

CASH.LIFE AG GROUP INTERIM REPORT 3.2008

CONSOLIDATED INTERIM REPORT
AS AT 30 SEPTEMBER 2008
OF CASH.LIFE AG
PULLACH, GERMANY

3.08

Overview of financial figures

IFRS		1.7.2007 - 30.9.2008	1.7.2007 - 30.9.2007	Change in %	1.1.2008 - 30.9.2008	1.1.2007 - 30.9.2007	Change in %
Purchasing volume	in EUR m	47.1	218.7	-78.5	243.1	537.0	-54.7
of which company's own portfolio	in EUR m	47.1	207.7	-77.3	240.5	504.7	-52.4
of which to third parties	in EUR m	0.0	11.0	-100.0	2.5	32.3	-92.3
Revenues*	in EUR m	46.6	117.9	-60.5	186.6	298.1	-37.4
of which policies sold*	in EUR m	44.0	115.6	-61.9	179.2	291.5	-38.5
of which servicing*	in EUR m	2.4	2.1	14.6	6.7	5.6	18.1
of which other*	in EUR m	0.2	0.3	-25.5	0.7	1.0	-26.6
EBIT*	in EUR m	-2.2	3.1	n.m.	3.8	7.4	-49.3
Net loss	in EUR m	-13.6	-4.7	-186.0	-12.0	-1.3	n.m.
Earnings per share	in EUR m	-1.58	-0.55	-186.0	-1.40	-0.15	n.m.
Employees (average)*		68	121	-43.8			
Policies under management (as of balance sheet date)	in EUR m	2,277.0	2,185.8	4.2			
of which trading portfolio	in EUR m	348.6	495.2	-29.6			
by third parties	in EUR m	1,928.4	1,690.6	14.1			

*Continuing Operations

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Foreword

Dear Shareholders,

In the first quarter, the Management threw all of its energy into eliminating legacies and strengthening core activities. With improved risk systems serving as a basis, we began to streamline the trading portfolio in the second quarter in order to minimise interest rate losses and to realise gains from interest rate derivatives that had become unnecessary. The third quarter focused on examining cash.life AG's strategic further development opportunities, as announced at the beginning of the year. In evaluating the business prospects, we also had to deal with the consequences of the financial market crisis. Another factor was the urgently needed stabilisation of the ownership structure.

cash.life AG's business model is based on return spreads: after deducting all the costs of the second market for life insurance policies from the returns of the purchased policies, the returns that remain must be attractive to an investor and be able to compete with other low-risk capital market products. cash.life AG generates added value by purchasing the policies on the market in line with predetermined criteria, leveