secondary endowment policy market and the further development of the business model, our competitors have mainly focussed on imitating our successful concepts. The efficiency of our operating processes has also suffered under the strong growth of the last few years. The inflexible department structures have kept us from reacting adequately to the price competition of our rivals. The speed of our processing has also been too slow compared to the competition. Paired with the continuously high quality standards for policies, this has led to a significant loss of market share in the purchase of policies despite the relatively large marketing expense. At the same time, an increasingly complex group structure made it more difficult to manage the company. Capacities were furthermore tied up in the development of new non-core activities. Finally, the strong expansion of the workforce and the significant rise in operating costs in the recent past were no longer consistent with the declining revenue performance.

GREAT BRITAIN

cash.life is not active as a policy purchaser on the British market, but we do manage British policies for the »Britische Leben plus« and »Britische Leben plus II« funds of MPC Capital AG. Both funds have a term of 15 years. »Britische Leben plus« has a prospective investment volume of some EUR 62 million and EUR 107 million for its successor. We receive a fee of 0.4% on the managed surrender values.

AUSTRIA

On 1 July 2006 we also took on the role of a pioneer by offering the lucrative alternative to encashment for policyholders in Austria. We assume a market potential of around EUR 600 million p.a. in terms of purchasing in Austria. Our know-how is very easily carried over to that country, where we sense a great deal of demand from policyholders. We have not faced any noteworthy competition thus far. Local insurance companies are interested in collaborating with us: we have already signed cooperation agreements and are in the very advanced stages of talks with six additional insurance companies. Our cooperations in the banking sector include seven of the eight state banks of the Raiffeisen Group.

ORGANISATIONAL STRUCTURE, CORPORATE MANAGEMENT, GOALS AND STRATEGY

Organisational structure

cash.life AG is divided into six operative departments and ten staff functions. Each department is managed by one departmental head, who reports to the Management Board. The staff departments report directly to the responsible Management Board member. The nine subsidiaries are each led by managing directors.

ORGANISATION STRUCTURE OF CASH.LIFE AG AS OF 31 DECEMBER 2007

Management		
Dr. Stefan Kleine-Depenbrock	**Klaus Leusmann**	**Ulrich T. Grabowski**
Chairman, through 31 Dec. 2007		Through 27 Aug. 2007
Operating divisions		
Affiliated companies (provisional)	Operations	Affiliated companies
Purchasing (provisional)	Sales	Purchasing
	Treasury / Capital markets	
Staff functions		
Audit	Controlling	Distribution controlling
Corporate development	Financial accounting	Information technology
Investor Relations	Quality management	Marketing
Legal	Risk management	Project office
Personnel	Information technology (provisional)	Quality management
Public Relations	Distribution controlling (provisional)	
Marketing (provisional)	Project office (provisional)	
Quality management (provisional)		

The responsibilities of COO Grabowski were provisionally split between the other two sections when he left the company.

Legal organisational structure and locations

As of 31 December 2007, cash.life AG maintained ten equity investments. These have been consolidated as follows:

Holding	Headquarters	Country	Share	Type of consolidation
Barwert-Europäische Versicherungsvermittlungs GmbH	*Grosshansdorf*	*Germany*	*100%*	*Full consolidation*
cash.life Financial Services GmbH	*Pullach*	*Germany*	*100%*	*Full consolidation*
cash.life international Vertriebsgesellschaft mbH	*Vienna*	*Austria*	*100%*	*Full consolidation*
cash.life Policendarlehensvermittlungs GmbH	*Pullach*	*Germany*	*100%*	*Full consolidation*
cash.life Premium Policies SICAV	*Luxembourg*	*Luxembourg*	*99%*	*No consolidation*
cash.life Treuhand Zeitwertkonten- u. Pensionssicherung GmbH	*Pullach*	*Germany*	*100%*	*Full consolidation*
cash.life Vertriebsgesellschaft mbH	*Pullach*	*Germany*	*100%*	*Full consolidation*
cash.life Vorsorge GmbH & Co. KG	*Pullach*	*Germany*	*100%*	*Full consolidation*
Zeitwertkonten Verwaltungs GmbH	*Pullach*	*Germany*	*100%*	*Full consolidation*
EGERIA Verwaltungsgesellschaft mbH	*Pullach*	*Germany*	*10%*	*No consolidation*

CHANGES TO THE LEGAL ORGANISATION STRUCTURE

cash.life FINANCIAL SERVICES GmbH, responsible for marketing policy loans, was renamed cash.life Policendarlehensvermittlungs GmbH in November 2007. The company's business operations were then discontinued as of 31 December 2007. The business was continued by cash.life Vertriebsgesellschaft mbH.

A new company was formed in December 2007 under the freed up company name cash.life Financial Services GmbH. The company began purchasing life insurance policies in December.

The Ahrensburg location, where Barwert GmbH was located, was closed on 31 December 2007.

Additional steps for restructuring were decided upon in January 2008. Details can be found in the supplementary report.

Corporate management

THE SUPERVISORY BOARD

Our Supervisory Board is made up of six members. You can find a compilation of the Supervisory Board members and the committees on page 15. Statements on the remaining mandates of Supervisory Board members can be found on page 163 of this annual report.

The Supervisory Board members are elected by a simple majority of the shareholders at the Annual General Meeting for a term of four years. Their terms in office end at different times in order to cope with the requirements of change in a more efficient manner.

One of the two founders of cash.life AG, Gerd A. Bühler, is represented on the Supervisory Board. He has only held a minimal number of shares in the company since February 2006. Ralf Brammer also belongs to the group of shareholders. Gerd A. Bühler is the only Supervisory Board member to have been a part of the Management Board of cash.life AG on a transitional basis in the past.

THE MANAGEMENT BOARD

The Management Board of cash.life AG comprises two members. Additional details on the members of the Management Board and their responsibilities can be found on page 8.

Frank Alexander de Boer took office as the new CEO on 1 January 2008. He succeeded Dr. Stefan Kleine-Depenbrock, who was a part of the cash.life Management Board through 31 December 2007.

Effective immediately, Ulrich T. Grabowski retired as the head of marketing on 27 August 2007. His duties were transferred to the two remaining managing departments.

MANAGEMENT AND MONITORING OF CASH.LIFE AG

The Annual General Meeting elects the Supervisory Board. The Supervisory Board decides on the appointment of the Management Board, which it continuously counsels and monitors. The company goals for the cash.life Group and cash.life AG are determined by the Management Board with the approval of the Supervisory Board.

The Supervisory Board is governed by the rules of internal procedure. This internal procedure governs the Board's mode of operation. The Supervisory Board holds at least one meeting per quarter. In addition, the members remain in constant dialogue with the Management Board.

The Management Board is subject to the rules of internal procedure and a business allocation plan. The rules of internal procedure regulate the co-operation within the Management Board, whereas the business allocation plan determines the responsibilities of the members.

The Management Board engages in ongoing discussions and meets several times per month for formal Management Board meetings. Types of discussion include important events in the respective organisational units, the business development at the company, multi-disciplinary topics, current appointments and preparations for Supervisory Board meetings.

The management and monitoring of participations is the responsibility of the respective members of management. Participations are allocated to the members of the Management Board of cash.life AG according to the business allocation plan. The targets for the participations are conceived by the management and the cash.life Management Board.

The management and monitoring of the individual departments are initially the responsibility of the department heads. Regularly scheduled department head meetings with the participation of the Management Board encourage mutual exchange both between department heads and with the Management Board.

INTERNAL COMPANY MONITORING SYSTEM

A clearly defined goal forms the foundation of company monitoring. For this purpose, we have prepared a business plan for cash.life AG and its subsidiaries, which is updated at least quarterly. In order to monitor the company's success we issue monthly reports, which are also made available to the Supervisory Board. These reports are composed as follows:

› Monthly financial statements (income statement and balance sheet)
› A year-to-date income statement
› A projection of the income statement through the end of the year
› A comparison of the current figures with the guidelines from the business plan
› Process-related figures with which we map out the partial stages of our handling processes in chronological order and which we consider over a longer period of time
› Margin analyses

We have compiled the key statements in a so-called cockpit report. Moreover, in the individual company segments we assess additional figures necessary for the monitoring of our operating business. This includes, for example:

- › Figures from the calculation of costs and the contribution margin analysis
- › The number and value of purchased, re-sold and managed policies, which we are able to track in real time
- › The efficiency and productivity of our call centre, which we also assess in real time
- › Figures for classifying our customers and sales partners, from whom we acquire policies, into segments. In this way, we are able to focus on the best way to approach and care for our customers.
- › Figures for measuring the effectiveness and economic feasibility of individual marketing measures

We offer the majority of our employees performance incentives through variable compensation elements, which comprise a particularly large share of total compensation in the sales division. The level of variable compensation is determined by reaching individual goals and by the company success of cash.life AG. At present, we have not implemented any stock option programmes. Financial management is significant at the cash.life Group in both strategic and operating terms. This benefits from the high visibility of cash flows from the policies in the trading portfolio and externally owned stock. The financial management goals are:

- › Secure liquidity
- › Control the profitability of policies in the trading portfolio and externally owned stock
- › Risk management for limiting interest rate risks
- › Diversification of refinancing

Parallel to the planning process, we systematically and regularly identify and measure possible risks for cash.life. Risks include negative deviations from the planned result. For cash.life, for example, this means that earnings cannot be realised to the extent planned. This risk evaluation is undertaken by risk managers in the individual departments of cash.life AG and in the subsidiaries. The central risk manager of the finance department co-ordinates this risk evaluation, which is then discussed and evaluated with all parties on the risk committee. We quantify the maximum risk and multiply it by an assumed probability of occurrence. On the basis of this valuation, possibilities of limiting risks and the expenditures required in doing so are discussed. The risk assessment is contrasted with the planning for the next financial year as well as the mid-term planning and discussed by the Management Board. We consider expected risks in the form of an earnings discount in the forecast.

Contrary to risks, opportunities represent positive deviations from planned earnings. In order to manage opportunities, we systematically improve internal processes and routinely analyse our market environment. This allows us to identify opportunities for improvements in existing or new business fields.

In 2007, the Management Board controlled the opportunities and risks within the framework of analyses and discussions of quarterly comparisons of planned and actual data. The efficiency and effectiveness of the risk management system is reviewed in the annual audit. We will consider the resulting findings in the continuous further development of our risk management system.

Financial and non-financial targets

We manage the Group according to the following key financial figures:

› Purchase volume
› Revenue
› Gross margin (revenue from the sale of policies less disposal of sold insurance contracts)
› Costs
› Operating profit (EBIT)
› Pre-tax profit, adjusted for non-cash-effective book value fluctuations of sold interest rate derivatives
› Present value of future servicing fees

In addition to financial targets, we have also established targets which cannot be quantified in terms of numbers but which are equally important. From our point of view as a service company, this is first and foremost the efficiency and reliability of our operating processes and the quality of our services. We also see the degree of recognition of cash.life AG among the general population and with professional brokers as a critical goal.

New strategic direction

Following the disappointing performance in the 2007 financial year, our concentration in the future will shift to strengthening our core business. Policyholders and brokers expect attractive purchase prices as well as fast processing free of complications. Policy investors expect attractive overall yields, reliable servicing and innovative, tailor-made products. Together with efficient processes, these are the critical factors for success for our core business of purchasing, structuring, selling and managing life insurance policies.

FOCUS ON THE CORE BUSINESS

The focus on the core business has entailed a critical examination of the further prospects of non-core business areas. This has led to the following decisions, among others:
The area of development and marketing of pension products is no longer being pursued due to the lack of synergy effects with the core business and a general sense of doubt that the business model will succeed with its existing structures. Accordingly, cash.life Vorsorge, cash.life Treuhand and Zeitwertkonten GmbH were sold to the management at those locations in January 2008 in the course of a management buy-out.

The remaining non-core activities, policy loans and the referral of shares to closed-end funds will still be carried out in a streamlined fashion.

STREAMLINING OF THE ORGANISATION STRUCTURE

Another focal point of the reorientation is the streamlining of the complex organisation structure:
In this context, we have merged our subsidiary Barwert GmbH with cash.life Vertriebsgesellschaft and closed the Barwert GmbH Ahrensburg location near Hamburg on 31 December 2007. The policy broker had been purchased in 2005 for the purpose of strengthening our presence in northern Germany. The cash.life brand has now been established across the country.

The subsidiary cash.life FINANCIAL SERVICES GmbH, which was originally founded to develop and market policy loans, was also merged with cash.life Vertriebsgesellschaft. The overhead costs were disproportionate to the disappointing performance of this business field up to now.

IMPROVEMENT OF INTERNAL COMMUNICATION AND CONTROL

The simplification of the organisation structure is also reflected in the Management Board, which has been reduced to two members. The competencies are geared towards the operating processes of the core business. Frank Alexander de Boer is responsible for the purchase of policies and the issues of strategy/corporate development, IR/staff and auditing. Klaus Leusmann's responsibilities include the fields of operations (contract processing, sales and servicing), IT, finance/treasury and capital market products. From the lean, clear structures we expect a considerable improvement in the internal communication and management as well as a higher degree of flexibility.

REORIENTATION OF THE PURCHASING STRATEGY

For any single agent or policyholder the sale of a policy is a relatively infrequent event. We thus deal with a transaction business in which expensive customer relationship management, as we had operated in the past, does not pay off. Despite our comparably large sales team, we were forced to deal with losses of market shares in purchasing. We also faced a setback from the high costs of acquiring customers. We therefore aim to make the purchase of policies more efficient in the future by concentrating on the needs of customers. In addition to the purchase price, this primarily includes simplifying and speeding up processing. As such, we will accelerate our direct marketing with all target groups and invest in online solutions for the purchase of policies. These take sellers through the selling process step by step, give them all relevant information and show the up-to-date status at all times. More complex customer support is focused especially on active partners. We have also lifted the minimum surrender value in purchasing from EUR 5,000 to EUR 10,000, as both the finalisation ratios and the contribution margins were unsatisfactory in this downstream segment.

REORIENTATION OF THE MARKETING STRATEGY

The marketing mix will also change in the future. There are no plans to continue the cost-intensive TV advertisement campaign given the high degree of wasted coverage. Because the sale of insurance is a seldom and random occurrence for most customers, the aim will be to make the presence with professional brokers more constant. This can only be achieved through online and direct marketing.

RISE IN OPERATING EFFICIENCY

In a high-volume business with small margins, it is important that processes are efficient. On the issue of operating excellence, we have already developed extensive projects and began carrying these out in the lapsed financial year. It will take the entire year of 2008 to completely implement all measure packages. The additional automation and optimisation steps should help increase the service quality and lower unit costs further.

COST LEADERSHIP

A lower cost basis increases the intensity of the competition. Our aim is to become the cost leader through industrialised, scalable processes and a lean, flexible organisation structure. Given the restructuring measures described, 30 to 40 jobs should be eliminated in 2008 and operating costs should be reduced by a total of EUR 6 million.

EXPANSION OF THE PRODUCT SPECTRUM

Our sales channel thus far has proved successful: we supply to closed-end funds. Using this channel, we were able to diversify our customer base in the lapsed financial year. We would also like to win over customers in the institutional sector in the future. We will therefore intensify our investment in product development for the purpose of offering tailor-made, attractive solutions for banks, pension funds and family offices. With our SICAV fund, we already have an initial structured product for this target group in marketing.

CONSOLIDATION

We do not expect to see all market participants survive in the long run in the phase of increasing competition. Should the secondary endowment policy market in Germany yield opportunities for consolidation, we will take a close look at this. As such, we see ourselves taking on an active role. However, we will only pursue respective projects if they will have a positive effect on the enterprise value in the long term.

CORPORATE RESPONSIBILITY

Corporate governance

The cash.life Group operates in accordance with corporate governance principles. Our shareholders are justified in expecting transparency and independence from us when it comes to managing the company. We have oriented our approach based on the German Corporate Governance Code, which was established by the German Corporate Governance Commission and is updated regularly.

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION LAW (AKTG)

At least once per year, the Supervisory Board and the Management Board of cash.life AG submit a compliance statement for the Code, which is published on our website. This includes a listing of, and reasons for, non-compliance with the recommendations and suggestions of the Code. Former declarations of compliance can also be found online.

The current declaration is dated 21 September 2007 and refers to the version of the Code dated 14 June 2007. This states:

»The Commission of the German Corporate Governance Code (the »Code«) contains essential statutory regulations, recommendations and suggestions for the management and monitoring of German companies listed on the stock exchange. Pursuant to section 161 of the German Stock Corporation Law, the Management and Supervisory Boards of such companies are required to annually submit a declaration of compliance which states that the recommendations of the Code have been or will be complied with, along with a listing of those recommendations which are not or will not be complied with.

The recommendations and suggestions contained in the Code apply to the same extent for all publicly-listed German companies, regardless of their industry, size or other characteristics. cash.life AG complies with the recommendations of the Commission of the German Corporate Governance Code to the extent that non-compliance is not indicated. For this reason, the company publishes a detailed listing of its compliance with the statutory regulations, recommendations and suggestions of the Code on its website. Deviations from the recommendations of the Code exist in the following areas: 2.3.1, 3.8, 5.3.3, 5.4.7, 7.1.2.«

NON-COMPLIANCE WITH THE CODE

Instances of non-compliance with the recommendations of the Code are as follows:

Code number 2.3.1

Recommendation: The Management Board shall make the reports and documents, including the annual report for the Annual General Meeting, as required by law easily accessible on the company's website and publish these together with the agenda. Reason for non-compliance: cash.life AG displays these reports and documents according to the legal regulations from the convening of the Annual General Meeting, and makes these available to the shareholders upon request prior to the Annual General Meeting. The annual report of cash.life AG and the agenda are published online.

Code number 3.8

Recommendation: Should the company sign a D&O insurance contract for the Management Board and Supervisory Board, an adequate deductible should be determined. Reason for non-compliance: The D&O insurance earmarks a deductible for legal actions in the US, but not for legal actions in Germany.

Code number 5.3.3

Recommendation: The Supervisory Board is to form a nominating committee made up exclusively of representatives of shareholders. This is to recommend suitable candidates to the

Supervisory Board for proposals to the Annual General Meeting. Reason for non-compliance: Given the size of the company and the fact that the Supervisory Board of cash.life AG is only made up of six members, the Board's rules of internal procedure currently only earmark a personnel and auditing committee, but not a nominating committee.

Code number 5.4.7
Recommendation: The members of the Supervisory Board shall receive a remuneration based on success in addition to a fixed remuneration. Reason for non-compliance: The rules of internal procedure of cash.life AG currently do not earmark a performance-related remuneration.

Code number 7.1.2
Recommendation: The consolidated financial statements shall be made public within 90 days after the end of the year and the interim reports within 45 days following the end of the period under review. Reason for non-compliance: The shares of cash.life AG are listed on the Frankfurt Stock Exchange in the »Prime Standard« of the official market. cash.life AG accordingly meets the follow-up duties related to the admission of the Prime Standard. These transparency standards of the Deutsche Börse are among the strictest in Europe. The exchange regulations of the Frankfurt Stock Exchange also particularly define deadlines for the publication of annual financial statements as well as quarterly reports and interim financial statements. These deadlines are adhered to. In the near future, cash.life AG intends to meet the deadlines recommended by the Code.

ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board counsels the Management Board on the company's management and supervises its activities. In this regard, the Management Board regularly briefs the Supervisory Board in real time and in a comprehensive manner concerning all important decisions affecting the company.

The Supervisory Board is governed by the rules of internal procedure. This requires that the Supervisory Board be oriented toward the recommendations and suggestions of the Code. This includes an age limit for members of the Supervisory Board. Accordingly, the Annual General Meeting shall only propose candidates for the Supervisory Board who will not reach the end of the 70th year of life while in office. The Supervisory Board has complied with a catalogue of transactions requiring authorisation, which is part of the rules of internal procedure for the Management Board.

The Supervisory Board jointly deals with all matters of common interest. Moreover, there is a personnel committee and an audit committee which facilitate the Supervisory Board in exercising its controlling function (information on the composition of the committees can be found on page 15).

The report by the Supervisory Board on page 10 of the annual report contains further information on the frequency and content of the Supervisory Board meetings. Aside from the meetings, the Supervisory Board and the Management Board are in regular contact.

REMUNERATION OF THE SUPERVISORY BOARD

The company's rules of internal procedure specify that the remuneration of members of our Supervisory Board shall be determined at the Annual General Meeting. This consists of a fixed sum. The remuneration currently amounts to EUR 20,000 per year. The chairperson receives double this amount, the vice-chairperson 1.5 times the amount. Members of a committee additionally receive 25% of the base remuneration, while the chairman of a committee receives 50%. As such, the remuneration of our Supervisory Board members in the 2007 is as follows:

Supervisory Board member	**Remuneration**
Gerd A. Bühler (Chairman)	*EUR 48,500*
Klaus Mutschler (Vice-Chairman through 29 June 2007)	*EUR 15,000 (1)*
Ralf Brammer (Vice-Chairman since 29 June 2007)	*EUR 30,500*
Hans-Gerd Füchtenkort	*EUR 22,250*
Dr. Michael Kemmer	*EUR 26,000*
Prof. Dr. Frank A. Schäfer	*EUR 22,250*
Dr. Claus-Michael Dill	*EUR 11,000 (2)*

(1) Resigned from the Supervisory Board at the Annual General Meeting on 29 June 2007.

(2) First elected at the Annual General Meeting on 29 June 2007.

ACTIVITIES OF THE MANAGEMENT BOARD

The Management Board is governed by the rules of internal procedure. This determines the overall responsibility of the members of the Management Board and regulates the individual activities of the Management Board. The rules of internal procedure also stipulate that the Management Board is responsible for securing an appropriate risk management and controlling system, and that it must regularly report on these areas to the Supervisory Board. The division of responsibility within the Management Board is determined in the business allocation plan. Information on the responsibilities can be found on page 8.

REMUNERATION OF THE MANAGEMENT BOARD

The Management Board members of cash.life AG receive a fixed and a variable remuneration. Variable remuneration is based on the company's success in the relevant financial year, as well as the individual performance of the respective Management Board member. There is no stock option programme.

The total pay of the Management Board in 2007 amounted to EUR 1,016,667.00. The details of the remuneration of our Management Board members are as follows:

Member	Fixum	Bonus	Total remuneration
Dr. Stefan Kleine-Depenbrock (Chairman through 31 December 2007)	*EUR 300,000.00*	*EUR 0.00*	*EUR 300,00.00*
Klaus Leusmann	*EUR 187,500.00*	*EUR 312,500.00*	*EUR 500,000.00*
Ulrich T. Grabowski (member through 27 August 2007)	*EUR 150,000.00*	*EUR 66,667.00*	*EUR 216,667.00*

At the point of his resignation, a post-contractual non-competition agreement was made with Dr. Kleine-Depenbrock. In return for the restraint on competition, the agreement states that he is to be paid a monthly sum of EUR 25 thousand for a period of two years.

The fixed sum of EUR 150 thousand includes EUR 50 thousand allotted to the period since the resignation of Mr. Ulrich T. Grabowski on 27 August 2007 until the date of the balance sheet. Furthermore, the temporary continuation of payment of his salary incurs additional costs of EUR 25 thousand.

AVOIDANCE OF CONFLICTS OF INTEREST

Potential conflicts of interest shall be brought to the attention of the members of the Management Board and the Supervisory Board immediately. All secondary occupations which are not associated with the Management Board position require the approval of the Supervisory Board.

The Supervisory and Management Boards have been informed of the legal requirements of the directors' dealings. We publish the corresponding reports immediately.

We published the majority of directors' dealings reports from 2007 in November. After the targets for the 2007 financial year had to be reduced and the change at the top of the Management Board was announced, we were informed of several stock purchases from members of the Supervisory Board and Management Board. All reports can be found on page 42.

ACCOUNTING METHODS AND AUDIT OF ANNUAL ACCOUNTS

cash.life AG has concluded an agreement with its auditors, wherein the Supervisory Board shall be informed immediately in the event that conflicts with the declaration of compliance are discovered during their audit. The auditor must declare his/her independence to the Supervisory Board before assuming auditing responsibilities. The Supervisory Board shall also be informed immediately in the event that reasons for exclusion or bias arise during the audit.

The auditor shall participate in the Supervisory Board meeting in which the approval of the annual accounts is discussed. The auditor shall inform the Supervisory Board of the results of the audit and report on all incidents which occurred during the audit and are relevant to the Supervisory Board in the fulfilment of its duties.

DISCLOSURES IN ACCORDANCE WITH SECTION 289 IV HGB - MANAGEMENT REPORT

This provision stipulates the following specifications. These pertain to the capital structure, shareholder rights, the distribution of ownership and the bodies of the company.
1. Our subscribed capital only comprises a stock category (ordinary shares). All shares have the same rights.
2. The Management Board is not aware of any terms or agreements which concern the voting rights or the transfer of cash.life shares.
3. As of 17 March 2008, one single shareholder, Standard Capital Partners, Willemstad, Curacao, Netherlands Antilles, held more than 10% our shares. Details regarding our shareholder structure can be found on page 39.
4. There are no cash.life shares which grant privileges.
5. Our employees are not involved in the capital of cash.life AG through a stock or stock option programme.
6. The appointment and dismissal of members of the Management Board comply in full with the law (Section 84 AktG); there is no deviation from the rules of internal procedure. Resolutions of the Annual Shareholders' Meeting, including resolutions which alter the rules of internal procedure, require the simple majority of votes cast where the law does not stipulate otherwise. In cases where the law requires a majority of the capital represented in the resolution, the simple majority of the share capital represented suffices, provided that a greater majority is not required by law.

This also applies for any resolutions which may alter the rules of internal procedure. Abstentions from voting are not counted. In the case of a tie vote, a proposal is rejected. The Supervisory Board is authorised to resolve upon changes to the rules of internal procedure which only affect its version and particularly the changes to the statements on the share capital corresponding to the respective extent of the capital increases from contingent and authorised capital.

7. The Management Board is authorised, with Supervisory Board approval, to increase the share capital of the company one or several times in the period until 15 June 2009 by up to a total of EUR 3,120,100 through the issue of new no-par bearer shares. Ordinary shares may be issued for cash and/or capital subscribed in kind. With the respective approval by the Supervisory Board, the Management Board is authorised to decide on the exemption of the shareholders' subscription rights. However, an exemption of subscription rights is only permitted in the following cases:

- To offset residual amounts
- To acquire companies or parts of companies and of shareholdings in other companies for the granting of treasury shares
- If a capital increase for capital contributions does not exceed 10% of the share capital and the issue price of shares does not significantly fall short of the market price
- If a third party, which is not a bank, subscribes to new shares and ensures that the shareholders are granted an indirect subscription right

At the Annual Shareholders' Meeting on 29 June 2007 the shareholders resolved to authorise the Management Board to acquire up to 857,900 shares of the company, in whole or in part, in one action or in many, by 28 December 2008. These 857,900 shares make up nearly 10% of the current shareholder capital. The Management Board has not yet exercised this authority.

8. We have taken up a loan of more than EUR 40.0 million. This can be cancelled unilaterally by the banks on the condition of a change in management. There are no other significant agreements on the condition of a change of control as the result of a takeover bid.

9. There are no compensation agreements in the case of a takeover offer with members of the Management Board or with employees.

Employees

cash.life AG is a service company. Our employees are our capital, and their dedication is the foundation of our success. For this reason, the qualification and motivation of our employees is an important matter.

NUMBER OF STAFF WITHIN THE CASH.LIFE GROUP INCREASES CONSIDERABLY

In the period under review, the workforce was expanded again significantly to 130 full and part-time employees after 93 in the previous year (+40%). However, the rise is oversubscribed by the assumption of temporary staff in limited-term work contracts. The personnel expansion was concentrated on the operating departments and took place in the first three quarters, at a time when a considerably better business performance was expected.

Company	**Employees as of 31 December 2007**			**Employees as of 31 December 2006**		
	CEO (1)	Employees (2)	T (3)	CEO (1)	Employees (2)	T (3)
cash.life AG	2	80	15	3	52	37
cash.life Vertriebsgesellschaft mbH	1	33	5	1	28	13
cash.life international Vertriebs GmbH (4)	1	4	0	1	3	0
Barwert GmbH	1	8	3	1	7	1
cash.life FINANCIAL SERVICES GmbH	1	0	0	-	-	-
cash.life Vorsorge GmbH & Co. KG	1	5	0	0	3	1
Total	7	130	23	6	93	52

(1) CEO and Managing director, (2) Full and part time, (3) Temporary employment/Temporary staff, (4) cash.life international Vertriebsgesellschaft mbH Vienna Austria

An illustration of the personnel measures in the course of a restructuring programme announced in January 2008 can be found in the chapter »New strategic direction« on page 60 and the supplementary report.

PERFORMANCE-BASED REMUNERATION

In addition to a fixed salary, we have specified a variable remuneration component for the majority of our employees. This is calculated according to two criteria:

› Individual performance based on goal-setting (70%)
› Company success (30%)

The variable share of remuneration increases in conjunction with higher levels of employee responsibility. There are currently no stock programmes for either Management Board members or employees. We are not ruling out the introduction of such a programme in the future.

FINANCIAL, NET ASSET AND EARNINGS SITUATION

General conditions

The cash.life Group focuses its activities in Germany. We have also been present in Austria since July 2006.

According to the Federal Ministry of Economics and Technology, the economic climate in Germany continued to improve in the period under review. Gross domestic product grew by 2.5%, which was another heavy rise after 2.9% in 2006. Gross domestic product in Austria grew by 3.0% (2006: +3.2%) according to the Federal Ministry of Economics and Labour.

The market potential for the secondary endowment policy market is high. According to the Association of German Insurers (GDV), there were some 94 million life insurance contracts in Germany at the end of 2007. More than every second policy is terminated prior to maturity. In 2006, German life insurance companies paid some EUR 12.2 billion in surrender values for early terminations, as reported by the GDV in mid-2007. This is a 6% increase over 2005, when payments for terminated policies amounted to EUR 11.5 billion. However, it should be considered that the secondary market in 2006 came to a volume of some EUR 1.1 billion, and that these policies had also been terminated anyway. The GDV is expected to release the market data for 2007 in mid-2008.

ENCASHMENT VOLUME IN GERMANY 2002–2006

More than half of all life insurance policies are terminated prematurely. In 2006, German insurance companies paid EUR 12.2 billion in surrender values for terminated policies.

Source: GDV

We estimate that around half of the annual encashment volume is fundamentally suitable for purchase on the secondary endowment policy market. This amounts to some EUR 6 billion. However, not all of these policies meet our strict quality and yield criteria.

There are numerous reasons for terminating a policy. Life situations change and no-one is able to plan his or her life over the decade-long term of a life insurance policy. The Allensbach Institute for Public Opinion examined the reasons for encashment for our market study from May 2007. The desire to pay back debts is thus the main reason for the early termination of contracts. Financial straits, however, only represent a part of the termination. The motivation to invest money better, make larger purchases, or buy a house also plays a significant role. In Austria, payments for terminations amounted to some one-tenth of the German value. There, we anticipate a market potential of EUR 600 million. The legal general conditions for the secondary endowment policy market did not change in the financial year under review. There will be changes beginning in 2008, though we do not expect any significant effects from this (further details in the risk report on page 91).

Earnings situation

The purchase volume rose in 2007 to EUR 745.5 million, while revenue from insurance contracts sold fell to EUR 490.5 million. Our trading portfolio (»Receivables from insurance contracts«) increased accordingly to EUR 444.7 million.

PURCHASE VOLUME

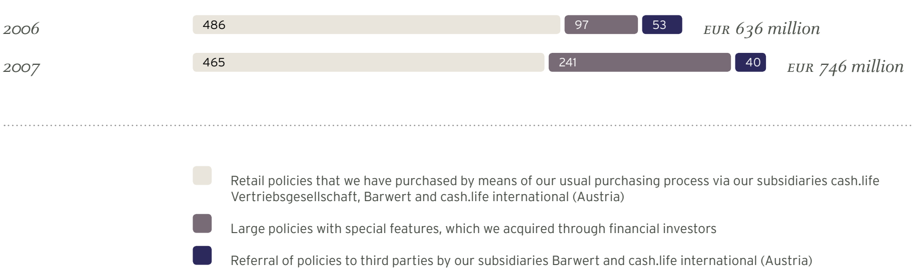
In 2007, we generated a group-wide purchase volume of EUR 745.5 million. This amount consists of the following:

› Purchase of policies: EUR 665.1 million referred to purchase prices of cash.life AG, while EUR 41.2 million pertained to purchase prices paid out for our newly founded purchasing company, cash.life Financial Services GmbH. Our subsidiaries Barwert GmbH and cash.life international contributed overall policies worth EUR 23.7 million and EUR 15.3 million respectively to these purchases.

› Policy referrals to third parties: our subsidiaries Barwert GmbH and cash.life international referred policies with a value of EUR 37.2 million and EUR 1.9 million respectively to third parties.

Compared to 2006, the Group's purchase volume rose overall by 17.2% (2006: EUR 636.0 million). However, the structure of policies purchased has not changed significantly. This makes it necessary to differentiate between retail policies and large policies. Retail policies are acquired using our normal purchasing process through brokers or directly from the policyholder. They also form the basis of our established business with closed-end funds. Based on these retail policies, the purchase volume fell to EUR 465 million in 2007 (2006: EUR 486 million). We acquire large policies through financial investors if required. These generally have special features, for example with regard to their term, payment of contributions or taxation. Only a limited number of large policies are suitable for selling to closed-end funds. These are mainly needed for the planned institutional product, for which we have already begun to build a stock. The purchase of large policies improved accordingly from EUR 97 million in 2006 to EUR 241 million in 2007.

PURCHASE VOLUME OF THE CASH.LIFE GROUP



The purchase volume continued to grow in 2007. We were forced to deal with a heavy decline as far as the important retail policies are concerned.

Source: cash.life AG

Based on our new product of »policy loans«, a total loan volume of EUR 27.8 million was referred to our joint venture partner DKB Bank in 2007.

CONTINUING OPERATIONS

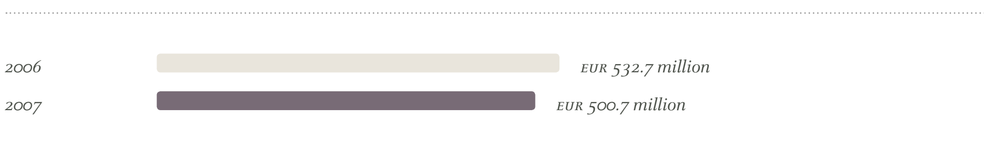
Development of revenue

In the period under review, we generated revenue of EUR 500.7 million. This implies a decrease of 6.0% compared to the previous year (2006: EUR 532.7 million). The decline is primarily a result of the drop in policy sales. Our new business fields of »policy loans« and »referral of shares to closed-end funds« did not generate significant revenue for the Group.

Revenue comprises the following:

Item	**2006 revenue** (EUR thousand)	**2007 revenue** (EUR thousand)
Revenue from policy sales	*524,353*	*490,450*
Revenue from policy management	*6,247*	*8,276*
Other operating income	*1,179*	*271*
Commission revenue	*894*	*1,731*
Total	*532,673*	*500,728*

REVENUE OF THE CASH.LIFE GROUP



The decline in revenue can be traced back to lower policy sales. In Q4 2007 we were unable to completely meet funds' demand for retail policies.

Source: cash.life AG

Value appreciation of insurance contracts

»Value appreciation of insurance contracts« comprises the increase in value of the policies of our trading portfolio, and is the result of the surplus allocations of life insurance companies and the continuous premium payments. In 2007, the value increase amounted to EUR 34.3 million after EUR 20.4 million in 2006. This rise is predominantly attributable to the significantly larger trading portfolio on a yearly average. In addition, the surplus allocations increased marginally as well.

Disposal of sold insurance contracts

This item comprises the balance sheet values omitted through the sale of policies. The life insurance policies we sold in 2007 had a balance sheet value of EUR 478.7 million. This implies a decrease of 5.1% of policies sold year-on-year (2006: EUR 504.3 million).

Development of the gross margin from the sale of policies

The gross margin is the result of the sale price (»Revenue from policy sales«) that the closed-end funds pay us (up to 4.8% above the surrender value of a policy), and the purchase price (»Disposal of sold insurance contracts«) that we pay out to the policyholder. The gross margin in the 2007 financial year remained largely stable at 2.5% (2006: 2.4%). Our purchase prices have increased as a result of the increased competition. However, at the same time we also generated higher re-sale prices with fund houses on average, due to the fact that the policies sold feature a longer average remaining term.

GROSS MARGIN FROM THE SALE OF POLICIES

We were able to keep the gross margin constant despite the increased average purchase prices.

Source: cash.life AG

Insurance premiums

We continue to make the premium payments for the policies included in our trading portfolio. These premiums increase the surrender value of the policies and therefore serve to increase the value of the P&L item »Value appreciation of insurance contracts«. In 2007, the premiums amounted to EUR 15.2 million (2006: EUR 11.6 million). This increase can be explained by the fact that our average value of the trading portfolio in the past year significantly exceeded the level of 2006.

Personnel expenses

The workforce was expanded heavily once again in the period under review to 130 full and part-time workers as of 31 December 2007 after 93 in the previous year (+40%). However, the rise was oversubscribed by the transfer of temporary staff to limited employment contracts. The expansion of personnel was directed towards the operating segments and took place in the first three quarters, when assumptions still called for a considerably better business performance. Personnel expenses rose accordingly by 59.2% to EUR 9.5 million (2006: EUR 6.0 million), though this includes one-off expenses and provisions connected to the closing of operations at Barwert GmbH and the other personnel measures agreed upon, equalling EUR 1.0 million.

Depreciation and amortisation expense

Depreciation and amortisation rose from EUR 0.8 million in 2006 to EUR 1.4 million in 2007. This includes a goodwill impairment of cash.life international amounting to EUR 0.3 million and impairment losses on operating and office equipment of EUR 0.1 million.

Other operating expenses

In total, other operating expenses amounted to EUR 18.0 million (2006: EUR 16.6 million). Based on the normal business performance, the increase is primarily due to higher marketing expenses (EUR +0.9 million). Another major cost factor is one-off expenses and provisions of EUR 0.7 million in connection with the restructuring measures agreed upon.

Operating profit (EBIT)

Operating profit of EUR 12.2 million (2006: EUR 13.8 million) includes the one-off restructuring expenses and provisions described in the sections above. These come to EUR 2.1 million. The EBIT adjusted for this effect thus amounts to EUR 14.3 million.

Financial income

Our financial income decreased in 2007 from EUR 16.8 million (2006) to EUR 11.2 million in the past year:

› In both financial years, we carried out security loan transactions. In the scope of these transactions, shares of domestic issuers were carried over to cash.life AG for a certain timeframe, during which we earned largely tax-free income from dividends. We were forced to use cash as collateral for the loans. We posted the interest on loans as financial expenses. However, in 2007 we only carried out the security loan transactions in the first quarter as a result of the amended legal general conditions. Accordingly, the dividend income dropped considerably from EUR 12.0 million in 2006 to EUR 4.4 million.

› We have hedged against rising interest rates with derivatives, which are accounted for at market value in accordance with IFRS. We post the value fluctuations of derivatives as financial income. In 2007, these created a positive effect of EUR 4.8 million (2006: EUR 2.9 million), EUR 1.2 million thereof from the derivative portfolio as of 31 December 2007. The remaining EUR 3.6 million was partially closed through a sale in the third quarter.

› At EUR 1.9 million, the interest income in 2007 was approximately at the level of the previous year (2006: EUR 1.9 million).

Financial expenses

Financial expenses were altered to an insignificant extent and amounted to EUR 23.5 million (2006: EUR 23.6 million) as a result of two offsetting effects:

› The compensation payments accruing in the scope of the security loan transactions amounted to EUR 4.4 million in 2007 after EUR 12.0 million in 2006.

› The interest expense rose y-o-y to EUR 19.1 million (2006: EUR 11.6 million). This is attributable to the higher average trading portfolio (receivables from insurance contracts) as well as increased market interest rates.

Earnings before tax (EBT)

Earnings before tax of EUR -0.1 million (2006: EUR 7.1 million) include one-off restructuring expenses and provisions amounting to EUR 2.1 million. Because we consider our derivates as hedging instruments and hold them to final maturity as according to plan, it seems to make sense from the viewpoint of the company valuation to adjust these value fluctuations (EUR 1.2 million from the derivative portfolio as of 31 December 2007 and EUR 3.6 million from the partial realisation in the third quarter) together with the one-off effects from the restructuring. The EBT figure, adjusted accordingly, amounts to EUR -2.8 million (2006: EUR 4.2 million).

Item	**2006**	**2007**
EBT	*EUR 7.1 million*	*EUR -0.1 million*
Adjustments:		
(-) Value fluctuation of derivatives	*EUR 2.9 million*	*EUR 4.8 million*
(+) One-off effects/restructuring	-	*EUR 2.1 million*
EBT, adjusted	*EUR 4.2 million*	*EUR -2.8 million*

Income taxes

Taxes on income in 2007 amounted to EUR 0.3 million. The current tax expense amounted to EUR 0.03 million; in addition, there were deferred tax liabilities of EUR 0.3 million. The applicable tax rate due to the 2008 corporate tax reform of the calculation of deferred tax liabilities amounts to approx. 29% (2006: 35%). The effect of the reduction in the tax rate in comparison to the prior year is equivalent to deferred tax liabilities of EUR 1.4 million; this amount is included in the booked deferred tax liabilities.

Earnings development of continuing operations

In 2007, we generated a surplus of EUR -0.4 million from continuing operations (2006: EUR 7.3 million). The main drivers behind this earnings decline were:

› Falling revenue from policy sales
› Higher marketing and personnel expenses
› One-off expenses and provisions in connection with the restructuring measures
› Higher refinancing costs as a result of the higher average trading portfolio and the increased interest level.

Net income only shows a part of the value added that we generate from the policies over their entire term. We receive the rest through the servicing fee during the remaining term of the policies managed for third parties.

DISCONTINUED OPERATIONS

The time accounts and pension product segment was sold in January 2008 in the scope of a management buyout. The segment generated no significant revenue in the period under review. The operating costs are made up as follows:

Ratios	**2006**	**2007**
Personnel expenses	*EUR 0.1 million*	*EUR 0.4 million*
Depreciation	*EUR 0.0 million*	*EUR 0.2 million*
Write-downs	-	*EUR 0.3 million*
Other operating expenses	*EUR 0.4 million*	*EUR 0.7 million*
One-off effects from sales	-	*EUR 0.6 million*
Operating costs, total	*EUR 0.5 million*	*EUR 2.2 million*

The write-downs referred to capitalised development costs at cash.life Vorsorge. The extraordinary effects, together with the expenses related to sales, totalled EUR -0.9 million.

The loss from the discontinued segment accordingly amounted to EUR 2.2 million (2006: EUR 0.5 million) before tax and EUR 2.3 million (2006: EUR 0.4 million) after tax.

TOTAL NET INCOME

The total loss of the cash.life Group in the period under review thus amounted to EUR 2.8 million after profit of EUR 6.9 million in the previous year.

CASH.LIFE GROUP NET INCOME

The loss of EUR 2.6 million also contains one-off effects in connection with the restructuring and losses from the now finalised sale of the Pensions division.

Source: cash.life AG

EARNINGS RATIOS OF THE CASH.LIFE GROUP

Ratios	2005	2006	2007
Policy purchase and management			
Purchase volume	*EUR 421.3 million*	*EUR 636.0 million*	*EUR 745.5 million*
Volume of policies under management	*EUR 1,125.7 million*	*EUR 1,674.1 million*	*EUR 2,306.3 million*
Thereof trading portfolio	*EUR 267.7 million*	*EUR 286.3 million*	*EUR 444.7 million*
Thereof managed for third parties	*EUR 858.1 million*	*EUR 1,387.8 million*	*EUR 1,861.6 million*
Income statement – continuing operations			
Revenue	*EUR 299.1 million*	*EUR 532.7 million*	*EUR 500.7 million*
Thereof from policy sales	*EUR 294.8 million*	*EUR 524.4 million*	*EUR 490.5 million*
Thereof servicing	*EUR 3.7 million*	*EUR 6.2 million*	*EUR 8.3 million*
Thereof other	*EUR 0.6 million*	*EUR 2.1 million*	*EUR 1.8 million*
Gross profit	*EUR 27.0 million*	*EUR 37.2 million*	*EUR 41.2 million*
EBIT (operating profit)	*EUR 14.4 million*	*EUR 13.8 million*	*EUR 12.2 million*

Ratios	**2005**	**2006**	**2007**
EBT	*EUR 9.0 million*	*EUR 7.1 million*	*EUR -0.1 million*
Net income	*EUR 5.7 million*	*EUR 7.3 million*	*EUR -0.4 million*
Profitability and other ratios – continued activities			
Return on equity	*45.9%*	*15.6%*	*-0.8%*
EBIT margin	*4.9%*	*2.6%*	*2.4%*
EBT margin	*3.1%*	*1.3%*	*0.0%*
Personnel cost ratio	*17.3%*	*12.8%*	*16.9%*
Interest expense ratio	*37.5%*	*26.4%*	*34.0%*
Earnings per share and dividend			
Earnings per share	*EUR 0.74*	*EUR 0.82*	*EUR -0.32*
Dividend total	*EUR 0*	*EUR 4.3 million*	*EUR 0 million (1)*
Dividend per share	*EUR 0*	*EUR 0.50*	*EUR 0 (1)*

(1) Conditional upon the approval of the Annual Shareholders' Meeting

COMPARISON OF ACTUAL AND FORECAST BUSINESS DEVELOPMENT

We presented our annual forecasts with the release of the preliminary figures for the 2006 financial year on 29 January 2007. Here we announced a purchase volume of EUR 700 to 770 million in Germany and EUR 20 to 30 million in Austria. Revenue was expected to amount to more than EUR 700 million. A range of EUR 18 to 22 million was anticipated for EBIT, including operating costs of EUR 29 to 31 million. We had forecast present value servicing fees of at least EUR 21 million from the year's re-sales. Finally, we aimed to refer a volume of more than EUR 100 million of policy loans.

We reduced our communicated annual target for policy loans to EUR 40 to 60 million with the presentation of the half-year figures on 8 August 2007.

Upon presentation of the nine-month figures on 5 November 2007, we were forced to reduce our forecasts further. We expected the revenue volume at »more than EUR 550 million« as well as EBIT at EUR 12 to 16 million and present value servicing fees from re-sales in the year at »more than EUR 17 million«. There were no changes to the annual target for the purchase volume at EUR 720 to 800 million. The operating cost forecast was also confirmed at EUR 29 to 31 million.

The revised forecasts from 8 August and 5 November 2007 form the basis of the comparison with the actual business development.

Target size	Target value	Actual	Evaluation
Purchase volume Germany	*EUR 700 to 770 million*	*EUR 728.4 million*	*Target formally reached*
Purchase volume Austria	*EUR 20 to 30 million*	*EUR 17.2 million*	*Target missed*
Policy loans (referred)	*EUR 40 to 60 million*	*EUR 27.8 million*	*Target missed*
Revenue over	*EUR 550 million*	*EUR 500.7 million*	*Target missed*
Operating costs (1)	*EUR 29 to 31 million*	*EUR 28.2 million*	*Target exceeded*
EBIT (1)	*EUR 12.0 to 16.0 million*	*EUR 13.0 million*	*Target reached*
Present value of servicing fees			
from policy sales in 2007	*more than EUR 17 million*	*EUR 22.5 million*	*Target exceeded*

(1) including discontinued operations and before one-off restructuring expenses and provisions of EUR 3.0 million:

Item	Continuing segment	Discontinued segment	Total
Operating costs	*EUR 28.9 million*	*EUR 2.4 million*	*EUR 31.3 million*
One-off effects/restructuring	*EUR 2.1 million*	*EUR 0.9 million*	*EUR 3.0 million*
Operating costs, adjusted	*EUR 26.8 million*	*EUR 1.4 million*	*EUR 28.2 million*
EBIT	*EUR 12.2 million*	*EUR -2.2 million*	*EUR 10.0 million*
One-off effects/restructuring	*EUR 2.1 million*	*EUR 0.9 million*	*EUR 3.0 million*
EBIT, adjusted	*EUR 14.3 million*	*EUR -1.3 million*	*EUR 13.0 million*

Financial position

FINANCING ANALYSIS

We finance the purchase of life insurance policies and premium payments through bank loans. These loans are secured by the policies. As of the balance sheet date, cash.life AG had around EUR 540 million in approved credit lines. Thereof, we used EUR 354.8 million as of 31 December 2007. The trading portfolio at this time amounted to EUR 444.7 million.

The credit lines used to finance the trading portfolio have a term of less than one year, with the exception of a promissory note loan. This is presented in detail in the payables/receivables ageing report on page137.

In 2006, we diversified our refinancing base with the placement of a promissory note loan. The loan has a volume of EUR 40 million and was arranged by IKB Bank with a term through 26 April 2010. This liquidity assures long-term debt for the purchase of life insurance portfolios.

Liabilities are only denominated in euros. We therefore do not use hedging instruments to control exchange rate volatility. However, we do use derivatives to hedge against interest rate changes in order to lock in the interest rate margin in our trading portfolio.

The equity accounted for in the balance sheet amounted to EUR 43.9 million on the balance sheet date.

LIQUIDITY ANALYSIS

In the period under review, the cash.life Group and cash.life AG were at all times able to meet their current financial obligations and make the necessary investments. The payments for investments were made with the cash flow from operating activities. The amount of cash and cash equivalents compared to the previous year increased by EUR 10.8 million.

Item	**2007**
Cash and cash equivalents at the beginning of the period	*EUR 1.3 million*
Cash flow from operating activities	*EUR 12.2 million*
Cash flow from investing activities	*EUR 2.9 million*
Cash flow from financing activities	*EUR -4.3 million*
Cash and cash equivalents at the end of the period	*EUR 12.1 million*

Cash flow from operating activities

The cash flow from operating activities was calculated according to the so-called indirect method on the basis of the net income of the period, and amounted to EUR 12.2 million. It mostly consists of the following items:

› Group net income of EUR -2.8 million.
› Depreciation of fixed assets of EUR 1.9 million. Depreciation (EUR 1.1 million) primarily refers to operating and office equipment, as well as IT software. Impairment losses (EUR 0.8 million) arose largely in connection with the restructuring and strategic reorientation.
› Increase in value of derivatives amounting to EUR 4.8 million. In 2007, the market value of our derivatives increased as a result of rising market interest rates.
› Increase in provisions by EUR 1.3 million. A large part of this improvement

(EUR 1.0 million) is the result of the restructuring measures agreed upon.
- Cash inflows from working capital amounting to EUR 16.1 million. A negative balance of EUR 25.1 million resulted from the rise in the trading portfolio (receivables from insurance contracts) and the corresponding liabilities »Liabilities to banks« and »Liabilities from the purchase of insurance contracts«. The increased purchase price receivables from investment companies (»Trade receivables«) and the higher »Tax refund claims« from our life insurance policies caused negative contributions of EUR 14.9 million and EUR 6.9 million respectively. However, this was countered by a strong rise in »Trade liabilities« of EUR 64.6 million, which is predominantly attributable to the purchase of two large policies in December 2007.

Cash flow from investment activities
In 2007, the cash flow from investment activities was positive and amounted to EUR 2.9 million. Our investments in the past financial year were primarily in our operating and office equipment (»Property, plant and equipment«: EUR 0.4 million) and in our IT software (»Intangible assets«: EUR 0.3 million).

A majority of these investments referred to the organisation of workstations for new employees and the further development of our software programmes. The sale of three interest rate derivatives yielded a cash flow of EUR 3.6 million. There were no significant investment obligations beyond the balance sheet date.

Cash flow from financing activities
The cash flow from financing activities is impacted by the cash outflow of EUR 4.3 million associated with the dividend payment.

COSTS OF CAPITAL
The interest rate underlying our liabilities on average lies at 60 to 65 basis points above the one-month or three-month Euribor. We thus managed to maintain constant refinancing conditions compared to 2006.

Our return on equity should reach at least 10% after taxes. We verify whether this hurdle rate can be achieved before we make investments.

INTEREST HEDGES / USE OF FINANCIAL INSTRUMENTS

Our trading portfolio is almost exclusively refinanced via debt. The remaining term of the policies is up to 15 years. Nevertheless, we use short-term refinancing to remain flexible when it comes to re-selling policies to investors. We subsequently repay the associated loans.

However, short-term financing also exposes our trading portfolio to interest risk. In times of rising market interest rates, insurers also lift their interest, though this is likely to happen with a time delay. We estimate this at 12 to 36 months.

During this period, demand for secondary market policies should decline and could even come to a complete standstill. Despite the high level of security, investors still expect the yield of life insurance to exceed the market yield. In the event of much lower demand, we would be forced to enlarge our trading portfolio. Only in this case can we continue to purchase in such a situation and still be present in the market.

In the case outlined above, our strategy would comprise two elements:

› We purchase selectively. Policies that generate a higher yield than the increased refinancing costs are still eligible for purchase.
› We carry out hedges against rising credit rates via derivatives. The hedges not only apply to our current trading portfolio, but also for an annual basis purchase volume. Thanks to the derivative – the so-called interest rate caps – our refinancing rate cannot exceed a fixed maximum amount. This also allows us to purchase policies with which the yield is below the current market rate but above our capped refinancing rates.

We hedge our margin through derivatives. We concluded the interest hedges in July 2005 and in February 2007. After having realised part of the market value gains in the third quarter of 2007, we are currently only hedged up to and including March 2014. We will come to a decision on an extension in due time. Please refer to page 159 for details on derivatives.

Off-balance sheet financial instruments, such as the sale of receivables or sale-and-lease-back transactions, were not utilised in 2007. Guarantees for external liabilities exist in the form of a letter of comfort to Vorsorge Luxemburg Lebensversicherung S.A., Munsbach/Luxembourg for payment obligations of cash.life Vertriebsgesellschaft mbH, Pullach, and cash.life international Vertriebsgesellschaft mbH, Vienna/Austria. As of 31 December 2007, neither company had liabilities to Vorsorge Luxemburg.

FINANCIAL RATIOS OF THE CASH.LIFE GROUP

Ratios	**2005**	**2006**	**2007**
Cash and cash equivalents at the end of the period	*EUR 1.1 million*	*EUR 1.2 million*	*EUR 12.1 million*
Cash flow from operating activities	*EUR 13.0 million*	*EUR 3.8 million*	*EUR 12.2 million*
Cash flow from investing activities	*EUR -4.8 million*	*EUR -3.6 million*	*EUR 2.9 million*
Cash flow from financing activities	*EUR -7.8 million*	*EUR 0*	*EUR -4.3 million*
Working capital (short-term assets minus short-term capital)	*EUR 8.0 million*	*EUR 70.5 million*	*EUR 64.1 million*
Effective debt (borrowed capital minus short-term assets)	*EUR -5.3 million*	*EUR -28.0 million*	*EUR -21.7 million*

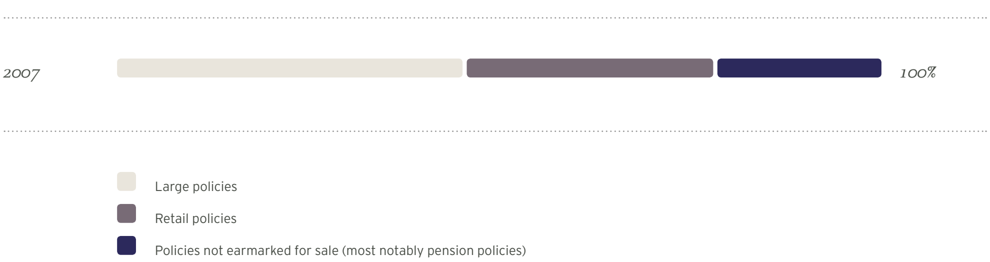
Net assets

ANALYSIS OF THE BALANCE SHEET

The cash.life Group maintains a »net cash« position: Our current assets exceed our current and non-current liabilities by EUR 21.7 million (2006: EUR 28.0 million).

Receivables from the purchase of insurance contracts comprise the largest asset item by a large margin. These receivables pertain to life insurance policies in our trading portfolio. With a value of EUR 444.7 million as of 31 December 2007, the trading portfolio was EUR 158.4 million higher than in the previous year (2006: EUR 286.3 million). The trading portfolio is segmented and consists of so-called retail policies, which are necessary for our established business with closed-end funds. It also includes large policies that we have acquired primarily as stock for our planned institutional product, but can also be sold to closed-end funds to a limited extent. Finally, we also hold policies, above all pension assurance. These are not earmarked for re-sale at present.

STRUCTURE OF THE TRADING PORTFOLIO AS OF 31 DECEMBER 2007



Large policies represented the largest share of the trading portfolio at the end of 2007.

Source: cash.life AG

Other assets developed as follows:

Intangible assets amounted to EUR 4.6 million (2006: EUR 4.9 million). These are primarily the result of capitalised goodwill.

The Group's property, plant and equipment amounted to EUR 2.5 million (2006: EUR 2.9 million). The main item is operating and office equipment.

As of the end of the year, the financial assets amounted to EUR 1.3 million (2006: EUR 1.3 million). This item is made up of the equity investments shown on page 56.

At the end of 2007, the asset value of our derivatives amounted to EUR 6.8 million (2006: EUR 5.6 million). We consistently value our derivatives at market value, which is subject to general interest rate development.

Deferred tax assets as of 31 December 2007 amounted to EUR 5.0 million (2006: EUR 5.2 million). These are primarily the result of loss carry-forwards and temporary differences in connection to the interest rate derivatives.

Non-current receivables comprise non interest-bearing receivables for commission with a remaining term of more than one year. As of the balance sheet date, we have discounted the receivables at a rate of 5.5%.

Trade receivables as of the end of 2007 amounted to EUR 31.3 million (2006: EUR 16.4 million). This item pertains mainly to policies which have been sold, but where the flow of funds has not yet occurred.

Tax refund claims exist from the purchase of life insurance contracts no older than 12 years. The contracts are subject to capital gains tax. The tax burden is passed on to us upon the purchase of these contracts. The capital gains tax can, however, be netted with the remaining tax burden. This resulted in refund claims, which totalled EUR 18.5 million at the end of 2007 (2006: EUR 11.6 million).

As of 31 December 2007, other receivables and other assets amounted to EUR 4.0 million (2006: EUR 3.1 million). These comprise the following items:

› Accruals (prepaid life and social security premiums): EUR 3.1 million
› Pre-paid upfront costs: EUR 0.4 million
› Other assets: EUR 0.5 million

Cash in hand and bank balances in 2007 increased to EUR 12.0 million (2006: EUR 1.2 million). The assets available for sale from the time accounts and pension product segment amounted to EUR 0.1 million as of the balance sheet date.

OFF-BALANCE SHEET ASSETS

The name cash.life has evolved into a brand. Investments in PR and marketing carried out since our company was established have helped contribute to this success. The value of this brand name is not accounted for in the balance sheet. The contractually fixed revenue from policies managed (servicing fees) for existing funds, which we will collect in the future, are also not included in our balance sheet.

IMPORTANCE OF OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

Off-balance sheet financial instruments, such as the sale of receivables or sale-and-lease-back transactions, were not utilised in 2007.

BALANCE SHEET RATIOS OF THE CASH.LIFE GROUP

Ratios	2005	2006	2007
Balance sheet			
Non-current assets	*EUR 12.8 million*	*EUR 22.3 million*	*EUR 22.3 million*
thereof intangible assets	*EUR 3.0 million*	*EUR 4.9 million*	*EUR 4.6 million*
thereof property, plant and equipment	*EUR 2.3 million*	*EUR 2.9 million*	*EUR 2.5 million*
thereof financial assets	*EUR 0.1 million*	*EUR 1.3 million*	*EUR 1.3 million*
thereof asset value of derivatives	*EUR 2.6 million*	*EUR 5.6 million*	*EUR 6.8 million*
thereof deferred tax assets	*EUR 3.0 million*	*EUR 5.2 million*	*EUR 5.0 million*
thereof non-current receivables	*EUR 1.8 million*	*EUR 2.4 million*	*EUR 2.2 million*
Current receivables	*EUR 315.1 million*	*EUR 318.6 million*	*EUR 510.5 million*
thereof receivables from insurance contracts	*EUR 268.3 million*	*EUR 286.3 million*	*EUR 444.7 million*
thereof trade receivables	*EUR 35.3 million*	*EUR 16.4 million*	*EUR 31.3 million*
thereof tax refund claims	*EUR 7.2 million*	*EUR 11.6 million*	*EUR 18.5 million*
thereof other receivables and other assets	*EUR 3.8 million*	*EUR 3.1 million*	*EUR 4.0 million*
thereof cash in hand, bank balances	*EUR 1.1 million*	*EUR 1.2 million*	*EUR 12.0 million*
Balance sheet analysis			
Intensity of investments (fixed assets/total assets)	*3.9%*	*6.5%*	*4.2%*
Intensity of working capital (current assets/total assets)	*96.1%*	*93.2%*	*95.8%*
Trading portfolio turnover rate (1)	*1.29*	*1.89*	*1.34*
Time of turnover of trading portfolio (2)	*278.5 days*	*190.2 days*	*268.3 days*

(1) Revenues from policy sales/average amount of trading portfolio

(2) (Average amount of trading portfolio x 360 days)/revenues from policy sales

Statement on the economic situation

MATERIAL EVENTS AFFECTING THE COURSE OF BUSINESS

The capital market environment heavily impacted the business development in the period under review. The strong rise in the interest rate in the first half-year made life insurance policies as an investment class less attractive. This led to a temporary slow-down in demand on the part of fund houses. Our refinancing costs rose at the same time, thus resulting in a significantly lower profit margin of the trading portfolio. However, the margin was still slightly positive thanks to the use of interest rate derivatives in the scope of our risk management. Demand picked back up to a noticeable extent once the long-term capital market interest rates dropped again in the second half-year, as a result of the sub-prime crisis, and showed that many insurers were increasing their bonus payments for 2008.

The competition also impacted our business performance. Purchase prices increased again in 2007 on the one hand. On the other hand, we were forced to deal with significant market share losses in the purchase of policies in a growing market. Our trading portfolio in the fourth quarter did not feature enough retail policies to adequately serve the once again higher demand.

We expanded our cooperation network in the lapsed fiscal year in terms of both purchasing (association of savings banks in Bavaria, SEB Bank etc.) and unit sales (Hannover Leasing, Real I.S.). Accordingly, we also became less dependent on individual fund partners.

There were some very negative deviations to plan in the revenue and earnings trend of the non-core activities of policy loans, referral of shares of closed-end funds and pension provision.

The number of employees rose heavily, particularly in the first half of 2007. Together with the higher marketing and consultation costs, this has caused a significant deterioration of the operating profitability in light of the falling policy sales.

Summary of overall business development

Overall, we have assessed the business development in the financial year under review as unsatisfactory. This prompted us to initiate a strategic reorientation and extensive restructuring measures in January 2008. In part, we were able to link these to preliminary works and the initial projects from the previous year. The individual measures are explained in the chapter »New strategic direction« on page 60.

Evaluation of the economic situation by the company's management

Regardless of the recently disappointing earnings trend, the cash.life Group has a solid asset and financial position. The »net cash« item of EUR 21.7 million and equity of some EUR 43.9 million as of the end of 2007 contributed to this. Our receivables from insurance contracts of EUR 444.7 million can be liquidated quickly and within a short period of time. We finance the purchase and premium payments for our trading portfolio through debt. We have a sufficient amount of refinancing leeway with our credit lines of approx. EUR 540 million as of 31 December 2007. We have not used this in its entirety. In summary, the economic situation of the cash.life Group forms a sound basis for further business development, even upon consideration of the restructuring and cost reduction measures introduced.

SUPPLEMENTARY REPORT

On 6 February 2008, the agreement was signed to merge Barwert-Europäische Versicherungsvermittlungs GmbH and cash.life Vertriebsgesellschaft mbH into cash.life Policendarlehensvermittlungs GmbH. The merger was effective retrospectively to 30 June 2007. The Policendarlehensvermittlungs GmbH was subsequently renamed cash.life Vertriebs GmbH. All merger activities took place to simplify the Group structure and to reduce costs internally.

Based upon the strategic decision not to further pursue the old age provisioning business, the companies cash.life Vorsorge GmbH & Co. KG, cash.life Treuhand Zeitwertkonten- und Pensionssicherung GmbH and Zeitwertkonten Verwaltungs GmbH were disposed in January 2008 to their existing management under a management buyout.

In December 2007, comprehensive restructuring measures were implemented within the scope of a strategic realignment which led to the reduction of staff in 2008 by 30 to 40 employees. The majority of these positions were already eliminated in the first quarter of 2008. For further details, please refer to the chapter »New strategic direction« on page 60.

Subject to the agreement of the Supervisory Board, the Management Board has the intention to merge the remaining subsidiaries cash.life Vertriebs GmbH, cash.life international Vertriebsgesellschaft mbH and cash.life Financial Services GmbH into cash.life AG.

RISK REPORT

Our risk management system as well as our approach to minimising strategic risks are described in the section »Internal company monitoring system« on page 58. What we believe to be the most important individual risks are compiled into seven groups and are explained and assessed in the following.

Individual risks

MARKET ENVIRONMENT AND INDUSTRY RISKS

Based on the legal and economic factors influencing our business, the following market environment and industry risks exist:

Increase in the overall level of interest rates
Risk: medium

Increasing interest rates on capital markets would result in an increase in surplus allocations on the part of life insurance companies in the medium term. Otherwise, they would lose new business because the yield on their life insurance policies would be less attractive than other forms of capital market investment, and several of their existing customers would terminate their policies. Experience shows that surplus allocations occur with a time delay of between 12 and 36 months. Without hedging measures, interest income from our trading portfolio would decline during the transition period, as the difference between our policy yield and the refinancing rates is lower. Moreover, this effect leads to higher refinancing costs of funds and, accordingly, to a decline in sales opportunities (see Decline in demand for closed-end funds by policy). As a matter of principle, we can never encounter a negative interest rate margin, because we can terminate or sell the policies beforehand. However, in order to help secure our interest rate profits, we have used derivatives to hedge against interest rate increases. The derivatives, which we held as of the balance sheet date, hedge us until March 2014.

Decline in new sales of life and social security insurance policies
Risiko: minimal to medium

A change in new policy sales will not affect our business for another ten to fifteen years, as we purchase insurance policies in the second phase of the policy term. A lasting decline of new policy sales would reduce our market potential in the long term. The new Retirement Income Act took effect on 1 January 2005. This primarily served to abolish the tax privilege of life insurance. Before this, income from life insurance policies with a minimum term of 12 years could be received free of tax under certain conditions. Following a boom in 2004, the new business of life insurance initially plummeted in 2005. However, demand began to be revived in 2006. Given the demographic development and the problems of legal pension insurance associated with this, another private pension is becoming ever more important. We thus expect the demand for life insurance policies to remain high.

Decline in demand for closed-end funds by policy
Risk: medium

Demand for policies by closed-end investment funds is currently unabated. In periods where the returns of endowment policies do not exceed clients' refinancing costs significantly, demand for policies can decline. Once we have expanded our customer base, we will be better able to stave off fluctuations in purchasing from individual fund houses.

Introduction of the withholding tax
Risk: minimal

The withholding tax will replace the capital gains tax as of 1 January 2009. The law was adopted on 23 May 2007 in the framework of the 2008 company tax reform. The withholding tax applies to all policies concluded after 1 January 2005. Older policies fundamentally remain tax-free, provided that they are held for more than 12 years. We do not believe the tax will have an impact on our purchase prices or the volume of policies that can be purchased. From the viewpoint of the customer, the secondary endowment policy market is still the better option: the policyholder receives more money than with encashment and holds on to the death protection.

Lower surplus allocations of life insurance companies
Risk: minimal

Lower surplus allocations theoretically lead to lower interest income in our trading portfolio as well as lower investor demand for policies. Lower surplus allocations are primarily caused by lower interest rates, as life insurance companies predominantly invest the assets of their customers in fixed-income securities and pass on lower yields to their customers with a time delay. However, as refinancing would also be lower in such an environment, our interest rate margin would remain constant. Demand for policies would also remain at a high level, as investors compare the yields on a secondary endowment policy and government bonds, and secondary endowment policies generate a higher yield. A rising bonus allocation is currently seen on the market.

Increase in surrender values for life insurance policies in the event of late terminations
Risk: minimal

The surrender value is the current value at which insured individuals can liquidate their policies. We usually have to offer a premium on the surrender value in order to purchase a policy. In the event that an insurance company increases the surrender value within the first phase of the policy (early termination), this hardly has an impact on us as we do not purchase policies until the second phase of the policy's term (late termination). If insurance companies increase their surrender values in the event of late termination, this increases our purchasing prices for policies in relation to the maturity, which has the effect of lowering the yield. The reform of the Insurance Contract Act (VVG), which took effect on 1 January 2008, will help increase minimum surrender values in the case of early termination. In counter-financing these, life insurance companies are likely to reduce the surrender values in the case of late termination. Moreover, the development of the market at present is cause for us to assume a rising significance of the terminal bonus at the expense of the current interest yield. Regardless of this, the newly introduced participation in the hidden reserves over the entire term should lead to a slight rise in surrender values. In net terms, we expect the reform of the VVG to have a marginally positive impact on our business model.

STRATEGIC RISKS

Decline in earnings due to deterioration of the market environment
Risk: medium

cash.life is largely active as a one-product company on the secondary endowment policy market for life insurance. A deterioration of the market environment yields the risk of this having a significant and sustainable effect on the company's earnings. This risk is limited by an optimisation of the revenue structure and a flexible cost structure:

In our core business we continuously expand the policy volume managed for the funds. We earn these revenues over the entire term of the fund. We could therefore still post significant proceeds over years, even in the case of a slump in the new business. Revenues could decrease, if it comes to an unscheduled reduction in the volume of the serviced funds. Parallel to this, policy loans also yield annually recurring revenue for our company. These are contractually agreed upon and are independent of the capital market.

We limit our fixed-cost risk in that we handle peak loads in the operating segments with temporary staff. In general, new recruitment of staff is initially temporary.

ECONOMIC PERFORMANCE RISKS

Financial risks from the further development of our services
Risk: medium

Not every idea for the development of new products is actually implemented, and not every product introduced to the market is a success. Therefore, there is a risk that the development of new products could lead to expenses which are not covered by the income from these projects. However, our risk is limited by the fact that we systematically weigh the opportunities and risks at the beginning of a project and the further development is subject to ongoing monitoring. In addition, our investments in the future will only be in segments directly related to the core business.

Dependence on investors
Risk: medium to minimal

We manage funds of MPC Capital AG, König & Cie., Hannover Leasing and REAL I.S. Some 80% of the assets under management pertain to the MPC Capital AG fund. However, the other partners in the new business have gained significance.

For risk diversification purposes, we are developing additional sales channels. In this regard, we are focussing first and foremost on institutional investors who do not compete for our previous sales channels. With our open-end fund »cash.life Premium Policies SICAV« in accordance with Luxembourg law and demand from institutional investors, we already have alternatives.

Dependence on suppliers
Risk: minimal

As of the end of 2007, there were some 94 million life insurance policies in Germany. In addition to the policyholders that refer directly to us, we also purchase them from agents such as brokers, banks and savings banks, among others. As of the balance sheet date, our network of contacts comprised over 10,000 agents. Based on normal retail policies, the purchasing side of the market is highly fragmented. No partner contributes more than 3% of our purchase volume. There is therefore no dependence on customers, agents or broker organisations. Based on large policies, which we obtain through financial investors, we also see no critical dependencies that could result in bottlenecks in supply.

PERSONNEL RISKS

Fluctuation or lack of representation of employees in key positions
Risk: medium

All operating units are organised and trained so that the temporary absence of an employee does not present any problems. Contact with policy suppliers and purchasers is not tied to individuals. The same is true of our rating know-how. Information important to business operations is usually documented in such a way that numerous persons have access to it.

Procurement of personnel at short notice
Risk: medium

Our need for personnel is based on our business plan, which we update regularly. For this reason, our demand for personnel can be determined well in advance. We expect to be able to cover our need for qualified employees. However, it is generally the case that highly qualified employees cannot be acquired in the short term, but rather only the medium term due to the shortage of qualified staff.

Employee cutback in the framework of restructuring measures
Risk: minimal

With the implementation of a more efficient purchasing strategy, strengthened automation of operating processes and continuous optimisation of administrative activities, the need for personnel drops significantly. We therefore do not see any noteworthy risks from carrying out a reduction of jobs.

TECHNICAL SUPPORT RISKS

Data loss
Risk: minimal

Data processing plays an important role for our services. Calculating policy yields, settling sales and purchasing processes, managing our policy portfolio and the realisation of administrative tasks: with these tasks we rely on the fast availability of data. We therefore take extreme care when electronically and physically backing up our database. This is done by way of daily tape backup on LTO and is subsequently stored using an external service provider. The relevant workflow data is also synchronised daily between a production system and a disaster recovery environment. The policies also exist in hard copy

Lack of IT system scalability
Risk: minimal

Our IT systems are designed to be easily scalable given an increasing business volume. There are no IT-related capacity limits according to our knowledge at the present time.

FINANCIAL RISKS

Change in margins
Risk: medium

The demand for policies exceeds the supply. Our re-sale prices remain largely unchanged and exceed the surrender value of policies sold by up to 4.8%, regardless of the remaining term. However, our purchase prices have risen due to the stronger competition. As a result of the longer remaining terms on average, the margin between purchasing and selling in the period under review has remained constant with that of the previous year.
Our income has risen further in the segment of policy management. Our administrative fee is fixed with 0.4 to 0.5% for the existing funds over the entire term. However, this is oriented towards the surrender value of the portfolio managed, and this is on the rise due to the fact that policies are gaining value through annual surpluses and premium payments. In contrast, our costs for the management of policies are climbing considerably more slowly. The servicing income could decrease, if it comes to an unscheduled reduction in the volume of the serviced funds.

The risk of a sinking interest margin in the trading portfolio is limited. In the case of increasing interest rates, we have used derivatives for hedging purposes.

Liquidity risks and risks from cash flow volatility
Risk: minimal

Because the exact cash flows from insurance policies are predictable, at least for the twelve-month period over which an insurance company declares its surplus allocation, we rate liquidity risks and the risk from cash flow volatility as low.

The purchase and the premium payments of life insurance policies are secured, as both are financed exclusively with credit. Our credit limit at the end of the year amounted to some EUR 540 million, EUR 354.8 million of which we had drawn upon as of 31 December 2007. The trading portfolio at that time amounted to EUR 444.7 million.

Our trading portfolio of German and Austrian life insurance policies gives us premium security. However, the most recent developments are weighing on banks to different extents with liquidity spreads. We therefore cannot realistically rule out a certain rise in refinancing costs for the future.

Default risks
Risk: minimal

Before we issue the purchase contract, we have the insurance company confirm all data which is important for the calculation, such as the current surrender value. We only pay the purchase price once the insurer has confirmed that the policies have effectively been assigned to us and that we own all rights from the policy.

We believe that the credit risk in the event that an insurance company is unable to pay its obligations is extremely low. Comprehensive guarantee measures ensure that life insurance companies are investments with high credit ratings. In particular, these measures include:

› Bankruptcy-protected premium reserve stock, in which the claims of the insurance company are secured
› Management of the premium reserve stock by an independent trustee
› Strict legal regulations regarding the insurance company's investment policies

- Federal monitoring by the Federal Financial Supervisory Authority (BaFin) as well as regular stress tests, which test whether an insurance company is able to fulfil its payment obligations at any given time
- Profit and loss transfer agreements, which are used to stabilise life insurance companies within the group of companies when required
- Legally required guarantee funds (»protectors«) as a security solution

Since World War II, not a single German insurance company has declared bankruptcy. Through our rating, we are informed in a timely manner about changes in the financial strength of the insurance companies.

OTHER RISKS

Risks from the development of new products

Risk: minimal

The development of new products is fundamentally associated with the risk of the targeted economic success not being reached. We therefore review the market potential ahead of time within the scope of feasibility studies and customer surveys. We generally introduce new products gradually and initially in test markets.

Legal and tax risks

Risk: minimal

As of the balance sheet date, there were no legal actions or ongoing proceedings against cash.life AG or its associated companies. No tax back duties are expected in our discretion.

Summary of the Group's risk situation

EVALUATION OF THE RISK SITUATION BY THE COMPANY'S MANAGEMENT

We have reacted to the poor development seen in the past financial year by implementing restructuring and cost reduction measures. As announced, we currently examine further measures, especially in the light of the ongoing financial market crisis. Based on the current financial position of the company and the fundamental economic sustainability of the secondary market for endowment policies, we do not anticipate any risks which could jeopardise the existence of the company short or medium term.

COMPANY RATING

The rating agency Scope has confirmed the high quality of our processes; cash life AG was awarded the second-best rating AA+ in January 2008, after the best rating AAA had been awarded three times in a row in the previous years. The drop in the rating is first and foremost due to the disappointing business performance in 2007.

cash.life AG has not been rated by any credit rating agencies.

OUTLOOK

Group focus in the next two financial years

In the future, cash.life will shift its concentration more towards the original core business of purchasing, structuring, selling and managing life insurance policies. A detailed explanation of our strategy and the restructuring measures introduced can be found in the section »New strategic direction« on page 60.

Future general conditions

The Federal Ministry of Economics and Technology anticipates economic growth of 1.7% for Germany in 2008. However, the cyclical risks have grown recently as a result of the banking crisis. Central banks have reacted accordingly with interest rate cuts, and even the long-term capital market rates have dropped considerably. As such, we do not anticipate a significant rise in the general interest level in the foreseeable future. Given the good economic development of the last few years, fewer policies could potentially be terminated as the result of financial bottlenecks. The motives behind the premature termination of life insurance policies vary and are often independent of cyclical trends. The average term of a life insurance contract amounts to ca. 27.5 years. Today, it is more difficult than ever to predict personal life situations for such a long period. For this reason, more than 50% of all life insurance policies will not be carried out to the end.

We expect that future state payments for pensions will become increasingly limited, which will increase the need for private pensions. The reforms by the German government in the last few years confirm this trend. Products with guarantees to preserve capital and yields are in particularly high demand for long-term asset accumulation. We therefore expect life insurance policies to remain an important part of the private pension plan for German consumers.

The omission of the tax privilege for life insurance policies on 1 January 2005, however, caused the new business to fall considerably at first. On the other hand, demand began to pick up again in 2006. In structural terms, pension assurance has recently gained significance over classic capital-forming endowment insurance. The share of fundamentally non-purchasable Riester contracts in the new business of insurance companies has also increased.

A change in new policy sales will not affect our business for another ten to fifteen years, as we purchase insurance policies in the second phase of the policy term. In the event that the new business of classic capital-forming endowment insurance policies lastingly falls short of the volumes in times of the tax privilege, the secondary market volume that could be addressed would be lowered in the long run.

However, when looking at the next two years, we assume a nearly stable market volume that can be developed. According to our estimates, approximately half of the annual encashment volume, i.e. some EUR 6 billion, can fundamentally be purchased on the secondary endowment policy market, though not all of these policies will meet our strict criteria.

A secondary market volume of EUR 1.4 billion in 2007 leads to our assumption for the forecasting period that the market will continue to expand through rising penetration, even though the period with the highest growth rates is likely to be over. The more mature market phase is characterised by stronger competition for policies and market shares. On the other hand, we do not expect to see all market participants come out alive in the long run. As such, a consolidation is certainly a possibility in the medium term.

Anticipated earnings situation

PURCHASE VOLUME

Based on the current state of knowledge, the purchase volume does not represent a bottleneck for our business development. The retail policies needed to supply closed-end funds gives us confidence that the losses of market shares seen in the previous financial years can be halted in the future with the help of the restructuring measures implemented.

We do not see a supply bottleneck in terms of the large policies, which are primarily obtained through financial investors. This allows us to make purchases based on demand depending on the successful market introduction of an institutional product.

REVENUES

The order backlog based on framework agreements came to approx. EUR 320 million as of 31 December 2007. In addition, the demand for life insurance policies from closed-end funds has evolved according to our expectations. This is attributable on the one hand to a drop in capital market rates. On the other hand, insurers increased the yields of policies at the end of 2007, thus making the asset class noticeably more attractive. Our larger scope of customers leads to noticeable diversification effects in terms of unit sales.

An important strategic milestone for 2008 is the market introduction of an institutional product, which we primarily aim to market to banks, pension funds and family offices. We are currently undergoing constructive talks with several interested parties.

As such, the further revenue trend from the sale of life insurance policies is predominantly determined by the purchase volume of retail policies that can be achieved, the demand from closed end funds and the market success of the institutional product.

Revenue from policy management, or so-called servicing fees, will continue to grow over-proportionately as a result of the increased policy volume that we manage for third parties. These are contractually fixed, easy to plan and are accrued over the entire remaining term of the funds supplied. The present value of these future cash flows amounted to EUR 52.5 million as of 31 December 2007 (rate of discounting: 5%). Future revenues from policy management could decrease, if it comes to an unscheduled reduction in the volume of the serviced funds.

PRESENT VALUE OF THE SERVICING FEES

We will accrue income from policy management over the next few years. This had a present value of EUR 52.5 million at the end of 2007. EUR 22.5 million of which is from policies that we re-sold in 2007.

Source: cash.life AG

We also expect the revenue to rise further given our non-core activities of lending on policies and the referral of closed-end fund shares. However, these are not likely to play a major role in a group context.

GROSS MARGIN FROM THE SALE OF POLICIES

The selling conditions that we have agreed upon with the closed-end funds should remain stable in our assessment. Depending on the term of the policies sold, we obtain a premium through a surrender value of up to 4.8%. On the other hand, lower margins are expected with our institutional product.

Against the background of the current market environment, assumptions of intense competition for policies must be made. If anything, this is reflected in higher purchase prices.

The gross margin could thus come under pressure both in structural terms (due to the institutional product) and based on the competition.

OPERATING COSTS

The operating costs excluding the broker commissions accruing in 2008 should drop by EUR 6 million from approx. EUR 24 million to EUR 18 million.

PLANNED OPERATING COST TREND (1)

(1) before broker commission

Cost savings planned for 2008 amount to a total of EUR 6 million.

Source: cash.life AG

In addition to the measures already carried out in 2007 (for example the closure of the Barwert GmbH subsidiary), the workforce will be reduced by another 30 to 40 employees by the end of the year. The job cutback as planned will lead to savings of EUR 2 million. The other EUR 4 million should be generated through a drop in marketing, consultation and material costs. As for one-off restructuring costs, we carried out provisions and write-downs of EUR 3 million in 2007. The focus in 2009 will also be placed on the profitability of the core business.

INCOME

In our assessment, the pre-tax profit adjusted for market value fluctuations of interest rate derivatives is a relevant income figure. We have used interest rate caps to hedge the refinancing costs. These are recognised at their market values in accordance with IFRS. Depending on the development of interest rates, there will be fluctuations in the value, which will be reflected in our financial result. Because we hold derivatives up to the ends of their terms, these value fluctuations are not associated with varying cash flows. Accordingly, the profit contributions resulting from this are irrelevant to the valuation of the company. These are beyond our sphere of influence and distort the income generated from the operating business. This explains why we have applied an adjusted earnings figure in our demonstration.

The adjusted pre-tax profit is likely to benefit from falling operating costs and higher revenue from the high-margin servicing business. In contrast, the contribution of the gross margin from the sale of policies could turn out lower.

On the one hand, the refinancing costs for the trading portfolio fluctuate with the money market interest rates (EURIBOR). Thanks to the interest rate caps, the financial expense will not see an additional burden from these derivatives through rising interest rates as a result of compensation payments. In return however, our refinancing costs benefit from falling money market rates. On the other hand, we cannot rule out a certain degree of deterioration of refinancing conditions at the moment. This is due to the fact that banks are burdened in part with higher liquidity spreads as a result of the most recent developments.

The trading portfolio is our buffer for absorbing fluctuations of supply and demand. This can make it subject to greater and, at least on a quarterly basis, harder to predict fluctuations. On the other hand, we fundamentally believe that it will turn out approximately half as large as our annual purchase volume.

The Group tax rate should amount to around 29% in the future.

In the medium term, we would like to generate a sustainable equity ratio of at least 15% after taxes.

Anticipated financial situation

The focus of the investments planned is centred on implementing the new purchasing strategy, measures for increasing the operating efficiency and issues of product development in the core business. The financing framework at hand covers the intended business activities and investments.

Opportunities

The secondary endowment policy market remains a growth market. We will use our restructuring programme to strengthen our core business in the long term. This will be done by heavily increasing the degree of innovation and the competitiveness of our services. In detail, this will yield the following opportunities:

› A higher purchase volume due to increased penetration and the recovery of market shares
› Establishment of a new product for institutional investors
› Improvement in the operating profit as a result of the planned cost savings of EUR 6 million and the rising revenue from the profitable servicing business
› Improvement in the return on equity

The introduction of the withholding tax as of January 2009 will also give us another potential sales channel, as we will then be able to sell secondary market policies directly to private investors.

In the medium term, we also see an opportunity to actively participate in a potential consolidation of our sector.

Summary of the Group's overall economic development

The measures implemented have helped to put us back on a promising path. As the market leader and a financially strong player on the secondary endowment policy market in Germany, we are best equipped to profitably tap into the existing market potential.

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

Regarding the Responsibility Statement by the Management Board according to section 315 para. 1 sent. 6 HGB in conjunction with section 297 para. 2 sent. 4 HGB we refer to the notes to the consolidated financial statements.

Pullach, 31 March 2008

Frank Alexander de Boer
Klaus Leusmann

Consolidated Financial Statements for the 2007 financial year

according to International Financial Reporting Standards (IFRS)

CONSOLIDATED BALANCE SHEET ACCORDING TO IFRS AS OF 31 DECEMBER 2007

Assets	**31.12.2007** EUR THOUSAND	**31.12.2006** EUR THOUSAND	Notes
A. Non-current assets			
1. Intangible assets	4,560	4,946	31
2. Property, plant and equipment	2,542	2,853	31
3. Financial assets	1,283	1,334	31
4. Asset value derivatives	6,793	5,583	32
5. Deferred tax assets	4,991	5,212	33
6. Long-term receivables	2,157	2,419	34
Total non-current assets	*22,326*	*22,347*	
B. Current assets			
1. Receivables from insurance contracts	444,698	286,276	35
2. Trade receivables	31,268	16,378	36
3. Tax receivables	18,476	11,620	37
4. Other receivables and other assets	3,996	3,073	38
5. Cash-in-hand, bank balances	12,033	1,245	
Total current assets	*510,471*	*318,592*	
C. Assets held for sale	146	775	52–56
	532,943	**341,714**	

Equity and liabilities	**31.12.2007**	**31.12.2006**	
	EUR THOUSAND	EUR THOUSAND	Notes
A. Equity			
1. Share capital	8,580	8,580	39
2. Capital reserve	24,908	24,908	40
3. Revenue reserves including profit carried forward	13,239	10,629	41
4. Net income	-2,784	6,900	
Total equity	*43,943*	*51,017*	
B. Non-current liabilities			
1. Deferred tax liabilities	1,970	1,899	42
2. Liabilities to banks	40,000	40,000	43
3. Other non-current liabilities	413	682	44
Total non-current liabilities	*42,383*	*42,581*	
C. Current liabilities			
1. Liabilities to banks	314,809	174,377	45
2. Liabilities from the purchase of insurance contracts	58,705	65,858	46
3. Trade payables	65,745	1,136	47
4. Other current liabilities	3,644	4,401	48
5. Current provisions	3,464	2,282	49
Total current liabilities	*446,367*	*248,054*	
D. Liabilities directly associated with assets held for sale	250	62	57–58
	532,943	**341,714**	

CONSOLIDATED INCOME STATEMENT ACCORDING TO IFRS FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2007

	2007 EUR THOUSAND	**2006** EUR THOUSAND	Notes Point
1. Revenues	500,728	532,673	
2. Value appreciation of insurance contracts	34,334	20,380	
3. Disposal of sold insurance contracts	-478,657	-504,312	
4. Insurance premiums	-15,229	-11,564	
Gross profit	41,176	37,177	59
5. Personnel expenses	-9,505	-5,970	60
6. Amortisation of intangible assets, depreciation of property, plant and equipment	-1,399	-788	61
7. Other operating expenses	-18,034	-16,629	62
Operating profit	12,238	13,790	
8. Financial income	11,161	16,849	
9. Financial expenses	-23,520	-23,553	
Financial result	-12,359	-6,704	63
Income before taxes	-121	7,086	
10. Income taxes	-323	251	64
11. Net income from continuing operations	-444	7,337	
Discontinued operations			
12. Income before taxes	-2,231	-539	65
13. Income taxes	-109	102	65
14. Loss from discontinued operations	-2,340	-437	65
15. Total net income	**-2,784**	**6,900**	
Earnings per share in EUR (basic)	-0.32	0.82	66
Earnings per share in EUR (diluted)	-0.32	0.82	66
Average number of shares outstanding (basic)	8,579,900	8,404,208	
Average number of shares outstanding (diluted)	8,579,900	8,404,208	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ACCORDING TO IFRS FOR THE 2007 FINANCIAL YEAR

	Share capital	Capital reserves	Revenue reserves	Profit carried forward	Net income	
	EUR THOUSAND[1]	EUR THOUSAND[1]	EUR THOUSAND[2]	EUR THOUSAND[2]	EUR THOUSAND[2]	EUR THOUSAND[3]
As of 01.01.2006	7,800	0	10,629	0	0	18,429
Capital increase for cash	780	25,347				26,127
Transaction costs for capital increase		-673				-673
Deferred taxes for transaction costs		234				234
Net income					6,900	6,900
As of 31.12.2006	8,580	24,908	10,629	0	6,900	51,017
Reclassification of profit carried forward in revenue reserves			6,900		-6,900	0
As of 01.01.2007	8,580	24,908	17,529	0	0	51,017
Dividends			-4,290			-4,290
Net income/loss					-2,784	-2,784
As of 31.12.2007	**8,580**	**24,908**	**13,239**	**0**	**-2,784**	**43,943**

[1] Paid-in capital : [2] Generated capital : [3] Equity

Consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT 2007 ACCORDING TO IFRS

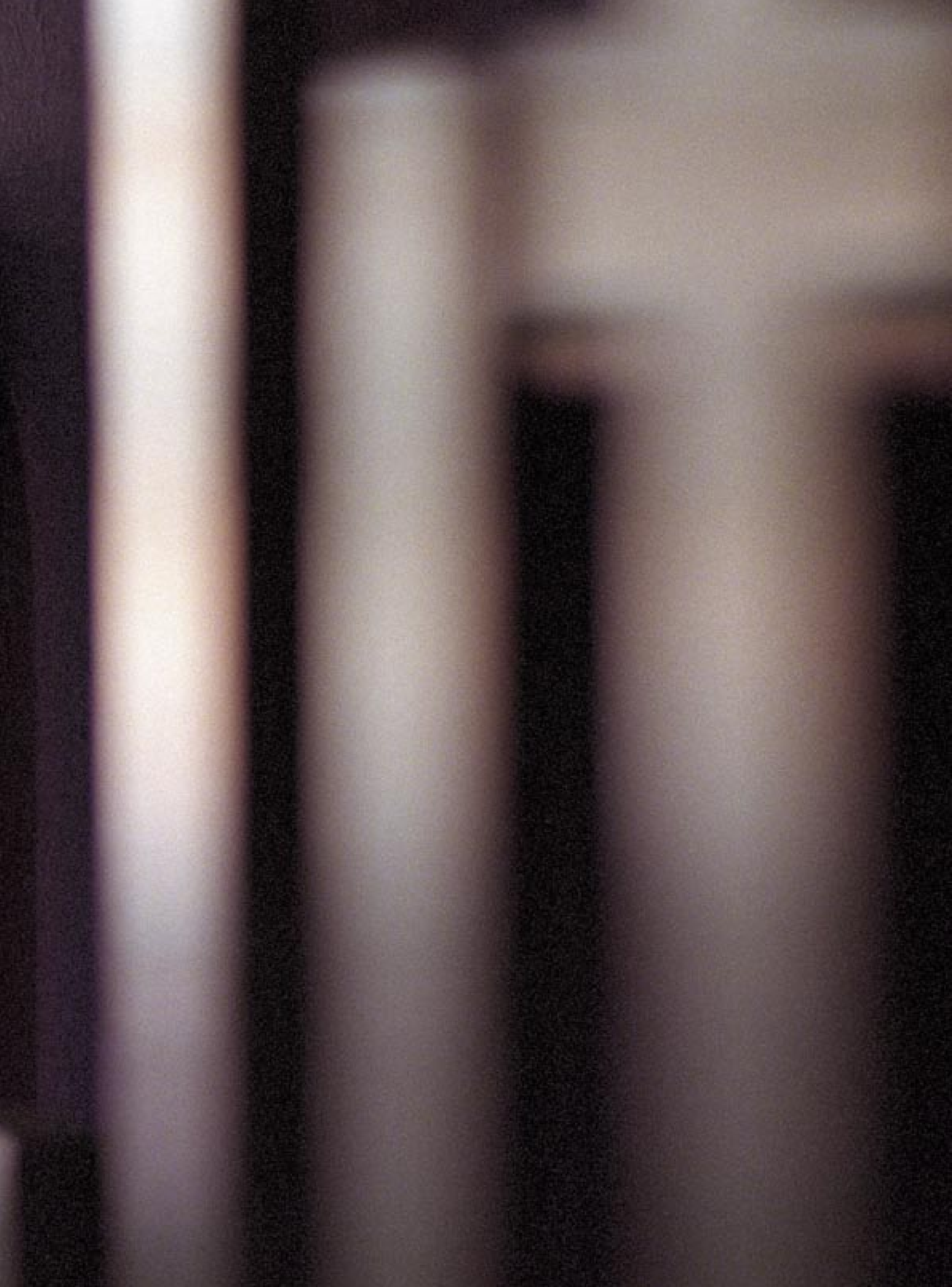
The cash flow statement was prepared according to the indirect method pursuant to IAS 7.18b. It displays cash inflows and outflows of the Group, divided into operating, investment and financing activities.

Line		Item	1-12/2007 EUR THOUSAND	1-12/2006 EUR THOUSAND
1		Net income	-2,784	6,900
2	+/-	Amortisation / depreciation / reversal of impairment losses of fixed assets	1,929	792
3	+/-	Decrease / increase in asset value of financial derivatives	-4,810	-2,860
4	+/-	Decrease / increase in other provisions	1,867	496
5	+/-	Decrease / increase in tax provisions	-550	42
6	+/-	Deferred tax expenses / income	400	-545
7	+/-	Other cash-neutral expenses / income	6	-1,240
8	-/+	Gain / loss from the disposal of fixed assets	8	0
9	-/+	Increase / decrease in trade receivables and other assets not allocated investment or financing activities	-180,771	-1,415
10	+/-	Increase / decrease in trade payables and other liabilities not allocated to investment or financing activities	196,918	1,619
11	=	Cash flow from operating activities	12,213	3,789
		Thereof from discontinued operations	*-1,445*	*-582*
12	+	Proceeds from disposals of fixed assets	0	0
13	-	Payments for capital expenditures	-443	-1,064
14	+	Proceeds from disposals of intangible assets	0	0
15	-	Payments for investments in intangible assets	-307	-929
16	+	Proceeds from disposals of financial assets	0	0
17	-	Payments for investments in financial assets	-3	-1,304
18	-/+	Proceeds from / payments for the expansion of the scope of consolidation	48	-131
19	-/+	Proceeds from / payments for the sale / acquisition of financial derivatives	3,600	-135
20	+	Proceeds from investments in financial assets in connections with current financial disposition	0	0
21	-	Payments for investments in financial assets in connection with current financial disposition	0	0

Line		Item	1-12/2007 EUR THOUSAND	1-12/2006 EUR THOUSAND
22	=	Cash flow from investment activities	2,895	-3,563
		Thereof from discontinued operations	*-43*	*-523*
23	+	Proceeds from additions to equity	0	25,454
24	-	Dividend	-4,290	0
25	+	Proceeds from the issuance of debenture loans and taking out of financial loans	0	0
26	-	Payments to repay debenture loans and financial loans	0	-25,454
27	=	Cash flow from financing activities	-4,290	0
		Thereof from discontinued operations	*0*	*0*
28	=	Net increase / decrease in cash and cash equivalents		
		(Total cash flow from the three types of activity)	10,818	226
		Thereof from discontinued operations	*-1,488*	*-1,105*
		Intragroup financing of discontinued operations	*1,518*	*1,118*
29	+/-	Changes in cash and cash equivalents due to currency exchange rates and valuation	0	0
30	+	Cash and cash equivalents at the beginning of the period	1,284	1,058
		Thereof from discontinued operations	*39*	*26*
31	=	Cash and cash equivalents at the end of the period	12,102	1,284
		Thereof from discontinued operations	*69*	*39*

Additional disclosures		
Interest paid	20,600	11,733
Interest received	1,904	1,911
Taxes paid	7,237	4,692

Consolidated financial statements



Notes to the 2007 consolidated financial statements

according to International Financial Reporting Standards (IFRS)

Notes to the consolidated financial statements according to IFRS for the 2007 financial year

LEGAL STRUCTURE OF THE GROUP

1. PARENT COMPANY CASH.LIFE AG

Legal conditions as of 31 December 2007

Year of company formation
1984

Company, headquarters
cash.life AG, Pullach

Commercial register
Munich Local Court, section B, No. 126120

Parent company purpose accord-ing to the Articles of Association
Purchase and use of existing life insurance policies and pension assurance as well as capitalisation rates both domestically and abroad, purchase, management and sale of companies, parts of companies and participations, creation and structuring of investment products and the related provision of consulting services, proprietary or third-party arbitrage transactions, as well as the purchase and use of other assets and all types of receivables. Excluded activities include those which are subject to limiting conditions according to the Law on the Supervision of Insurance Companies or the German Banking Law (KWG), as well as activities which fall under section 34c of the Trade Regulation Act.

Articles of Association
The valid Articles are those dated 29 August 1984 and changed by resolution as of 29 June 2007 (entry in Commercial Register on 18 July 2007).

Financial year
The financial year is equivalent to the calendar year.

Capital structure
Subscribed capital (share capital) amounts to EUR 8,579,900.00 and is divided into 8,579,900 individual ordinary shares. In addition, approved capital in the amount of EUR 3,120,100.00 has been authorised until 15 June 2009.

2. Shares in associated companies

As of 31 December 2007, cash.life AG held an equity stake in the following companies:

Company	Equity stake	ISC (1)
Barwert GmbH	*100%*	*yes*
cash.life Vertriebsgesellschaft mbH	*100%*	*yes*
cash.life international Vertriebsgesellschaft mbH	*100%*	*yes*
cash.life Vorsorge GmbH & Co. KG	*100%*	*yes*
Zeitwertkonten Verwaltungs GmbH	*100%*	*yes*
cash.life Policendarlehensvermittlungs GmbH	*100%*	*yes*
cash.life Financial Services GmbH	*100%*	*yes*
cash.life Treuhand Zeitwertkonten und Pensionssicherung GmbH	*100%*	*yes*
cash.life Premium Policies SICAV	*99%*	*no*
EGERIA Verwaltungsgesellschaft mbH	*10%*	*no*

(1) Inclusion in scope of consolidation

3. Scope of consolidation

The financial statements of the parent company cash.life AG and those of the subsidiaries under the legal and/or factual control of cash.life AG until 31 December 2007 are included in the con-solidated financial statements. The scope of consolidation is determined according to the pur-chase method.

The company cash.life SICAV is not included in the consolidated financial statements as a result of its minimal business activity and its subordinate importance for the cash.life Group's net assets, financial position and earnings situation. The non-consolidated subsidiary accounts for less than 2.5 % of Group equity. The company has been classified in the Group consolidated financial statements as financial assets at amortised cost.

EGERIA Verwaltungsgesellschaft is shown in the consolidated financial statements as financial assets at amortised cost due to the fact that cash.life AG does not control this company.

4. CONSOLIDATED COMPANIES

4.1. Barwert GmbH

Name, headquarters
Barwert-Europäische Versicherungsvermittlungs GmbH, Großhansdorf

Date of company formation
8 October 2001

Company purpose
To act as an agent for insurers and insurance services with a focus on life insurance companies in Germany and the rest of Europe

Commercial register
Lübeck Local Court, section B, No. 4517 AH

Capital structure
Share capital EUR 25,000

Date of acquisition
1 July 2005

Acquired voting rights
100%. The transaction was accounted for in accordance with the purchase method.

Goodwill
EUR 2,623 thousand resulting from the position as a leading broker of life insurance policies in the German market. For the cash.life Group, significant synergies arise with respect to increases in its purchasing volume.

4.2. cash.life Vertriebsgesellschaft

Name, headquarters
cash.life Vertriebsgesellschaft mbH, Pullach

Date of company formation
9 January 2002

Company purpose
Appropriation of services for insurance companies, sales organisations and/or private in the field of sales support as well as the provision of consulting services in this field and activities as an insurance agent pertaining to section 93 of HGB. This does not include activities subject to a task proviso. The company was granted the permit according to section 34c subsection 1a of the GewO for the placement of loans.

Commercial register
Munich Local Court, section B, No. 145452

Capital structure
Share capital EUR 25,000

Date of acquisition
1 May 2006

Acquired voting rights
100%. The transaction was accounted for in accordance with the purchase method

Goodwill
EUR 1,008 thousand resulting from the position as an established service provider for insurance companies and sales organisations in Germany.

4.3. cash.life international
Name, headquarters
cash.life international Vertriebsgesellschaft m.b.H., Vienna/ Austria

Date of company formation
3 September 2003

Company purpose
Appropriation of services for insurance companies, sales organisations, agents and brokers as

well as the provision of consulting services in this area. Activities which underlie a task proviso are excluded.

Commercial register
Vienna Local Court/Austria; commercial register FN 239175 d

Capital structure
Share capital EUR 35,000

Date of acquisition
1 June 2006

Acquired voting rights
100%. The transaction was accounted for in accordance with the purchase method.

Goodwill
EUR 693 thousand; resulting from the position as an established broker of life insurance products in the Austrian market and as a platform for establishing the business model of cash.life AG in Austria. Impairments losses of EUR 343 thousand on goodwill were posted as of the balance sheet date (goodwill as of 31 Dec. 2007: EUR 350 thousand; see point 31.1.).

4.4. cash.life Vorsorge
Name, headquarters
cash.life Vorsorge GmbH & Co. KG, Pullach

Date of company formation
8 June 2006

Company purpose
Provision of placement, consulting and other services related to operating pension assurance models, the marketing of such models and the administration of time accounts and the portfolio management of capitalisation and other insurance products. Excluded activities are those subject to a task proviso, with the exception of those referring to section 34c of GewO.

Commercial register
Munich Local Court, section A, No. 88153

Capital structure
Limited partnership deposit EUR 50,000

Date of acquisition
8 June 2006

Acquired voting rights
100%. The transaction was accounted for in accordance with the purchase method.

4.5. Zeitwertkonten GmbH
Name, headquarters
Zeitwertkonten Verwaltungs GmbH, Pullach

Date of company formation
24 February 2000

Company purpose
Provision of placement, consulting and other services relating to operating pension schemes, the marketing of such models and the management of time accounts and portfolio management of capitalisation and other insurance products and the involvement as a shareholder in corporations and limited companies, particularly the involvement as a personally limited partner in limited partnerships, whose purpose is the provision of these services. The company has been granted approval in accordance with section 34c subsection 1b) of GewO.

Commercial register
Munich Local Court, section B, No. 161544

Capital structure
Share capital EUR 25,000

Date of acquisition
6 December 2005; initial consolidation in the consolidated financial statements as of 1 July 2006, simultaneously with the initial inclusion of the limited company, for which Zeitwertkonten Verwaltungs GmbH is the personally limited partner (see point 4.4).

Acquired voting rights
100%. The transaction was accounted for in accordance with the purchase method.

4.6. cash.life Policendarlehensvermittlung
Name, headquarters
cash.life Policendarlehensvermittlungs GmbH, Pullach (formerly cash.life FINANCIAL SERVICES GmbH)

Date of company formation
18 October 2006

Company purpose
Referral of customers to banks in the field of finance, particularly policy loans, but also other loans, demand deposits, loans on overdraft, credit cards etc., the referral of insurance and insurance services as well as the provision of service and other services in connection with the purposes listed above. Bank transactions and financial services in accordance with section 1 subsections 1 and 1a of the German Banking Law and the Law on Insurance Transactions in accordance with sections 1ff and 5ff of the Law on the Supervision of Insurance Companies are not the purpose of the company.

Commercial register
Munich Local Court, section B, No. 164525

Capital structure
Share capital EUR 25.000

Date of acquisition
18 December 2006; initial consolidation in the consolidated financial statements as of 1 January 2007.

Acquired voting rights

100%. The transaction was accounted for in accordance with the purchase method.

Acquired net assets	**Fair value** (EUR thousand)
Bank, cash balances	*24*
Net assets	*24*

The fair values are equal to the carrying amounts determined prior to the merger.

Purchase price

EUR 27,000

Paid in cash in 2006. The difference amount between net assets and purchase price was recognised as an expense in 2007.

The profit in the financial year amounts to EUR -260 thousand.

4.7. cash.life Treuhand

Name, headquarters

cash.life Treuhand Zeitwertkonten- und Pensionssicherung GmbH, Pullach

Date of company formation

12 October 2006

Company purpose

Insolvency insurance of money on account in the framework of time account models through the securities held in trust and the provision of related services. Bank transactions and financial services in accordance with section 1 subsections 1 and 1a of the German Banking Law or other activities requiring approval are not the purpose of the company.

Commercial register

Munich Local Court, section B, No. 164340

Capital structure
Share capital EUR 25,000

Date of acquisition
20 December 2006; initial consolidation in the Group consolidated financial statements as of 1 January 2007.

Acquired voting rights
100%. The transaction was accounted for in accordance with the purchase method.

Acquired net assets	**Fair value (EUR thousand)**
Bank, cash balances	*24*
Net assets	*24*

The fair values are equal to the carrying amounts determined prior to the merger.

Purchase price
EUR 27,000

Paid in cash in 2006. The difference amount between net assets and purchase price was recognised as an expense in 2007.

Group cash inflow at acquisition in 2007
EUR 24,000

Result in the financial year
The profit in the financial year amounts to EUR -1 thousand

4.8. cash.life Financial Services

Name, headquarters
cash.life Financial Services GmbH, Pullach

Date of company formation
24 October 2007

Company purpose
Purchase and use of existing life insurance policies and pension assurance as well as capitalisation rates both domestically and abroad; provision of administrative services and services in connection with the management of endowment insurance funds; purchase, management and sale of companies, parts of companies and participations; creation and structuring of investment products and the related provision of consulting services; proprietary or third-party arbitrage transactions; purchase and use of other assets and all types of receivables. Excluded activities include those which are subject to limiting conditions according to the Law on the Supervision of Insurance Companies or the German Banking Law (KWG), as well as activities which fall under section 34 c of the Trade Regulation Act.

Commercial register
Munich Local Court, section B, No. 170841

Capital structure
Share capital EUR 25,000

Date of acquisition
24 October 2007; initial consolidation in the Group consolidated financial statements as of 24 October 2007.

Acquired voting rights
100%. The transaction was accounted for in accordance with the purchase method.

Acquired net assets	**Fair value** (EUR thousand)
Bank, cash balances	*25*
Net assets	*25*

The fair values are equal to the carrying amounts determined prior to the merger.

Purchase price
EUR 25,000

Group cash outflow at acquisition in 2007
No cash outflow at acquisition

Consolidated financial statements

Profit in financial year
eur -159 thousand since the date of inception that was also the purchase date.

5. change versus the previous year

Compared to the last balance sheet date of 31 December 2005, three additional companies have been newly incorporated into the consolidated financial statements. This brings the total number of companies within the scope of consolidation to nine including cash.life ag. Two companies are accounted for as financial assets as of the balance sheet date

6. changes after the balance sheet date

The business field of time account and pension schemes was discontinued in January 2008. The sale is based on a corresponding forecast and is in line with the announced strategy of shifting the company's concentration to primarily the purchase and sale of policies. The share purchase agreement and the contract of assignment from 25 January 2008 (Cert. No. 0485/2008 of notary Dr. Bernhard Schaub, Munich) marked the sale and surrender of the limited partnership interest in cash.life Vorsorge and the shares in Zeitwertkonten GmbH and in cash.life Treuhand by the parent company cash.life ag. The sale was based on the annual financial statements as of 31 December 2007. The profit and loss shares allotted to the sold limited partnership interest and the dividends to be paid out accruing from the sold company shares are available to the buyer as of 1 January 2008. The discontinued operations are shown in the balance sheet, income statement and cash flow statement as well as in the appendix.

BASIS AND METHODS

7. consolidated financial statements

The consolidated financial statement was prepared in accordance with the International Financial Reporting Standards (ifrs of the International Accounting Standards Board (iasb)); interpretations by the International Financial Reporting Interpretations Committee (ifric) and by the Standing Interpretations Committee (sic) were taken into account. Additionally, the supplementary guidelines laid out in section 315a subsection 1 hgb were applied. New standards passed by the iasb will be applied starting from the date of their validity.

The accounts of the individual companies have been prepared according to a uniform set of accounting and valuation principles for their inclusion in the Group consolidated financial statements. All consolidated companies have their balance sheet date on 31 December.

8. METHODS OF CONSOLIDATION

The initial consolidation of the subsidiaries included within the scope of consolidation is the date of acquisition. At that time, cash.life AG's amortised costs recorded for consolidation were offset with each of the shareholders' equity of the consolidated companies. The resulting positive difference amounts from the consolidation were classified as goodwill under intangible assets. The difference amount in the consolidation of cash.life Treuhand Zeitwert- und Pensionssicherung GmbH of EUR 3 thousand and cash.life Policendarlehenvermittlungs GmbH of EUR 3 thousand was accounted for as an expense in the financial year.

The effects of intra-group business transactions have been eliminated in the context of the consolidation. Receivables and liabilities between the consolidated companies are offset against each other, and any intra-group profits and losses have been eliminated. Any intra-group profits have been offset by the corresponding expenses. The necessary tax accruals/deferrals have been made for any temporary differences resulting from the consolidation.

The consolidated financial statements were prepared in euros (EUR) or in thousands of euros (EUR thousand).

Segment reporting is not conducted in the consolidated report 2007 for reasons of materiality. The interim financial statements as of 30 June 2007 and 30 September 2007 of the Group assumed a continuation of the »time account and pension schemes« business field. The sale of the segment in January 2008 in the form of a management buyout has led us to refrain from segment reporting in the 2007 consolidated financial statements. Subsequently, reportable segments or geographical segments that exceed the thresholds of 10% or more defined in IAS 14.35 with regard to segment revenues, segment income or segment assets do not exist.

SIGNIFICANT ACCOUNTING AND VALUATION METHODS

9. ACCOUNTING PRINCIPLES

The significant accounting and valuation methods applied are detailed below. For acquisitions, the assets and liabilities of the subsidiary have been valued at fair value at the time of purchase. The surplus from the amount in which the purchase price exceeded the fair value of each of the subsidiaries' identifiable net assets was reported as goodwill.

Earnings generated by the subsidiaries in the course of the financial year in which they were acquired were each included in the consolidated income statement starting from the effective date of the acquisition. The annual financial statements of the subsidiaries have been adjusted as necessary in order to adapt the accounting and valuation methods to those of the parent company. All principle intra-group transactions, balances and intermediate results between Group companies have been eliminated in the context of the consolidation. There were no changes to the accounting and valuation methods from the previous year.

The lower of the carrying amount and net present value was applied for the discontinued operations and shown separately in the consolidated financial statements under consideration of the sale costs.

10. GOODWILL

Goodwill resulting from the scope of consolidation is capitalised in accordance with IFRS 3 (business combinations) and classified under intangible assets. Goodwill is subject to an impairment test at least once per year.

11. RECOGNITION OF PROFITS AND LOSSES

Revenues and other operating income are recognised when the service has been rendered, the amount of the income can be reliably predicted and the economic benefit is likely to accrue to the Group. Operating expenses are recognised in the income statement at the time the service is rendered or at the time the expense is incurred.

12. LEASING CONTRACTS

According to IAS 17, leasing contracts must be classified as either financing or operating leases. The leasing contracts concluded by the cash.life Group only pertain to operating leases. The leasing instalments are recognised as leasing expenses by the lessee, the cash.life Group, and are classified under other operating expenses with effect on the income statement.

13. FOREIGN CURRENCY

Foreign currency transactions are accounted for at the exchange rates effective at the time of the business transaction. Receivables and liabilities are assessed in a foreign currency using the average exchange rate as of the balance sheet date. Foreign currency transactions take on merely minor significance in the cash.life Group.

14. BORROWING COSTS

Borrowing costs are recognised as an expense in the period in which they incur.

15. OPERATING PROFIT

Operating profit includes all income and expenses before the financial result and taxes on income.

16. INCOME TAXES

The income tax expense represents the total of actual and deferred taxes on income. Taxes on income are calculated on the basis of applicable tax law and are recognised as an expense in the period in which the corresponding profits are realised.

Deferred taxes are accrued for temporary differences between the valuation according to IFRS and the tax values determined according to the balance sheet liability method. Deferred tax liabilities are fundamentally accrued for all taxable temporary differences. Deferred tax assets are accrued to the extent that it is likely that taxable income will be available against which deductible temporary differences can be applied. Deferred taxes are not accrued in the event that temporary differences arise from goodwill that is not tax-deductible. Deferred taxes are subject to valid tax rates applicable for the expected period in which an asset is to be sold or a liability is to be repaid. The calculation of deferred taxes is based on valid tax rates applicable for the expected period in which an asset is to be sold or a liability is to be repaid. As such, the tax rates and regulations valid or announced as of the balance sheet date are used.

Deferred tax assets are recognised for tax-loss carry forwards to the extent that it is likely that future taxable income will be generated that can be offset by the existing tax-loss carry forwards. A tax rate of 29% has been applied for the valuation of deferred taxes in these annual financial statements after 35% in the previous year

17.INTANGIBLE ASSETS

Acquired computer software is recognised at purchase cost, less accumulated amortisation. Assets are amortised pro rata temporis on a straight-line basis over a common economic useful life of three years. Internally created intangible assets are capitalised within the development phase provided that

› the technical feasibility of the project is available in terms of the economic realisation,
› the project is intended to be finished,

› the ability to use its own or sell its intangible assets exists,
› the future economic advantage is demonstrated,
› the availability of the required technical, financial and other resources is stated and demonstrated through to achievement, and
› the reliable identification of the costs accounted for in intangible assets during the development phase is possible.

18. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment used for business activities for a period exceeding one year are recognised at purchase cost less accumulated depreciation. They are depreciated pro rata temporis on a straight-line basis over a common economic useful life of three to ten years. Repair costs are recorded immediately as expenses. Income from asset disposals is recognised on the income statement under revenues or other operating expenses. Assets for which the purchase cost is less than EUR 410 are fully written off in the year they are purchased. The alternative new valuation method has not been employed.

19. IMPAIRMENT OF FIXED AND INTANGIBLE ASSETS

Fixed, financial assets and non-current intangible assets (including amortised goodwill) are subject to an impairment test in accordance with IAS 36. Write-downs and impairment losses on goodwill amounting to EUR 343 thousand and capitalised development costs at EUR 348 thousand, as well as operating and office equipment at EUR 100 thousand were carried out in 2007.

20. FINANCIAL ASSETS

Shares in associated companies which are not consolidated and companies in which an equity investment is held are recorded at their purchase cost.

21. FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised on the balance sheet at the point in time when the Group becomes the contractual partner.

Financial assets are divided into the following categories:
› Financial assets recognised at fair value through profit or loss.
› Loans and receivables.
› Held to maturity financial assets.
› Available-for-sale financial assets.

The categorisation depends on the respective purpose for which the financial assets were acquired. The management decides the categorisation of the financial assets upon initial recognition and reviews the categorisation at every balance sheet date.

21.1. Assets at fair value through profit or loss

This category contains financial assets that were categorised as »recognised at fair value through profit or loss«. A financial asset is assigned to this category if it was principally acquired with the intention to sell in the short term or the financial asset was designated accordingly by the management. Derivatives belong in this category as well. Assets in this category are accounted for as current assets if they are either held for trading purposes or expected to be realised within 12 months following the balance sheet date. The assets in the category »recognised at fair value through profit or loss« are recognised at fair value. Realised and non-realised profits and losses from the change in assets as fair value in the category of »recognised at fair value through profit or loss« are recognised in the income statement in the period in which they occur.

21.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or definable payments that are not traded in an active market. They occur when the Group provides money, goods or services directly to a debtor without intending to trade these receivables. They are included among current assets as long as their term does not exceed 12 months on the balance sheet date, and among non-current assets if the term is more than 12 months from the balance sheet date. Loans and receivables are included in trade receivables and other receivables on the balance sheet. Loans and receivables are entered on the balance sheet at amortised costs using the effective interest method.

21.3. Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed and definable payments and fixed terms. The Group management has the intent and ability to hold these until maturity.

Loans are non-derivative financial assets with fixed and definable payments that are not traded in an active market. These are fixed at fair value at the start and are subsequently valued at amortised costs using the effective interest method and deducting value allowances. If the term exceeds 12 months, these are accounted for as non-current assets. They are classified among current assets if their term does not exceed 12 months after the balance sheet date or, with a term that exceeds 12 months, if they are not regularly turned around in line with the ordinary business dealings. Held-to-maturity financial assets are recognised in the balance sheet at amortised costs using the effective interest method.

21.4. Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets classified either in this category or in none of the other mentioned categories. They are classified as non-current assets provided that the management does not intend to sell them within 12 months of the balance sheet date.

All purchases and sales of financial assets are made as of the trading day. This is the day on which the Group undertakes to buy and sell the assets. Financial assets belonging to the category of »Available-for-sale financial assets« are initially recognised at fair value plus transaction costs. These are reversed if the rights to payments have lapsed or have been carried over and the Group has primarily carried over all risks and opportunities associated with the property. Available-for-sale financial assets are recognised at fair value.

Short-term fluctuations in value resulting from the change in the fair value of securities classified under »Available-for-sale financial assets« are directly taken to equity. Should securities categorised as »Available-for-sale financial assets« be sold or impaired, the adjustments to the fair value accumulated in equity are recognised with effect on the income statement as profits and losses from financial assets.

The fair values of traded shares are determined according to the current bid price. In the absence of an active market for financial assets or an instance of unlisted assets, the fair values are determined by way of suitable valuation methods. These include references to past transactions between independent business partners, the use of current market prices of other assets which are similar to the asset under review, discounted cash flow procedures, and option price models which take the special circumstances of the issuer into account.

Should a contract include one or more embedded derivatives, which must be shown separately in accordance with IAS 39.11, these are recognised at fair value for both the initial inclusion and in subsequent periods. Profits or losses from value fluctuations are recognised immediately in the income statement.

An examination is carried out on every balance sheet date to check for the presence of objective evidence of impairment of a financial asset or of a group of financial assets. In the case of equity instruments classified as »Available-for-sale financial assets«, a significant or sustainable decline in the fair value is considered under the purchase costs of these equity instruments when determining the extent to which the equity instruments have been impaired. In the case of an indication of this type for »Available-for-sale financial assets«, the accumulated loss (as measured by the difference between the acquisitions costs and the current fair value) is written off less the impairment losses from equity determined from the financial assets considered and included in the income statement. Impairment losses of equity instruments included once in the income statement are not reversed with effect on income.

21.5. Financial risk factors

The objective of the disclosures in accordance with IFRS 7 is to relay information (which is relevant for making decisions) on the amount, time and likelihood of cash flows emerging in the future that result from financial instruments, as well as to assess the risks resulting from financial instruments.

The Group's activities lead to a number of financial risks: market risks (currency risk, interest rate risk and price risk) as well as credit risks and liquidity risks. The entire Group's risk management focuses on the unpredictability of financial markets and attempts to minimise the potential nega-tive effects on the Group's financial services. The Group employs derivative financial instruments in hedging certain risks. The fair value of derivative financial instruments has been determined using market prices as a basis. Underlying cash flows have not been discounted as a result of the short-term nature of the instruments.

For the purpose of controlling the financial risk management, the Management Board has set up a central staff function that continuously identifies, analyses and hedges the risks to which the Group is exposed.

The Management Board provides written procedural requirements for the management of risks arising from currency fluctuations and interest rates. There are no other financial market risks.

21.5.1. Currency risk

Foreign currency transactions are included at the exchange rates at the time of the business transaction. Receivables and liabilities are valued in foreign currency at any balance sheet date using the average exchange rate on that balance sheet date. Foreign currency transactions do not play a major role for the cash.life Group and primarily refer to business activities in the GBP zone.

In the period from 1 January 2006 to 31 December 2007, the Group had no shares in companies outside of the EURO region.

Had the euro appreciated by 10% over all currencies in which open interest was posted as of 31 December 2007, the profit and equity would have been EUR 24 thousand lower (2006: EUR 12 thousand). The hypothetical earnings effect of EUR 24 thousand (previous year: EUR 12 thousand) results from the currency sensitivities of the EUR/GBP.

21.5.2. Interest rate risk

Risks arising from changes to interest rates are shown by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest payments, interest income and expenses, other earnings shares and equity. The sensitivity analyses of interest rates are based on the following assumptions:

Value fluctuations of financial instruments with a fixed interest rate as a result of changes to market interest rates only impact the result when recognised at fair value. According to this, no financial instruments valued at amortised cost with fixed interest rates are exposed to risks arising from interest rate fluctuations in accordance with IFRS 7.

Given the fact that the Group primarily has to finance current assets, this takes place through short-term funds, particularly through banks, for which the 1-month EURIBOR is used as a base interest rate. The Group has signed several cap agreements with major German banks totalling EUR 400,000 thousand on average which are not subject to the hedge accounting.

Had the EURIBOR as of 31 December 2007 been 50 basis points higher (lower), the profit and equity would have been EUR 49 thousand lower (2006: EUR 686 thousand) or EUR 49 thousand higher (2006: EUR 1,072 thousand). This is based on the assumption that the amount drawn down on the respective balance sheet date is mainly in line with the average amount drawn down over the financial year. There were no foreign currency loans on the respective balance sheet dates.

21.5.3. Liquidity risk

The Group continuously monitors the risk of a liquidity bottleneck using a liquidity forecast calculation that takes the expected cash flows from the continuing activities into account.

The use of short-term bank financing as an operating financing instrument guarantees financing dependent on revenues. This ensures that the fluctuating trade payables in connection with likewise fluctuating revenues are financed at any time.

The management of liquidity therefore entails maintaining a sufficient reserve of cash and the possibility to finance through an adequate amount of approved credit. Given the dynamic of the business environment in which the Group operates, the goal is to maintain the flexibility needed for financing with the availability of a sufficient amount of unused credit and cash. The Group believes it will be able to handle its existing financial liabilities using the cash on hand and the credit lines available in the short term.

The following illustration gives information on the financial liabilities and liabilities from derivative financial instruments. These are classified depending on their remaining terms and refer to undiscounted cash flows:

	31 Dec. 2007 (EUR thousand)			**31 Dec. 2006** (EUR thousand)		
Year(s)	**← 1**	**1-5**	**→ 5**	**← 1**	**1-5**	**→ 5**
Trade payables	*65,745*	*0*	*0*	*1,136*	*0*	*0*
Liabilities from the purchase of insurance contracts	*58,705*	*0*	*0*	*65,858*	*0*	*0*
Liabilities to banks	*314,809*	*40,000*	*0*	*174,377*	*40,000*	*0*
Other financial liabilities	*3,644*	*280*	*133*	*4,401*	*526*	*156*
Total of non-derivative financial liabilities	*442,903*	*40,280*	*133*	*245,772*	*40,526*	*156*

21.5.4. Credit risk

Credit or default risks are the result of contract partners not meeting their liabilities from financial instruments. There is no significant concentration on potential credit risks within the Group. The maximum default risk in all cases equals the carrying amounts. No impairments losses had to be recognised with financial instruments. The Group operates its own proactive credit management with its own credit check. A scoring system with a permanent check is used in Germany and Austria. An internal rating is applied for every insurance contract by way of a detailed, permanent credit check. The Group believes it has a sufficient amount of credit risk provisioning for credit risks.

21.5.5. Other price risks
In the framework of the presentation of market risks, IFRS 7 also requires information on how hypothetical changes in risk variables affect the prices of financial instruments. There were no such other price risks on the balance sheet dates 31 December 2007 and 31 December 2006.

21.6. Management of capital
IAS 1.124 A–C requires information regarding a company's own definition of the term capital as well as the goals and practices of how the company's capital is managed. This includes both qualitative and quantitative data. The primary goal of the Group's capital management is to ensure that the ability to pay back debt and the financial substance are also maintained in the future.

Within the Group, the current and non-current financial liabilities (interest-bearing liabilities) less cash and cash equivalents as well as demand deposits are accounted for as capital. The maximum scope of available financing is included in the consideration. The data retrieved from this is contrasted with the equity on the balance sheet.

As of 31 December 2007, this ratio is impacted by the expansion of the trading portfolio in 2007 and the associated taking up of current liabilities to banks. The primary goal is to strengthen the capital structure in the long term using positive cash inflows.

22. NON-CURRENT RECEIVABLES
Receivables with a remaining term to maturity of more than one year are discounted at an annual interest rate (that is appropriate with regard to the term) of 5.5% on the balance sheet date.

23. CURRENT RECEIVABLES FROM INSURANCE CONTRACTS
The receivables from insurance contracts held for trading purposes are accounted for at fair value. Profits and losses resulting from the valuation are recognised in the income statement. Taking IAS 39AG 76A as a basis, the approach uses the value allocated to the assets on the secondary endowment policy market. The basis is thus the purchase price originally paid considering changes in market data, particularly interest rates, as well as the company's internal rating of insurance companies, the terms of the insurance contracts, and the development of redemption values. It is furthermore assumed that the figure will near the redemption value overall in time.

24. Current receivables and other assets

Current receivables and other assets are valued at fair value at the time of initial inclusion. Trade receivables are recognised at face value. When doubts concerning recoverability exist, the receivable is recognised at its lower recoverable value. Tax refund claims arising from taxes on income are recognised at their notional amount and include the refund claims against the responsible tax authority. Other receivables and other assets are recognised at their notional amount.

25. Non-current liabilities

Non-current liabilities are assessed according to the discounted value of future amounts paid out. The liabilities to agents included here are discounted at an annual interest rate of 5.5%.

26. Current liabilities

Current liabilities are recognised at amortised cost. This amount corresponds to the repayment amount in cash.life Group's liabilities. Interest-bearing loans from banks are recognised at the amount paid. Financing costs, including those for the repayment or redemption of payable premiums, are recognised according to the accruals concept principle.

27. Tax provisions

Tax provisions include obligations from the trade tax on income due to municipal public authorities.

28. Other provisions

Other provisions include all other recognisable obligations which are based on past events and whose amount and timing are uncertain as of the balance sheet date. Provisions are only accrued when a legal or factual obligation to a third party exists. The provisions are recognised at the value required to fulfil the claim and are not netted with refund claims. Provisions are valued using the best estimate methodology.

29. Derivative financial instruments and hedging transactions

The Group is subject to interest rate risk resulting from its activities. Interest rate caps and floors with a maximum rate agreement are concluded in order to secure future cash flows. Derivative financial instruments are not used for speculative purposes. The derivatives are not subject to the hedge accounting criteria and are recognised at fair value.

The use of derivative financial instruments must be approved by the Management Board in each individual case. Financial derivatives are recognised at fair value. The derivatives are reported on the basis of the valuation of the contract banks and on the expected interest development. Changes in the fair value of derivative financial instruments which do not fulfil the criteria for hedge accounting are recognised with effect on the income statement in the period in which they arise. In the reporting period, the cash.life Group did not have any financial derivatives which met the criteria for hedge accounting.

30. INCOME STATEMENT

The income statement has been prepared according to the total expenditure format. Taxes on income include deferred taxes as well as actual taxes on income.

NOTES TO THE CONSOLIDATED BALANCE SHEET

The following notes concern the consolidated balance sheet as of 31 December 2007:

Continuing operations

31. FIXED ASSETS

The development of Group fixed assets is shown in the Group schedule of fixed assets. The initial consolidation of subsidiaries did not result in additions to assets in the financial year.

31.1. Intangible assets

Balance sheet value: EUR 4,560 thousand (Previous year: EUR 4,946 thousand). Intangible assets include goodwill from the initial consolidation of subsidiaries in the financial year as well as computer software.

	As of 1.1.2007	CC (1)	Additions	Amortisation	As of 31.12.2007
Goodwill	*4,324*	*0*	*0*	*343*	*3,981*
Software	*622*	*0*	*269*	*321*	*570*
Advance payments	*0*	*0*	*9*	*0*	*9*
Total	*4,946*	*0*	*278*	*664*	*4,560*

(1) Change in consolidation. All in EUR thousand

At the initial consolidation of Barwert GmbH, cash.life Vertriebsgesellschaft and cash.life international, the goodwill acquired was capitalised (see points 4.1.–4.3.). The amortised goodwill was subject to an impairment test in the 2007 financial year. The acquired companies are companies active as brokers of used endowment insurance poli-cies. The company purpose of cash.life AG is to acquire policies of this type and to resell them to third parties in connection with the management of the foreign policy portfolio for a servicing fee. Acquiring companies takes on the purpose of gaining the volume of policies needed for policy purchases. The policies of acquired companies primarily referred by cash.life AG have been identified as cash-generating units (CGU).

The carrying amounts of the goodwill classified as CGUs amount to:

	EUR thousand
Barwert GmbH	*2,623*
cash.life Vertriebsgesellschaft	*1,008*
cash.life international	*350*

The amount recoverable in accordance with IAS 36.18 equals the value in use at cash.life. In order to examine the recoverability, the values in use have been determined and contrasted with the amortised goodwill. This results in a subsequent need for impairment at cash.life international. An impairment of EUR 343 thousand from EUR 693 thousand to EUR 350 thousand has been carried out on the amortised goodwill of cash.life international due to the slower-than-planned development of the subsidiaries. The value in use of the CGU is determined on the basis of current three-year financial budgets through the year 2010. The cash flows from the purchase of policies and the sale thereof to funds serve as a basis, as do the cash flows from managing policies associated with the sale through to their maturity. The annual value-based growth rate of the sale of policies and thus their management as well was assessed at approx. 10%. The cash flows achievable from the servicing fee increase with the growth of policies through to their maturity. These cash flows exhibit an extremely high visibility. The growth of policies managed is based on the known average yield of the growth of policies in the 2007 financial year. The cash flows have been discounted at a rate of 9.8% p.a.

Additions to software primarily pertain to the acquisition of additional expansion levels of the Calipso, Calihopa, Calimero and Castagena computer programmes. Computer software is amortised pro rata temporis on a linear basis over a common useful life of three years.

31.2. Property, plant and equipment

Balance sheet value: EUR 2,542 thousand (Previous year: EUR 2,853 thousand). Property, plant and equipment composed as follows:

	As of 1.1.2007	CC (1)	Additions	Amortisation	As of 31.12.2007
Operating and office equipment	2,012	0	364	577	1,794
				5 (R)	
Renter improvements	606	0	60	153	743
			230 (U)		
Low-value assets	0	0	5	5	0
Advance payments	235	0	0	230 (U)	5
			230 (U)	230 (U)	
				5 (R)	
	2,853	0	429	735	2,542

(1) Change in consolidation, (U) = Reclassification. (R) = Release. All in EUR thousand

There were no additions to fixed assets from the change in the scope of consolidation. Additions to property, plant and equipment of EUR 429 thousand (previous year: EUR 1,064 thousand) are due primarily to investments in connection with the staff expansion and the investments at the Pullach location. Operating and office equipment and renter improvements of EUR 100 thousand were depreciated in connection with restructuring measures.

31.3. Financial assets

Balance sheet value: EUR 1,283 thousand. (Previous year: EUR 1,334 thousand). The carrying amount includes the amortised equity investments in cash.life SICAV amounting to EUR 1,280 thousand as well as EGERIA Verwaltungsgesellschaft. Neither of these companies is included in the scope of Group consolidation (see the notes to the legal structure of the Group, point 3 Scope of consolidation). As of 1 January 2007, cash.life Policendarlehensvermittlung (formerly cash.life FINANCIAL SERVICES GmbH), which was still posted under financial assets in the previous year, and cash.life Treuhand were consolidated within the Group consolidated financial statements with the equity investment carrying amount of EUR 54 thousand.

32. DERIVATES

Balance sheet value: EUR 6,793 thousand. (Previous year: EUR 5,583 thousand). The cash.life Group entered into three additional interest rate hedges in order to hedge interest rate risk in the financial year and ended two. The interest rate derivatives are recognised at fair value. They have been classified as non-current financial assets because their maturities exceed 12 months. Details on the individual financial derivatives are provided in points 21.5, 29, 51 and 68.3. Changes in the fair value of the derivatives are recorded under financial income (see point 63.1).

33. DEFERRED TAX ASSETS

Balance sheet value: EUR 4,991 thousand (Previous year: EUR 5,212 thousand). Deferred tax assets are composed as follows:

	TOD (1)	**TCF** (2)	**IRD** (3)	**Total**
As of 1.1.2007	*0*	*4,848*	*364*	*5,212*
Change in the scope of consolidation	*0*	*0*	*0*	*0*
not affecting net income	*0*	*0*	*0*	*0*
Amount affecting the income statement in the financial year	*323*	*- 474*	*- 70*	*- 221*
As of 31.12.2007	*323*	*4,374*	*294*	*4,991*

(1) Temporary other differences, (2) Tax-loss carry forwards, (3) Interest rate derivatives. All in EUR thousand

As of the balance sheet date, the cash.life Group maintained unused trade tax-loss carry forwards amounting to EUR 4,917 thousand (previous year: EUR 5,396 thousand) as well as corporate tax-loss carry forwards amounting to EUR 24,062 thousand (previous year: EUR 17,758 thousand). The losses can be carried forward for an indefinite period of time. Deferred tax assets were accrued for all loss carry forwards at cash.life AG, cash.life Policendarlehensvermittlung and cash.life Financial Services due to the anticipation of profits in the future. No deferred tax assets were accrued on loss carry forwards of Zeitwertkonten GmbH or cash.life Vorsorge. An impairment of 50% was carried out on deferred tax assets for loss carry forwards at cash.life international as a result of the slower-than-planned company development. The other temporary differences to the tax valuations pertain to provisions for impending losses, which are first tax-deductible when drawing on the provision.

34. NON-CURRENT RECEIVABLES

Balance sheet value: EUR 2,157 thousand. (Previous year: EUR 2,419 thousand. The reported figure pertains to non-interest-bearing commission receivables with a remaining term of more than one year. The receivables have been discounted at 5.5% (previous year: 4.5%) as of the balance sheet date.

35. RECEIVABLES FROM INSURANCE CONTRACTS

Balance sheet value: EUR 444,698 thousand (Previous year: EUR 286,276 thousand). The receivables from insurance contracts pertain to life insurance policies in the proprietary trading portfolio (»held for trading«). Insurance policies have different contract terms. The policies are primarily sold on short notice following their acquisition. The receivables are accounted for at the fair value. The trading portfolio has increased by EUR 158,422 thousand over the previous year. Receivables from insurance contracts are measured using a valuation method which is not supported by listed market prices. The receivables from insurance contracts of EUR 324,684 thousand (previous year: EUR 172,575 thousand) act as collateral for current liabilities to banks.

36. TRADE RECEIVABLES

Balance sheet value: EUR 31,268 thousand (Previous year: EUR 16,378 thousand).

Composition	**31.12.2007** (EUR thousand)	**31.12.2006** (EUR thousand)
Policy sales and servicing	*30,256*	*13,108*
Premium accruals from insurance policies	*230*	*1,750*
Maturity payments from insurance policies	*0*	*789*
Other	*782*	*731*
Total	*31,268*	*16,378*

The reported figure primarily pertains to receivables from closed-end funds from the sale of policies as well as from servicing. As of the end of February 2008, 21% of the receivables had been received. The essential part of the remaining receivables is scheduled to be paid at the end of March 2008.

37. TAX REFUND CLAIMS

Balance sheet value: EUR 18,476 thousand. (Previous year: EUR 11,620 thousand). Tax refund claims resulted primarily from allowable capital gains taxes including the solidarity surcharge at cash.life AG, for the most part relating to tax withholdings of insurance income.

38. OTHER RECEIVABLES AND OTHER ASSETS

Balance sheet value: EUR 3,996 thousand (Previous year: EUR 3,073 thousand).

Composition	31.12.2007 (EUR thousand)	31.12.2006 (EUR thousand)
Accrual of pre-paid life and social security insurance premiums	*3,069*	*2,307*
Advance payments	*430*	*0*
Other assets	*497*	*766*
Other	*3,996*	*3,073*

The other assets predominantly pertain to commission revenues.

39. SHARE CAPITAL

Balance sheet value: EUR 8,580 thousand (Previous year: EUR 8,580 thousand). The company's share capital amounts to EUR 8,579,900.00 and is divided into 8,579,900 individual ordinary bearer shares. Authorised capital amounts to EUR 3,120 thousand as of 31 December 2007. With resolution of the Annual Shareholders' Meeting on 29 June 2007, the Management Board was authorised to acquire up to 857,900 of the company's shares once or several times in their entirety, or in partial amounts until 31 December 2008. This amounts to 10% of the company's current share capital.

40. CAPITAL RESERVES

Balance sheet value: EUR 24,908 thousand (Previous year: EUR 24,908 thousand). The figure pertains to the agio paid in the scope of the capital increase in 2006. The costs of the capital increase at EUR 673 thousand were netted in 2006 with capital reserves of EUR 439 thousand after deduction of their tax advantage (EUR 234 thousand).

41. REVENUE RESERVES

Balance sheet value: EUR 13,239 thousand (Previous year: EUR 10,629 thousand). The balance sheet value includes the statutory reserve of EUR 780 thousand, as well as the 2005 Group net income allocated to the reserves of EUR 9,849 thousand, and the 2006 Group net income of EUR 6,900 thousand less the dividend payout of EUR 4,290 thousand in 2007. See Consolidated statement of shareholders' equity for a detailed description of the develop-ment of overall equity.

The Management Board has withdrawn an amount of EUR 3,813 thousand from revenue reserves in preparing the annual financial statements of cash.life AG.

The Management Board of cash.life AG on 17 March 2008 agreed to propose to the Annual Shareholders' Meeting assessing net profit accounted for in cash.life AG's 2007 financial statements at EUR 0.00.

42. DEFERRED TAX LIABILITIES

Balance sheet value: EUR 1,970 thousand (Previous year: EUR 1,899 thousand). The figure pertains to deferred tax liabilities from the asset values of interest rate hedging transactions at the balance sheet date to the amount of EUR 6,793 thousand. A future tax rate of around 29% has been used as a basis (see point 32. Derivatives).

43. NON-CURRENT LIABILITIES TO BANKS

Balance sheet value: EUR 40,000 thousand (Previous year: EUR 40,000 thousand). The figure pertains to liabilities to banks with a remaining term exceeding one year in the amount of EUR 40,000 thousand (previous year: EUR 40,000 thousand). There is a legal cancellation right in accordance with section 489 subsection 2 and 4, clause 1 of BGB. Credit liabilities primarily serve to finance the trading portfolio (see point 45 for the details on collateral). The liabilities accrue interest with a EURIBOR reference for 6-month EUR deposit plus a spread of 0.8%. The interest period is six months. The next interest payment is due in April 2008.

44. OTHER NON-CURRENT LIABILITIES

Balance sheet value: EUR 413 thousand (Previous year: EUR 682 thousand). This figure refers to interest rate hedges in an amount of EUR 144 thousand (previous year: EUR 391 thousand) as well as commission liabilities to brokers of EUR 269 thousand (previous year: EUR 291 thousand). Non-interest-bearing commission liabilities are discounted on a yearly basis at 5.5% as of the balance sheet date.

45. CURRENT LIABILITIES TO BANKS

Balance sheet figure: EUR 314,809 thousand. (Previous year: EUR 174,377 thousand). Current liabilities to banks primarily serve to finance the trading portfolio and all have a remaining term of less than one year. Repayment is possible at any time. The interest rate is geared towards the 1-month EURIBOR plus the interest margin. The interest rate period generally amounts to one week. Current liabilities to banks can be repaid at any time. Cash outflows and inflows are directly determined by the volume of purchased life insurance policies as well as those sold to funds. This is supplemented by corresponding financial planning. The company has carried out interest rate hedging measures through to the balance sheet date through the conclusion of seven CAPs and a SWAP with a cap agreement. Additional interest rate hedges are carried out depending on the future need (see points 32 and 51). Guarantees to banks were mainly provided through the surrender of all rights and claims result-ing from life and social security insurance contracts. The total amount of liabilities to banks covered by liens and similar rights amounted to EUR 324,484 thousand (previous year: EUR 172,575 thousand).

46. LIABILITIES FROM THE PURCHASE OF INSURANCE CONTRACTS

Balance sheet value: EUR 58,705 thousand (Previous year: EUR 65,858 thousand). The figure pertains to purchase price liabilities to the sellers of life insurance or pension assurance policies. As of the end of February 2008, 99% of the liabilities had been settled.

47. TRADE PAYABLES

Balance sheet value: EUR 65,745 thousand (Previous year: EUR 1,136 thousand). The figure pertains to liabilities from ongoing activities. The increase of EUR 64,609 thousand over the previous year is predominantly the result of the purchase of two endowment insurance policies amounting to a total of EUR 58,880 thousand in December 2007. As of the end of February 2008, 99% of the liabilities had been settled.

48. OTHER CURRENT LIABILITIES

Balance sheet value: EUR 3,644 thousand (Previous year: EUR 4,401 thousand). Other current liabilities as of 31 December 2007 mostly pertain to interest accruals to banks.

49. CURRENT PROVISIONS

Balance sheet value: EUR 3,464 thousand (Previous year: EUR 2,282 thousand). Current provisions pertain to tax provisions and other provisions.

49.1. Provisions for taxes on income

	As of 1.1.2007	Use	CC (1)	Additions	As of 31.12.07
cash.life AG					
Trade tax	649	562	0	0	87
cash.life international					
Corporate tax	2	2	0	0	0
cash.life Vertriebsgesellschaft					
Corporate and trade taxes	0	0	0	8	8
Barwert GmbH					
Corporate and trade taxes	9	9	0	15	15
Total	660	573	0	23	110

(1) Change in consolidation. All in EUR thousand.

49.2. Other current provisions

	As of 1.1.07	Use	CC (1)	Additions	As of 31.12.07
Personnel costs	697	697	0	967	967
Other restructuring Costs	0	0	0	1,150	1,150
Legal and consulting costs	686	686	0	400	400
Outstanding invoices		15 (R)			
	239	224	0	837	837
Total		15 (R)			
	1,622	1,607	0	3,354	3,354

(1) Change in consolidation, (R) = release. All in EUR thousand

Income from the release of provisions was recognised with effect on the income statement. Provisions for other restructuring costs primarily pertain to the provisions for impending losses from pending rental and marketing agreements. Provisions for personnel costs include EUR 465 thousand for expenses from the restructuring.

50. CONTINGENT LIABILITIES AND LIABILITY GUARANTEES

Other financial liabilities of importance which are not detailed on the balance sheet comprise Operating lease contracts:

	2007 (EUR thousand)	**2006** (EUR thousand)
Minimum lease payments from operating leases	*1,091*	*959*

As of the balance sheet date the future minimum payments under non-cancellable operating leases are due as follows:

	31.12.2007 (EUR thousand)	**31.12.2006** (EUR thousand)
Within one year	*1,080*	*1,115*
In two to five years	*3,370*	*3,720*
After five years	*0*	*0*
Total	*4,450*	*4,835*

Payments from non-cancellable operating lease contracts pertain to rents for office property, com-pany cars, and office equipment for the Group. Rental contracts for office property have a term of five years, and the remaining rental contracts are concluded for an average term of three or five years.

Contingencies for external liabilities

There are direct insurance premiums which are paid by the Group on behalf of its employees. The contract obligates only the insurance company but provides an option to the employee. Contributions to these direct insurance policies are recognised under personnel expenses. There is a final liability on the part of the employer, cash.life AG, in accordance with section 1 subsection 1 clause 3 of the BetrAVG, which provides for an obligation to meet claims in the event of bankruptcy on the part of the insurance company. There are no forfeitable legal rights to future pension payments which occur at retirement for cash.life AG employees.

51. FINANCIAL DERIVATIVES

The company has entered into several interest rate hedges (SWAP with a cap agreement, CAPs). The fair value of these derivative financial instruments is calculated as the present value of the expected benefit minus the expenses required for this. The fair value of the interest rate hedges are documented by communications of the respective German contract banks and amount to EUR 6,403 thousand as of 31 December 2007. They comprise the asset value of the derivatives (EUR 6,793 thousand) minus the liability value of the derivatives (EUR 390 thousand). The period through mid-2013 is covered with an average total reference amount of EUR 400,000 thousand.

Discontinued operations

52. INTANGIBLE FIXED ASSETS

Balance sheet value: EUR 0 thousand (Previous year: EUR 487).

	As of 1.1.2007	CC (1)	Additions	Write-downs	As of 31.12.2007
Capitalised development costs	487	0	0	487	0
Software	0	0	29	29	0
Total	487	0	29	516	0

(1) Change in consolidation. All in EUR thousand

The capitalised development costs pertain to the available components developed for the »time account and pension schemes« business field.

› Sales package including all agreements for employers, employees, product suppliers and technical service providers.

The capitalised development costs have been written off in their entirety as a result of the discontinuation of the business field, as is the case with software.

53. PROPERTY, PLANT AND EQUIPMENT

Balance sheet value: EUR 35 thousand (Previous year: EUR 32 thousand). Property, plant and equipment are composed as follows:

	As of 1.1.2007	CC (1)	Additions	Depreciation	As of 31.12.2007
Operating and office equipment	32	0	14	11	35

(1) Change in consolidation. All in EUR thousand

This figure primarily pertains to computer hardware and furniture.

54. DEFERRED TAX ASSETS

Balance sheet value: EUR 0 thousand. (Previous year: EUR 109 thousand). Deferred tax assets have been written off in their entirety as a result of the discontinuation of the business field.

55. RECEIVABLES AND OTHER ASSETS

Balance sheet value: EUR 42 thousand (Previous year: EUR 108 thousand). This figure pertains to receivables from turnover tax.

56. CASH ON HAND, BANK BALANCES

Balance sheet value: EUR 69 thousand (Previous year: EUR 39 thousand).

57. OTHER PROVISIONS

Balance sheet value: EUR 161 thousand (Previous year: EUR 25 thousand).

Composition	**2007** (EUR thousand)	**2006** (EUR thousand)
Personnel Provisions	*32*	*25*
Outstanding invoices	*129*	*0*
Total	*161*	*25*

58. LIABILITIES

Balance sheet value: EUR 89 thousand (Previous year: EUR 37 thousand).

Composition	**2007** (EUR thousand)	**2006** (EUR thousand)
Liabilities to banks	*29*	*0*
Trade liabilities	*57*	*21*
Other liabilities	*3*	*16*
Total	*89*	*37*

NOTES TO THE INCOME STATEMENT

The following notes refer to the consolidated income statement for the 2007 financial year:

Continuing operations

59. GROSS PROFIT

EUR 41,176 thousand (previous year EUR 37,177 thousand). Gross profit comprises primarily the items mentioned in the following.

59.1. Revenues from the sale of insurance policies

EUR 8,276 thousand (previous year: EUR 6,247 thousand) Revenues from policy management pertain to the servicing of policies sold to closed-end funds.

59.2. Revenues from the sale of insurance policies

EUR 490,450 thousand (Previous year: EUR 524,353 thousand).

	2007 (EUR thousand)	**2006** (EUR thousand)
Revenues MPC	*300,317*	*440,046*
Revenues König & Cie.	*25,478*	*64,541*
Revenues Hannover Leasing	*135,744*	*19,766*
Revenues Real I.S.	*4,505*	*0*
Revenues other	*24,406*	*0*
Total	*490,450*	*524,353*

Revenues from the sale of insurance policies have dropped by EUR 33,903 thousand compared to the previous year.

59.3. Disposal of sold insurance contracts

EUR 478,657 thousand. (Previous year: EUR 504,312 thousand). Income from the sale of insurance policies to closed-end funds (point 59.2) is offset, as in the previous year, by expenditures for the disposal of sold insurance contracts.

59.4. Commission revenues

EUR 1,731 thousand (Previous year: EUR 894 thousand). This figure pertains to revenues from commissions for referrals of secondary market policies to third parties through Barwert GmbH and cash.life international, as well as revenues from the referral of policy loans through cash.life Policendarlehensvermittlung first consolidated in the financial year, as well as commission revenues from the referral of other endowment insurance policies through cash.life international.

59.5. Value appreciation of insurance contracts

EUR 34,334 thousand (Previous year: EUR 20,380 thousand). The value appreciation of insurance policy contracts results primarily from the yield on the endowment policies in the company's own trading portfolio.

59.6. Insurance premiums

EUR 15,229 thousand (Previous year: EUR 11,564 thousand). This figure pertains to continuing premium expenditures of endowment insurance policies found in the company's own trading portfolio.

59.7. Other operating income

EUR 271 thousand. (Previous year: EUR 1,179 thousand). This figure primarily pertains to cost transfers, income from the release of provisions and income from motor vehicle taxation. The reduction of other operating income from the previous year is largely influenced by the consolidation effects.

60. PERSONNEL EXPENSES

	2007 (EUR thousand)	**2006** (EUR thousand)
Wages and salaries	*8,479*	*5,188*
Social security	*1,026*	*782*
Total	*9,505*	*5,970*

The increase in personnel expenses of EUR 3,535 thousand to EUR 9,505 thousand compared to the previous year's period was primarily the result of the higher number of employees of cash.life AG and cash.life Vertriebsgesellschaft as well as consolidation effects. Personnel expenses in 2007 included approx. EUR 1,000 thousand in restructuring costs. Social security expenses include expenditures for direct insurance policies in the amount of EUR 43 thousand.

Average	**Number 2007**	**Number 2006**	**Change**
Employees	*124*	*90*	*34*
Apprentices	*0*	*0*	*0*
Total	*124*	*90*	*34*

61. AMORTISATION OF INTANGIBLE ASSETS AND DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

EUR 1,399 thousand (Previous year: EUR 788 thousand) (See points 31.1.; 31.2. of the Notes to the Group balance sheet). Expenditures for impairment losses of property, plant and equipment of EUR 100 thousand are included for the continuing operations for 2007, as well as EUR 343 thousand in goodwill amortisation of cash.life international.

62. OTHER OPERATING EXPENSES

EUR 18,034 thousand (Previous year: EUR 16,629 thousand). Other operating expenses primarily include broker commissions (EUR 4,178 thousand), as well as expenses for advertising and public relations (EUR 4,150 thousand), legal and consulting costs (EUR 2,887 thousand), rents for office spaces (EUR 830 thousand), and IT costs (EUR 523 thousand). The increase is primarily due to higher marketing expenses (EUR 919 thousand) and restructuring costs (EUR 690 thousand).

63. FINANCIAL RESULT

63.1. Financial result

EUR 11,161 thousand (Previous year: EUR 16,849 thousand). Financial income primarily pertains to interest and similar income in the amount of EUR 1,908 thousand (previous year: EUR 1,949 thousand), as well as dividend income from multiple security loan transactions with EUR 4,425 thousand (previous year: EUR 11,995 thousand) and the higher value of financial derivatives, including proceeds from the sale of derivatives, of EUR 4,811 thousand (previous year: EUR 2,860 thousand).

63.2. Financial expenditures

EUR 23,520 thousand (Previous year: EUR 23,553 thousand). The increase in financial expenditures includes expenditures for refinancing our trading portfolio, premiums for derivatives, and compensation payments in the scope of security loans.

64. INCOME TAXES

Income taxes comprise actual taxes on income and deferred taxes.

64.1. Current taxes on income

EUR 30 thousand (Previous year: EUR 192 thousand). The current expenses for taxes on income for the 2007 financial year amount to EUR 30 thousand (previous year: EUR 192 thousand).

64.2. Deferred taxes on income

EUR 293 thousand (Previous year: EUR -443 thousand). The deferred tax expense of EUR 293 thousand in the financial year results from the decrease in deferred tax assets from tax-loss carry forwards in the amount of 474 thousand, as well as the reduction of deferred tax assets from interest rate derivatives by EUR 70 thousand and the increase in deferred tax liabilities by EUR 72 thousand. In contrast, the deferred tax assets from other temporary differences of EUR 323 thousand have the effect of reducing taxes.

The tax rate used to determine deferred taxes due to the company tax reform in 2008 amounts to some 29%. This drop from the previous year has had an impact of EUR 1.4 million on the deferred tax expense. The theoretically expected tax rate (trade tax, corporate tax, solidarity surcharge) for the 2007 financial year is around 35% (previous year: around 35%). The difference between the expected and reported tax expense can be seen in the following tax reconciliation statement.

64.3. Tax reconciliation statement (including discontinued operations)

	2007 (EUR thousand)	**2006** (EUR thousand)
Income before taxes	- 2,352	6,547
Expected tax income / expense	- 823	2,282
Effect of the change to the tax rate in 2008 on the valuation of de-ferred tax	1,423	0
Consolidation issues tax deductible at cash.life AG	- 520	0
Tax advantage corporate tax-free income	- 632	- 2,943
Tax advantage from capital increase costs netted with capital re-serves	0	234
Tax expense from the addition of trade tax	376	62
Value allowance of deferred tax assets on loss carry forward	448	0
Tax expense of non-deductible amortisation of goodwill	120	0
Tax expense of non-deductible operating expense	40	12
Tax income/expense acc, to income statement	432	- 353

Discontinued operations

65. EXPENSES FROM DISCONTINUED OPERATIONS

	2007 (EUR thousand)	**2006** (EUR thousand)
Amortisation of non-current assets	*- 179*	*- 4*
Impairments of non-current assets	*- 348*	*0*
Personnel expense	*- 422*	*- 90*
Other operating expenses	*- 1,282*	*- 445*
Income before taxes	*- 2,231*	*- 539*
Tax expense(-)/income	*- 109*	*102*
Loss of discontinued operations	*- 2,340*	*- 437*

66. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net income of the period attributable to ordinary shareholders by the weighted average number of ordinary shares. The number of ordinary shares amounted to 8,579,900 in the financial year. The weighted number as of 31 December of the previous year (basic and diluted) amounted to 8,404,208 due to the capital increase in March 2006. Net earnings per share (diluted/basic) for the 2007 financial year amounted to EUR -0.32 (previous year: EUR 0.82). Earnings per share for the continuing operations (diluted/basic) amounted to EUR -0.02.

67. RELATED PARTY TRANSACTIONS

External transactions between the company and its subsidiaries Barwert GmbH, cash.life Vertriebsgesellschaft, cash.life international, cash.life Vorsorge, Zeitwertkonten GmbH, cash.life Policendarlehensvermittlung, cash.life Financial Services and cash.life Treuhand have been eliminated in the context of the consolidation. The following is a summary of business relationships with affiliated person:

	2007 (EUR thousand)	**2006** (EUR thousand)
Service transactions	*0*	*160*

The business relationships in 2006 primarily pertain to the following closely affiliated company through to the consolidation in the consolidated financial statements:

- cash.life Vertriebsgesellschaft.

68. FINANCIAL INSTRUMENTS

68.1. Financial instruments by category

The following table shows the classification of the financial assets for the continuing operations into the respective category relevant for the Group. The items are valued within the category according to the accounting methods described in point 21:

	Loans and receivables	FA (1)	Total
Balance sheet value of financial assets 31 December 2007 (in EUR thousand)			
Asset value derivatives	*0*	*6,793*	*6,793*
Receivables from insurance contracts	*0*	*444,698*	*444,698*
Trade receivables	*31,268*	*0*	*31,268*
Other assets	*24,629*	*0*	*24,629*
Cash and cash equivalents	*12,033*	*0*	*12,033*
Total	*67,930*	*451,491*	*519,421*
Balance sheet value of financial assets 31 December 2006 (in EUR thousand)			
Asset value derivatives	*0*	*5,583*	*5,583*
Receivables from insurance contracts	*0*	*286,276*	*286,276*
Trade receivables	*16,378*	*0*	*16,378*
Other assets	*17,112*	*0*	*17,112*
Cash and cash equivalents	*1,245*	*0*	*1,245*
Total	*34,735*	*291,859*	*326,594*

(1) Financial assets at fair value through profit or loss.

	Financial liabilities	Total
Balance sheet value of liabilities 31 December 2007 (in EUR thousand)		
Liabilities from the purchase of insurance contracts	*58,705*	*58,705*
Liabilities to banks	*354,809*	*354,809*
(thereof current)	*(314,809)*	
Trade payables	*65,745*	*65,745*
Liability value of derivatives	*390*	*390*
Financial liabilities	*3,667*	*3,667*
Total		*483,316*

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	Financial liabilities	Total
Balance sheet value of liabilities 31 December 2006 (in EUR thousand)		
Liabilities from the purchase of insurance contracts	*65,858*	*65,858*
Liabilities to banks	*214,377*	*214,377*
(thereof current)	*(174,377)*	
Trade payables	*1,136*	*1,136*
Liability value of derivatives	*814*	*814*
Financial liabilities	*4,269*	*4,269*
Total		*286,454*

All financial liabilities are measured at amortised cost. Net profits or losses from financial instruments within the corresponding valuation categories are as follows: A net profit of EUR 35,699 thousand is shown under the item »financial assets at fair value through profit or loss« in the period 1 January to 31 December 2007 (2006: EUR 31,538 thousand). A net profit of EUR 0 thousand was posted under the item »Loans and receivables« in 2007 (2006: EUR 0 thousand). A net loss of EUR 0 thousand was posted under the item »other financial liabilities« in 2007 (2006: EUR 0 thousand). The carrying amount of the individual financial instruments by class equals the respective fair value.

68.2. Receivables from insurance contracts

There were no irregular disposals or provisions for the impairment of receivables from insurance contracts held for trading purposes in 2006 and 2007. As of 31 December 2007, the Group had a portfolio of EUR 444,698 thousand (previous year: EUR 286,276 thousand). The financial assets held for trading purposes are listed in euro. No items within the portfolio are past due or have been impaired. EUR 324,684 thousand in receivables from insurance contracts (previous year: EUR 172,575 thousand) was surrendered as collateral for liabilities to banks. Please refer to point 35. for further explanation.

68.3. Derivative financial instruments

The derivative financial instruments are accounted for in the balance sheet if the Group is a party of the contract. Seven interest CAPs (which can be cancelled at any time) and one interest SWAP were concluded for the purpose of hedging future cash flows. The derivative financial instruments are not used for speculation purposes. The derivatives are not subject to the criteria of the hedge accounting and are recognised in the income statement at fair value through profit or loss.

Name	Fair Value (*)	Reference amount (*)	Strike (1) (% p.a.)	Term	F (2) (*)
CAP BW-Bank	631	75,000	4	07/2007-07/2009	56
CAP Deutsche Bank	424	75,000	4	07/2007-07/2009	55
CAP HypoVereinsbank	985	150,000	4	07/2008-07/2010	294
CAP Dresdner Bank	274	45,000	4	12/2006-12/2008	59
CAP Commerzbank	305	150,000	4	07/2009-07/2012	2,774
CAP Commerzbank	400	150,000	4	07/2009-04/2013	2,806
CAP HypoVereinsbank	734	100,000	4	12/2008-03/2014	2,796
SWAP with spread-neutral CAP HypoVereinsbank					
	2.650	150.000	(a)	07/2005-07/2009	(b)
	(a) 1-month EUR-EURIBOR-Telerate for contract party, max. 3.15% for cash.life				
	(b) Max. 7,087 less refund of 1-month EUR EURIBOR-Telerate				

(*) in EUR thousand, (1) Strike 3M-EUR-EURIBOR (% p.a.), (2) Future premium expense through maturity (not discounted)

68.4. Trade receivables

The fair value equals the carrying amount due to the fact that the instruments are exclusively current. The following table shows the balance of gross and net receivables on the respective balance sheet dates:

	31.12.2007 (EUR thousand)	31.12.2006 (EUR thousand)
Trade receivables (gross)	31,268	16,378
Value allowance of trade receivables	0	0
Trade receivables	31,268	16,378

As of 31 December 2007, no trade receivables were past due. No impairment on trade receivables was needed in 2007 or 2006.

68.5. Other assets

Other assets are explained in detail under point 38. The fair value and carrying amount are identical due to their short-term nature.

68.6. Other financial instruments recognised as income

The Group had no other financial instruments which were measured in the income statement at fair value.

68.7. Cash and cash equivalents

Financial resources consist of cash and demand deposits at banks available without a loss of value. There are no components of cash freely available to the company.

68.8. Liabilities from the purchase of insurance contracts and trade payables

The financial liabilities from the purchase of insurance contracts and trade payables all have a remaining term of up to one year and are as follows:

	31 December 2007 (EUR thousand)			**31 December 2006** (EUR thousand)		
Year(s)	**< 1**	**1-5**	**> 5**	**< 1**	**1-5**	**> 5**
Liabilities from the purchase of insurance contracts	*58,705*	*0*	*0*	*65,858*	*0*	*0*
Trade liabilities	*65,745*	*0*	*0*	*1,136*	*0*	*0*

Please refer to the notes under point 21.5.3. for the management of liquidity risks potentially resulting from this.

68.9. Liabilities to banks and loans

The maturities of financial liabilities to banks are as follows:

	31 December 2007 (EUR thousand)			**31 December 2006** (EUR thousand)		
Year(s)	**< 1**	**1-5**	**> 5**	**< 1**	**1-5**	**> 5**
Liabilities to banks	*314,809*	*40,000*	*0*	*174,377*	*40,000*	*0*

For additional notes, refer to points 43. and 45.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement depicts the Group's cash flows. The following explanations relate to the consolidated cash flow statement:

69. CASH FLOW FROM OPERATING ACTIVITIES

The Group's cash flow from operating activities, which is calculated using the indirect method starting with net income for the period, rose by EUR 8,424 thousand compared to the previous year to EUR 12,213 thousand. The cash flow of the discontinued operations from ongoing business activities included here amounts to EUR -1,445 thousand in the financial year (previous year: EUR -582 thousand). The expenses for investing activities and the negative cash flow from operating activities of the discontinued operations were covered with the cash flow from operating activities.

70. CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities within the Group increased over the previous year by EUR 6,458 thousand to EUR 2,895 thousand. Cash outflows in the financial year mainly concern investments in computer software and property, plant and equipment in the amount of EUR 750 thousand. The consolidation of two subsidiaries resulted in a cash flow of EUR 48 thousand. The sale of four derivative financial instruments brought in EUR 3,600 thousand in cash. The cash flow from investing activities in the discontinued operations amounts to EUR -43 thousand in the financial year (previous year EUR -523 thousand).

71. CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from financing activities within the Group is impacted by the cash flow associated with the dividend payment in the financial year of EUR 4,290 thousand.

72. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

Payments in the Group for investments in fixed assets, the acquisition of subsidiaries consolidated in the financial year, and the cash flows for the discontinued operations were financed from the cash flow from operating activities. Cash and cash equivalents within the Group at the end of the period increased by EUR 10,818 thousand to EUR 12,102 thousand. The cash and cash equivalents consist of cash and demand deposits at banks available without a loss of value. There are no components of the cash and cash equivalents to which the company does not have free access. The funds of the discontinued operations increased by EUR 13 thousand from EUR 26 thousand at the end of the past financial year to EUR 39 thousand as of the balance sheet date. The outflow of funds from continuing activities in the discontinued operations of EUR -1,445 thousand and from investing activities in the amount of EUR -43 thousand contrast intra-group cash inflows of the shareholder in the amount of EUR 1,518 thousand.

NOTES TO THE CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY IN ACCORDANCE WITH IFRS

The consolidated statement of shareholders' equity shows the development of Group equity from 1 January 2006 to 31 December 2007.

OTHER DISCLOSURES

EXECUTIVE BODIES OF THE COMPANY

Management Board

Frank Alexander de Boer (from 1 January 2008, CEO)
Corporate Development/Strategy, Product Development/Sales, Investor Relations (IR), Public Relations (PR), Marketing, Personnel, Legal, Auditing

Klaus Leusmann
Operations, General Administration, Budget Planning, Controlling, Annual and Interim Reports, Treasury, Taxes, Information Technology (IT)

Dr. Stefan Kleine-Depenbrock (through 31 December 2007, CEO)
Segment Investor Relations (IR), Public Relations (PR), Personnel, Legal, Auditing, Corporate Development/Strategy
Other seats: Non-Executive Director Merrill Lynch Derivate Partner Holding Inc.

Ulrich T. Grabowski (through 27 August 2007)
Segment Information Technology (IT), Marketing, Sales, Product Development, Affiliated Companies
Other seats: Member of the Supervisory Board of TA Triumph-Adler AG

The total pay of the active and former members of the Management Board in the 2007 financial year amounts to EUR 1,017 thousand (previous year: EUR 915 thousand). All benefits are payable in the short term.

In detail, the members of the Management Board received the following compensation (Disclosure in accordance with section 314 subsection 1 No. 6 HGB):

	Fixum (EUR thousand)	**Bonus** (EUR thousand)	**Total** (EUR thousand)
Klaus Leusmann	*188*	*312*	*500*
Dr. Stefan Kleine-Depenbrock	*300*	*0*	*300*
Ulrich T. Grabowski	*150*	*67*	*217*

Upon his resignation, a post-contractual non-competition clause was agreed upon with Dr. Kleine-Depenbrock. Payments of EUR 25 thousand per month for a period of two years were approved for the non-competition clause.

The fixum of EUR 150 thousand includes an amount of EUR 50 thousand falling upon the period following the resignation of Mr. Ulrich T. Grabowski on 27 August 2007 through to the balance sheet date. Moreover, a time-limited employee-leave benefit leads to another expense of EUR 25 thousand.

Supervisory Board

Gerd A. Bühler (Chairman)
Lawyer, tax accountant
Member of the Supervisory Board of IREKS GmbH, Kulmbach
Vice-Chairman of the Supervisory Board of FHR Finanzhaus AG, Hamburg
Vice-Chairman of the Supervisory Board of Hesse Newman & Co. AG, Hamburg

Ralf Brammer (Vice-Chairman as of 30 June 2007)
Businessman

Hans-Gerd Fürchtenkort
Member of the Management Board of Grohe AG, Rottach-Egern

Dr. Michael Kemmer
Chairman of the Management Board of BayernLB, Munich
Chairman of the Supervisory Board of Bayern Facility Management GmbH, Munich
Member of the Administrative Board of Thiel Logistik AG
Member of the Supervisory Board of BayernInvest GmbH, Munich
Member of the Supervisory Board of Deutsche Kreditbank AG, Berlin
Member of the Supervisory Board of GBW AG Bayerische Wohnungs-AG, Munich
Member of the Administrative Board of Saar LB, Saarbrücken
Member of the Supervisory Board of HGAA Hypo Group Alpe Adria AG, Klagenfurt

Prof. Dr. Frank A. Schäfer, LLM Lawyer, Düsseldorf
Chairman of the Supervisory Board of VM Holding AG, Düsseldorf
Chairman of the Supervisory Board of envimedical AG, Düsseldorf (through April 2007)
Chairman of the Supervisory Board of Weserbank AG, Frankfurt
Chairman of the Supervisory Board of ChemAdvice AG
Member of the Supervisory Board of Freese AG, Bremen

Dr. Claus Michael Dill (as of 29 June 2007)
CEO of Damp Holding AG, Berlin
Chairman of the Management Board of Damp Holding AG, Berlin
Chairman of the Supervisory Board of TÜV Rheinland Holding AG, Cologne
Vice-Chairman of the Supervisory Board of Kölnische
Rückversicherungs-Gesellschaft AG, Cologne
Member of the Supervisory Board of DBV Winterthur Krankenversicherung AG, Wiesbaden
Member of the Advisory Board of Deutschen Bank AG, Berlin
Member of the Advisory Board of WestLB AG, Düsseldorf

Klaus Mutschler (through 29 June 2007, Vice-Chairman of the Supervisory Board)

The total pay of the Supervisory Board in the current financial year amounted to EUR 176 thousand (previous year: EUR 120 thousand). Remunerations are fixed. In detail, the members of the Supervisory Board received the following compensation:

	Total (EUR thousand)
Gerd A. Bühler (Chairman)	49
Ralf Brammer (Vice-Chairman)	31
Hans-Gerd Fürchtenkort	22
Dr. Michael Kemmer	26
Prof. Dr. Frank A. Schäfer	22
Dr. Claus Michael Dill	11
Klaus Mutschler	15

Disclosures in accordance with section 160 subsection 1 No. 8 of the German Stock Corporation Law AktG

cash.life AG was made aware of the following participations in the current financial year in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG):

Joh. Berenberg Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany notified cash.life AG on 26 November 2007 that it had established a volume of 578,746 shares (6.75% of the voting rights) of cash.life AG, Pullach, Deutschland, ISIN: DE0005009104, WKN: 500910 in the trade register as of 23 November 2007. With this it surpassed the 3% and 5% thresholds of voting rights.

Hansa AG, Blegistrasse 11A, 6340 Baar, Switzerland notified cash.life AG on 21 November 2007 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that it surpassed the 3% threshold of voting rights of cash.life AG, Pullach, Germany, ISIN: DE0005009104, WKN: 500910 on 16 November 2007, and on this day held 3.11% (266,862 voting rights). Hansa AG thus accounts for 0.23% (20,000 voting rights) in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG).

Mr. Georg von Opel, Switzerland notified cash.life AG on 21 November 2007 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that he surpassed the 3% threshold of voting rights of cash.life AG, Pullach, Germany, ISIN: DE0005009104, WKN: 500910 on 16 November 2007, and on this day held 3.11% (266,862 voting rights). Voting rights attributable to Mr. von Opel are thereby held through the following company controlled by him in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG):

› Hansa AG, Blegistrasse 11A, 6340 Baar, Switzerland

Deutsche Bank AG, Taunusanlage 12, 60325 Frankfurt, Germany notified cash.life AG on 12 November 2007 in accordance with section 21 subsection 1 and section 24 of the Securities Trading Act (WpHG) in connection with section 32 subsection 2 of InvG that its subsidiary DWS Investment GmbH, Mainzer Landstrasse 178-190, 60327 Frankfurt, Germany dropped below the 3% threshold of voting rights of cash.life AG, Zugspitzstrasse 3, 82049 Pullach, Germany, ISIN: DE0005009104, WKN: 500910 on 9 November 2007, and now holds voting rights of 2.67% (equal to 229,193 voting rights).

The Credit Suisse Group, Paradeplatz 8, 8001 Zürich, Switzerland notified cash.life AG on 2 November 2007 in accordance with section 21 subsection 1 and section 24 of the Securities Trading Act (WpHG) of the following on its own behalf and in the name and on behalf of the companies subsequently listed:

- 1. The voting rights of Credit Suisse Securities (Europe) Limited, One Cabot Square, London, E14 4QJ, England surpassed the 5% threshold of voting rights of cash.life AG on 29 October 2007, and on this day amounted to 5.04% (432,158 voting rights).
- With the preceding report of the 5% threshold being surpassed by Credit Suisse Securities (Europe) Limited, we were also notified that the voting rights of its associated companies, Credit Suisse (International) Holding AG, Bahnhofstrasse 17, 6300 Zug, Switzerland, Credit Suisse Investments (UK), One Cabot Square, London, E14 4QJ, England and Credit Suisse Investment Holdings (UK), One Cabot Square, London, E14 4QJ, England surpassed the 5% threshold of voting rights of cash.life AG on 29 October 2007, and on this day amounted to 5.04% (432,158 voting rights). These voting rights are in their entirety attributable to the companies listed in this subsection in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG).
- For the sake of completeness, it should be noted that the reported voting rights of Credit Suisse, Paradeplatz 8, 8001 Zürich, Switzerland and the Credit Suisse Group, Paradeplatz 8, 8001 Zürich, Switzerland surpassed the 5% threshold as of 29 October 2007 and amounted to 5.32% (456,758 voting rights). These voting rights are in their entirety attributable to the companies listed in this subsection each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG).
- The chain of controlled companies is as follows (beginning with the lowest company): Credit Suisse Securities (Europe) Ltd., Credit Suisse Investment Holdings (UK), Credit Suisse Investments (UK), Credit Suisse (International) Holding AG, Credit Suisse, and the Credit Suisse Group.

The Credit Suisse Group, Paradeplatz 8, 8001 Zürich, Switzerland notified cash.life AG on 1 November 2007 in accordance with section 21 subsection 1 and section 24 of the Securities Trading Act (WpHG) of the following on its own behalf and in the name and on behalf of the companies subsequently listed:

- The voting rights of Credit Suisse, Paradeplatz 8, 8001 Zürich, Switzerland and the Credit Suisse Group, Paradeplatz 8, 8001 Zürich, Switzerland surpassed the 5% threshold of voting rights of cash.life AG on 26 October 2007, and on this day amounted to 5.09% (436,758 voting rights). These voting rights are in their entirety attributable to Credit

Suisse and the Credit Suisse Group each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG).

› For the sake of completeness, it should be noted that the reported voting rights of Credit Suisse Securities (Europe) Limited, One Cabot Square, London E14 4OJ, England surpassed the 3% threshold as of 26 October 2007, and amounted to 4.80% (412,158 voting rights). With this, the voting rights of the associated companies, Credit Suisse (International) Holding AG, Bahnhofstrasse 17, 6300 Zug, Switzerland, Credit Suisse Investments (UK), One Cabot Square, London E14 4OJ, England and Credit Suisse Investment Holdings (UK), One Cabot Square, London, E14 4OJ, England amounted to 4.80% of cash.life AG on 26 October 2007 (412,158 voting rights). These voting rights are in their entirety attributable to the companies listed in this subsection each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act WpHG.

› The chain of controlled companies is as follows (beginning with the lowest company): Credit Suisse Securities (Europe) Ltd., Credit Suisse Investment Holdings (UK), Credit Suisse Investments (UK), Credit Suisse (International) Holding AG, Credit Suisse, and the Credit Suisse Group.

The Credit Suisse Group, Paradeplatz 8, 8001 Zürich, Switzerland notified cash.life AG on 16 October in accordance with section 21 subsection 1 and section 24 of the Securities Trading Act (WpHG) of the following on its own behalf and in the name and on behalf of the companies subsequently listed:

› The voting rights of Credit Suisse Securities (Europe) Limited, One Cabot Square, London, E14 4OJ, England of cash.life AG surpassed the 3% threshold on 10 October 2007, and on this day amounted to 3.14% (269,330 voting rights).

› With the preceding report of the 3% threshold being surpassed by Credit Suisse Securities (Europe) Limited, we were also notified that the voting rights of its associated companies, Credit Suisse (International) Holding AG, Bahnhofstrasse 17, 6300 Zug, Switzerland, Credit Suisse Investments (UK), One Cabot Square, London, E14 4OJ, England and Credit Suisse Investment Holdings (UK), One Cabot Square, London, E14 4OJ, England surpassed the 3% threshold of voting rights of cash.life AG on 10 October 2007, and on this day amounted to 3.14% (269,330 voting rights). These voting rights are in their entirety attributable to the companies listed in this subsection each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG).

› For the sake of completeness, it should be noted that the reported voting rights of Credit Suisse, Paradeplatz 8, 8001 Zürich, Switzerland and the Credit Suisse Group, Parade-

platz 8, 8001 Zürich, Switzerland surpassed the 3% threshold of voting rights as of 10 October 2007, and amounted to 3.32% (284,430 voting rights). These voting rights are in their entirety attributable to the companies listed in this subsection each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG).
› The chain of controlled companies is as follows (beginning with the lowest company): Credit Suisse Securities (Europe) Ltd., Credit Suisse Investment Holdings (UK), Credit Suisse Investments (UK), Credit Suisse (International) Holding AG, Credit Suisse, and the Credit Suisse Group.

The Credit Suisse Group, Paradeplatz 8, 8001 Zürich, Switzerland notified cash.life AG on 15 October 2007 that the voting rights of Credit Suisse, Paradeplatz 8, 8001 Zürich, Switzerland and the Credit Suisse Group, Paradeplatz 8, 8001 Zürich, Switzerland of cash.life AG surpassed the 3% threshold of voting rights on 9 October 2007, and on this day amounted to 3.02% (258,880 voting rights). These voting rights are in their entirety attributable to Credit Suisse and the Credit Suisse Group each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG). The chain of controlled companies is as follows (beginning with the lowest company): Credit Suisse and the Credit Suisse Group.

Mr. Nicolas Mathys, Switzerland notified cash.life AG on 3 October 2007 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that his voting rights of cash.life AG, Pullach, Germany, ISIN: DE0005009104, WKN: 500910 surpassed the 3% threshold of voting rights on 1 October 2007, and now amount to 3.50% (equal to 300,000 voting rights).
Union Investment Privatfonds GmbH Frankfurt, Germany notified cash.life AG on 11 October 2007 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting rights of cash.life AG, Pullach, Germany, ISIN: DE0005009104, WKN: 500910 dropped below the 3% threshold of voting rights on 10 October 2007, and now amount to 1.32% (equal to 113,100 voting rights).

Rhine Alpha, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands notified cash.life AG on 3 September 2007 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that the voting rights of Rhine Alpha of cash.life AG surpassed the 3% and 5% thresholds on 5 January 2007. On this day Rhine Alpha controlled 690,000 cash.life shares, thus 8.042% of the issued share capital of 8,579,900 shares.

Deutsche Bank AG, Frankfurt, Germany notified cash.life AG on 30 August 2007 in accordance with section 21 subsections 1, 24 of the Securities Trading Act (WpHG) in connection with section 32 subsection 2 of InvG that its subsidiary DWS Investment GmbH, Mainzer Landstrasse 178-190, 60327 Frankfurt, Germany dropped below the 5% threshold of voting rights in cash.life AG, Zugspitzstrasse 3, 82049 Pullach Germany on 27 August 2007, and now holds voting rights of 4.99% (equal to 428,028 voting rights).

The Credit Suisse Equity Fund Management Company, a joint stock company founded in Luxembourg for an indefinite period of time, headquartered in L-2180 Luxemburg, 5, rue Jean Monnet and with the sole purpose of the administration of individual sub-funds of Credit Suisse Equity Fund (Lux), notified cash.life AG on 23 August in accordance with section 21 subsection 1 and section 24 of the Securities Trading Act (WpHG) that the voting rights of Credit Suisse Equity Fund Management Company of cash.life AG surpassed the 3% threshold on 21 August 2007, and on this day amounted to 3.93% (337,605 voting rights).

The Credit Suisse Group, Zürich, Switzerland notified cash.life AG on 16 August in accordance with section 21 subsection 1 and section 24 of the Securities Trading Act (WpHG) that the voting rights of Credit Suisse, Zürich, Switzerland and the Credit Suisse Group, Zürich, Switzerland surpassed the 3% threshold of voting rights in cash.life AG on 10 August 2007, and on this day held 3.04% (206,775 voting rights). These voting rights are in their entirety attributable to Credit Suisse and the Credit Suisse Group each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG). The voting rights then dropped below the 3% threshold on 13 August 2007, and on this day amounted to 2.81% (241,458 voting rights). These voting rights are in their entirety attributable to Credit Suisse and the Credit Suisse Group each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG). The chain of controlled companies is as follows (beginning with the lowest company): Credit Suisse and the Credit Suisse Group.

The Credit Suisse Group, Zürich, Switzerland notified cash.life AG on 15 June 2007 in accordance with section 21 subsection 1 and section 24 of the Securities Trading Act (WpHG) that Credit Suisse, Zürich, Switzerland and the Credit Suisse Group, Zürich, Switzerland dropped below the 3% threshold of voting rights of cash.life AG on 11 June 2007, and now hold 2.40% (260,164 voting rights). These voting rights are in their entirety attributable to Credit Suisse and the Credit Suisse Group each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG).

The chain of controlled companies is as follows (beginning with the lowest company): Credit Suisse and the Credit Suisse Group.

The Credit Suisse Group, Zürich, Switzerland notified cash.life AG on 7 June 2007 in accordance with section 21 subsection 1 and section 24 of the Securities Trading Act (WpHG) that Credit Suisse, Zürich, Switzerland and the Credit Suisse Group, Zürich, Switzerland surpassed the 3% threshold of voting rights of cash.life AG on 29 May 2007, and now hold 3.04% (260,695 voting rights). These voting rights are in their entirety attributable to Credit Suisse and the Credit Suisse Group each in accordance with section 22 subsection 1 clause 1 No. 1 of the Securities Trading Act (WpHG). The chain of controlled companies is as follows (beginning with the lowest company): Credit Suisse and the Credit Suisse Group.

Standard Capital Partners N.V., Willemstad, Curacao, Dutch Antilles notified cash.life AG on 15 February 2007 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that Standard Capital Partners N.V., Willemstad, Curacao, Dutch Antilles surpassed the 10% threshold of voting rights of cash.life AG, Zugspitzstrasse 3, 82049 Pullach, Germany on 17 January 2007, and on this day held 11.02% (equal to 945,505 shares). 11.02% of these voting rights are accounted for in accordance with section 22 subsection 1 clause 1 No. 6 of the Securities Trading Act (WpHG). These voting rights are attributable to Standard Capital Partners N.V. as an investment manager of the Rhine Alpha Fund and other funds.

Luma Holdings Corporate Ltd, Tortola, British Virgin Islands, notified cash.life AG on 15 February 2007 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that Luma Holdings Corporate Ltd surpassed the 10% threshold of voting rights in cash.life AG, Zugspitzstrasse 3, 82049 Pullach, Germany on 17 January 2007, and on this day held 11.02% (equal to 945,505 shares). 11.02% of these voting rights are accounted for in accordance with section 22 subsection 1 clause 1 No. 6 and clause 2 of the Securities Trading Act (WpHG). The voting rights are attributable to Luma Holdings Corporate Ltd through its subsidiary Standard Capital Partners N.V., which in turn acts as the investment manager of the Rhine Alpha Fund and other funds. Luma Holdings Corporate Ltd itself has no majority shareholder.

Schroders plc, London, UK is the parent company of Schroder Administration Limited, which in turn is the parent company of Schroder Investment Management Limited, which on its part is the investment manager of Schroder International Selection Fund Euro Dynamic Growth and of Vanguard International Explorer International Equities. The address of all companies is 31

Gresham Street, London, UK, EC2V 7QA. Schroders plc gave notice on 15 February 2007 in accordance with section 41 subsection 4a of the Securities Trading Act (WpHG) that

- › Schroder Investment Management Limited, London, UK held 20.46% (equal to 1,755,262 shares of a total 8,579,900) of the voting rights in cash.life AG, Zugspitzstrasse 3, 82049 Pullach, Germany on 20 January 2007. 20.46% (1,755,262 shares) of these voting rights are accounted for in accordance with section 22 subsection 1 clause 1 No. 6 of the Securities Trading Act (WpHG).
- › Schroder Administration Limited, London, UK held 20.46% (equal to 1,755,262 shares of a total 8,579,900 shares) of the voting rights in cash.life AG, Zugspitzstrasse 3, 82049 Pullach, Germany on 20 January 2007. 20.46% (1,755,262 shares) of these voting rights are accounted for in accordance with section 22 subsection 1 clause 1 No. 6 in connection with section 22 subsection 1 clauses 2 and 3 of the Securities Trading Act (WpHG).
- › Schroders plc, London, UK held 20.46% (equal to 1,755,262 shares of a total 8,579,900 shares) of the voting rights in cash.life AG, Zugspitzstrasse 3, 82049 Pullach, Germany on 20 January 2007. 20.46% (1,755,262 shares) of these voting rights are accounted for in accordance with section 22 subsection 1 clause 1 No. 6 in connection with section 22 subsection 1 clauses 2 and 3 of the Securities Trading Act (WpHG).

M&G Investment Management Limited, London, UK, gave us notice on 5 January 2007 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that

- › M&G Investment Funds (1), London, UK dropped below the 5% threshold of voting rights in cash.life AG on 3 January 2007, and now holds 3.42% of voting rights.
- › M&G Investment Management Limited, London, UK dropped below the 5% threshold of voting rights in cash.life AG on 3 January 2007, and now holds 3.42% of voting rights. 3.42% of these voting rights are accounted for in accordance with section 22 subsequent 1 clause 1 No. 6 in connection with section 22 subsection 1 clause 2 of the Securities Trading Act (WpHG).
- › M&G Limited, London, UK dropped below the 5% threshold of voting rights in cash.life AG on 3 January 2007, and now holds 3.42% of voting rights. 3.42% of these voting rights are accounted for in accordance with section 22 subsection 1 clause 1 No. 6 in connection with section 22 subsection 1 clause 2 of the Securities Trading Act (WpHG).
- › M&G Group Limited, London, UK dropped below the 5% threshold of voting rights in cash.life AG on 3 January 2007, and now holds 3.42% of voting rights. 3.42% of these voting rights are accounted for in accordance with section 22 subsection 1 clause 1 No. 6 in connection with section 22 subsection 1 clause 2 of the Securities Trading Act (WpHG).

› Prudential plc., London, UK dropped below the 5% threshold of voting rights in cash.life AG on 3 January 2007, and now holds 3.42% of voting rights. 3.42% of these voting rights are accounted for in accordance with section 22 subsection 1 clause 1 No. 6 in connection with section 22 subsection 1 clause 2 of the Securities Trading Act (WpHG).

We received the following reports after the balance sheet date in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG):

Vanguard International Explorer Fund, c/o The Vanguard Group, Inc., Malvern, PA, USA notified cash.life AG on 29 February 2008 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting rights of cash.life AG, Pullach, Germany, ISIN: DE0005009104, WKN: 500910 surpassed the 5% threshold of voting rights on 15 May 2007, and at this point amounted to 5.13% (equal to 440,000 voting rights).

Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany notified cash.life AG on 27 February 2008 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting rights of cash.life AG, Zugspitzstrasse 3, 82049 Pullach, Germany (ISIN: DE0005009104, WKN: 500910) fell below the 5% threshold on 22 February 2008, and on this day amounted to 4.63% (397,163 voting rights). Furthermore, Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany notified cash.life AG on 27 February 2008 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting rights of cash.life AG, Zugspitzstrasse 3, 82049 Pullach, Germany (ISIN: DE0005009104, WKN: 500910) surpassed the 5% threshold on 25 February 2008, and on this day amounted to 5.08% (436,188 voting rights).

Universal-Investment-Gesellschaft mbH, Erlenstrasse 2, 60325 Frankfurt am Main, Germany notified cash.life AG on 26 February 2008 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) in connection with section 32 subsection 2 InvG that its voting rights of cash.life AG, Zugspitzstrasse 3, 82049 Pullach, Germany (ISIN: DE0005009104, WKN: 500910) surpassed the 3% threshold on 26 February 2008, and on this day amounted to 4.25% (365,000 voting rights).

Schroders plc., London, United Kingdom notified cash.life AG in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting rights of cash.life AG, Zugspitzstrasse 3, 82049, Pullach, Germany dropped below the 20% threshold on 5 October 2007, and on this day amounted to 19.97% (equal to 1,713,576 shares of 8,579,900 total shares), and below the 15% threshold on 13 December, and on this day amounted to 14.60% (equal to 1,253,476 shares of 8,579,900 total shares). These voting rights are in their entirety attributable to Schroders plc. in accordance with section 22 subsection 1 clause 1 No. 6 and clauses 2 and 3 of the Securities Trading Act (WpHG). Schroder Administration Limited, London, United Kingdom notified cash.life AG in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting rights of cash.life AG, Zugspitzstrasse 3, 82049, Pullach, Germany dropped below the 20% threshold on 5 October 2007, and on this day amounted to 19.97% (equal to 1,713,576 shares of 8,579,900 total shares), and below the 15% threshold on 13 December 2007, and on this day amounted to 14.60% (equal to 1,253,476 shares of 8,579,900 total shares). These voting rights are in their entirety attributable to Schroders Administration Limited in accordance with section 22 subsec-tion 1 clause 1 No. 6 and clauses 2 and 3 of the Securities Trading Act (WpHG). Schroder Investment Management Ltd., London, United Kingdom notified cash.life AG in ac-cordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting rights of cash.life AG, Zugspitzstrasse 3, 82049, Pullach, Germany dropped below the 20% threshold on 5 October 2007, and on this day and amounted to 19.97% (equal to 1,713,576 shares of 8,579,900 total shares), and below the 15% threshold on 13 December 2007, and on this day amounted to 14.60% (equal to 1,253,476 shares of 8,579,900 total shares). These voting rights are in their entirety attributable to Schroder Investment Management Ltd. in accordance with section 22 subsection 1 clause 1 No. 6 of the Securities Trading Act (WpHG). It should be noted that Schroders plc. is the parent company of Schroder Administration Limited, which itself is the parent company of Schroder Investment Management Limited.

The Credit Suisse Equity Fund Management Company Luxembourg, Luxembourg notified cash.life AG on 11 February 2008 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that its voting rights of cash.life AG, Pullach, Germany, ISIN: DE0005009104, WKN: 500910 dropped below the 3% threshold on 7 February 2008, and now amount to 2.57% (equal to 220,105 voting rights).

Mr. Nicolas Mathys, Switzerland notified cash.life AG on 8 February 2008 in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that his voting rights of cash.life AG, Pullach, Germany, ISIN: DE0005009104, WKN: 500910 dropped below the 3% threshold on 8 February, and now amount to 2.91% (equal to 250,000 voting rights).

Vanguard International Explorer Fund c/o The Vanguard Group, Inc. 455 Devon Park Drive, Wayne, PA 19087, USA notified cash.life AG on 31 January 2008 in accordance with section 21 subsection 1 of the Securities Trading Act WpHG that its voting rights of cash.life AG, Pullach, Germany, ISIN: DE0005009104, WKN: 500910 dropped below the 5% threshold on 31 October 2007, and now amount to 4.99% (equal to 428,000 voting rights).

Schroder plc, London, United Kingdom, Schroder Administration Limited, London, United Kingdom and Schroder Investment Management Ltd., London, United Kingdom notified us of the following regarding their holding in cash.life AG: It should be noted that Schroders plc. is the parent company of Schroder Administration Limited, which itself is the parent company of Schroder Investment Management Limited. The registered address for all three companies is 31 Gresham Street, London EC2V 7QA, United Kingdom. We, Schroders plc. write to advise you, in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that it has come to our attention that our shareholding in Cash Life AG, Zugspitzstrasse 3, 82049, Pullach, Germany is below the 10% threshold, and amounts to 7.86% (equal to 674,047 shares of 8,579,900 total shares) on 11 March 2008. These voting rights are in their entirety attributable to Schroders plc. in accordance with section 22 subsection 1 clause 1 No. 6 and clauses 2 and 3 of the Securities Trading Act (WpHG). We, Schroder Administration Limited, write to advise you, in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that it has come to our attention that our shareholding in Cash Life AG, Zugspitzstrasse 3, 82049, Pullach, Germany is below the 10% threshold, and amounts to 7.86% (equal to 674,047 shares of 8,579,900 total shares) on 11 March 2008. These voting rights are in their entirety attributable to Schroder Administration Limited in accordance with section 22 subsection 1 clause 1 No. 6 and clauses 2 and 3 of the Securities Trading Act (WpHG). We, Schroder Investment Management Ltd. write to advise you, in accordance with section 21 subsection 1 of the Securities Trading Act (WpHG) that it has come to our attention that our shareholding in Cash Life AG, Zugspitzstrasse 3, 82049, Pullach, Germany, is below the 10% threshold, and amounts to 7.86% (equal to 674,047 shares of 8,579,900 total shares) on 11 March 2008. These voting rights are in their entirety attributable to Schroder Investment Management Ltd. in accordance with section 22 subsection 1 clause 1 No. 6 of the Securities Trading Act (WpHG).

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

DECLARATION ON CORPORATE GOVERNANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION LAW (AKTG)

The declaration prescribed by section 161 AktG concerning compliance with the German Corporate Governance Code was made by the Management Board and Supervisory Board. In accordance with the Code's recommendations, this declaration is available to shareholders on the company's website.

FEES FOR THE AUDITOR

In the current financial year, the following auditors' fees were recognised as an expense:

	EUR thousand
Audit of financial statements	*131*
Tax consultancy services	*44*
Certification and evaluation services	*43*
Total	*218*

The company is only entitled to deduct 45% input tax. The fees indicated are thus increased by the amount of non-deductible input tax.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The share purchase agreement and the contract of assignment from 25 January 2008 (Cert. No. 0485/2008 of notary Dr. Bernhard Schaub, Munich) marked the sale and surrender of the limited partnership interest to cash.life Vorsorge, and the company shares to Zeitwertkonten GmbH and to cash.life Treuhand by the parent company cash.life AG.

The merger agreement from 6 February 2008 (Cert. No. 0635/2008 of notary Dr. Bernhard Schaub, Munich) marked the merger of cash.life Vertriebsgesellschaft mbH and Barwert-Europäische Versicherungsvermittlungs GmbH as the transferring parties to cash.life Policendarlehensvermittlungs GmbH. The effective date of the merger is 1 July 2007. The merger was registered in the respective trade register in February 2008. The decision was made at the shareholders' meeting of cash.life Policendarlehensvermittlung on 6 February 2008 to change the company name to cash.life Vertriebs GmbH.

The Management Board of cash.life AG on 17 March 2008 agreed to propose to the Annual Shareholders' Meeting assessing net profit accounted for in cash.life AG's 2007 financial statements at EUR 0.00.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which reflect the current view of the management of cash.life AG regarding future events. Forward-looking statements are based on current forecasts, estimates and expectations, and are therefore subject to risks and uncertainties. These statements can deviate significantly from actual future developments and are subject to general political, economic, legal and tax developments, changes, risks and uncertainties.

cash.life AG does not intend to update forward-looking statements in order to adapt them to the events and developments following the date of this report, nor is the company subject to any special obligations requiring it to do so.

List of abbreviations

Company name	Abbreviated designation
Barwert-Europäische Versicherungsvermittlungs GmbH	*Barwert GmbH*
cash.life Financial Services GmbH	*cash.life Financial Services*
cash.life international Vertriebsgesellschaft mbH	*cash.life international*
cash.life Premium Policies SICAV	*cash.life SICAV*
cash.life Treuhand Zeitwertkonten- und Pensionssicherung GmbH	*cash.life Treuhand*
cash.life Vertriebsgesellschaft mbH	*cash.life Vertriebsgesellschaft*
cash.life Vorsorge GmbH & Co. KG	*cash.life Vorsorge*
Zeitwertkonten Verwaltungs GmbH	*Zeitwertkonten GmbH*
cash.life Policendarlehensvermittlungs GmbH	*cash.life Policendarlehensvermittlung*

Pullach, 31 March 2008

Frank Alexander de Boer
Klaus Leusmann

Consolidated financial statements

CONSOLIDATED ANALYSIS OF FIXED ASSETS ACCORDING TO IFRS AS OF 31 DECEMBER 2007

	PURCHASE AND MANUFACTURING COSTS				
	1.1.2007[1]	**CC[2]**	**ADDITIONS**	**DISPOSALS**	**31.12.2007[1]**
	EUR THOUSAND	EUR THOUSAND	EUR THOUSAND	EUR THOUSAND	EUR THOUSAND
Intangible assets (continuing operations)					
1. Goodwill	4,324	0	0	0	4,324
2. Computer software	2,217	0	269	0	2,486
3. Advance payments	0	0	9	0	9
	6,541	*0*	*278*	*0*	*6,819*
Property, plant and equipment (continuing operations)			[R] 230		
1. Other equipment, operating and office equipment	3,850	0	429	43	4,466
2. Advance payments	235	0	0	[R] 230	5
	4,085	*0*	*659*	*273*	*4,471*
Financial assets (continuing operations)					
1. Shares in affiliated companies	1,334	-54	0	0	1,280
2. Shares in companies in which an investment is held	0	0	3	0	3
	1,334	*-54*	*3*	*0*	*1,283*
Total (continuing operations)	**11,960**	**-54**	**940**	**273**	**12,573**
Intangible assets (discontinued operations)					
1. Computer software	0	0	29	0	29
2. Capitalised development costs	487	0	0	0	487
	487	*0*	*29*	*0*	*516*
Property, plant and equipment (continuing operations)					
1. Other equipment, operating and office equipment	35	0	14	1	48
Total (discontinued operations)	**522**	**0**	**43**	**1**	**564**
Total	**12,482**	**-54**	**983**	**274**	**13,137**

(1) As of, (2) Change in scope of consolidation, (3) Amortisation/depreciation of the financial year | R = Reclassification

ACCUMULATED AMORTISATION/DEPRECIATION				CARRYING AMOUNT	
1.1.2007[1]	**ADDITIONS[3]**	**DISPOSALS**	**31.12.2007[1]**	**31.12. 2007[1]**	**31.12.2006[1]**
EUR THOUSAND	EUR THOUSAND	EUR THOUSAND	EUR THOUSAND	EUR THOUSAND	EUR THOUSAND
0	343	0	343	3,981	4,324
1,595	321	0	1,916	570	622
0	0	0	0	9	0
1,595	*664*	*0*	*2,259*	*4,560*	*4,946*
1,232	735	38	1,929	2,537	2,618
0	0	0	0	5	235
1,232	*735*	*38*	*1,929*	*2,542*	*2,853*
0	0	0	0	1,280	1,334
0	0	0	0	3	0
0	*0*	*0*	*0*	*1,283*	*1,334*
2,827	**1,399**	**38**	**4,188**	**8,385**	**9,133**
0	29	0	29	0	0
0	487	0	487	0	487
0	*516*	*0*	*516*	*0*	*487*
3	11	1	13	35	32
3	**527**	**1**	**529**	**35**	**519**
2,830	**1,926**	**39**	**4,717**	**8,420**	**9,652**

Consolidated financial statements

INDEPENDENT AUDITORS' REPORT

»We have audited the consolidated financial statements prepared by the cash.life AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2007. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) of the German Commercial Code (HGB-Handelsgesetzbuch) and supplementary provisions of the articles of incorporation are the responsibility of the parent Company's Managing Board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer - IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Management Board as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and supplementary provisions of the articles of incorporation give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development«.

Munich, 31 March 2008

O&R Oppenhoff & Rädler AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Otto, Wirtschaftsprüfer
Meußer, Wirtschaftsprüfer

Other information

Glossary

DEATH PROTECTION

Death protection is equal to the amount insured according to the life insurance agreement. Death protection remains when a life insurance policy is sold to cash.life AG. Should the insured person die during the duration of the contract, the amount insured is paid out to cash.life. This amount is then paid out to the beneficiary less the purchase price and the premiums already paid by cash.life deducted by a certain interest.

EARLY TERMINATION

Early termination is a measure for the number of contracts terminated shortly after the beginning of the contract. A high level of early termination causes high costs borne by the insured – a company faces losses with these kinds of contracts. Furthermore, a high number of early terminations indicates insufficient customer advisory service.

ENCASHMENT (TERMINATION)

The cancellation equal to an early termination of an insurance agreement is called encashment. This is an exclusive right of the policyholder.

EXPECTED VALUE AT MATURITY

The expected value of an insurance contract at maturity equals the sum of the value at maturity guaranteed by the insurance company and the projected profits.

GERMAN ASSOCIATION OF INVESTMENTS IN THE SECONDARY ENDOWMENT MARKET OF LIFE INSURANCE (BVZL)

Association in which secondary market companies of different fields (purchasers of policies, fund initiators, service firms) are organised. The member companies of the BVZL are active in the German, British or American life insurance secondary market. The association lobbies politically for the mandatory release of information on the secondary market, which should be anchored in the VVG.

GERMAN INSURANCE CONTRACT ACT (VVG)

Law stipulating the design of insurance contracts. The German Federal Court of Justice requested a revision of the law in a resolution from October 2005. The new version came into effect on 1 January 2008. The legislator determined minimum surrender values and required the insurance company to let policyholders participate in the hidden reserves. cash.life will pos-

Dr. Thomas Wilhelm
Head of capital market products, 39 years old, married,
2 children, enthusiastic mountain sportsman.

»From the retail policies we structure portfolios, which suit the individual requirements of our fund partners and accompany the selling process. Furthermore, we develop product solutions for institutional investors.«

sibly profit from the revision, as the terminal bonus share is likely to grow and the surrender values in the case of late termination will sink.

GUARANTEED RATE OF INTEREST

Irrespective of insurance companies' success in regard to the returns on the investment of funds of insured persons, they are required by law to credit this guaranteed rate of interest. This rate currently amounts to 2.25 percent.

HIDDEN RESERVES

Hidden reserves generally indicate that the balance sheet value of assets is lower than the market value.

INSURED PERSON

The person stated in the contract, for whom the insurance coverage applies. The insured person and policyholder may differ.

LATE TERMINATION

Contrary to early termination, late termination comprises all prematurely terminated contracts or those classified as exempt from contributions. Contracts which are terminated late often represent a source of income for the companies, as a part of the saved capital remains within the company to the benefit of the other policyholders.

LARGE POLICY

Large policies are described as policies that we obtain from financial investors if required. These generally have special characteristics, for example with regard to their term or the payment of contributions.

OVERALL RETURN

The overall return of an insurance policy is the return the insured person receives on his paid-in savings funds. This consists of two parts: the guaranteed rate of interest and profits.

POLICYHOLDER

The person who has concluded an agreement with an insurance company.

Markus Roser
Head of portfolio and fund management, 34 years old, single, would be sailor and passionate cinemagoer.

»After the sale, we manage the policies for our investors and receive a servicing fee for our work. This is a stable and important source of income for our company. Our stated aim is to continually improve our services.«

PROFITS

The overall return of a life insurance contract consists of two parts: the guaranteed rate of interest and profits. The insured participates in the earnings of the insurance company via profits. Profits are split into two parts: one part is credited to the insured person on an annual basis and the other part is allocated to the terminal bonus.

RETAIL POLICY

Retail policies are described as policies acquired during our normal purchase process through brokers or directly from policyholders. These form the basis for our established business with closed-end funds.

SURRENDER VALUE

Time value of the policy after deducting a termination discount in the case of a premature cancellation of the life insurance agreement. The surrender value through the next premium renewal date is guaranteed in either case. Surrender values relating to the period after the next premium renewal date are extrapolated with the current profit participation. These values are not guaranteed and may be subject to change, for example in the case of changed capital market conditions.

TERMINAL BONUS

A part of a policyholder's profits are only paid out upon maturity of the agreement. This part is called the terminal bonus. cash.life AG involves its customers in the terminal bonus through the purchase price and is therefore able to offer more money than the surrender value.

WITHHOLDING TAX ON CAPITAL (KEST)

In Germany, withholding tax on capital and a solidarity surcharge are charged on interest income. Life insurance contracts are exempt from this taxation under certain conditions. These conditions comprise a period of at least five years of payment of contributions and a contract duration of at least 12 years. The sale of life insurance policies is normally tax-free for the policyholder.

Kai Brettschneider
Head of business development, 30 years old, engaged, retired footballer.

»An excellent process and interface management is the basis for cost efficiency and quicker processing times. Alongside the level of the purchasing price, the processing speed is the most important success factor in purchasing.«

IMPRINT

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NOTE ON THE HEADLINE

The year 2007 is the ninth (IX.) financial year of cash.life AG as a company of the secondary endowment market.

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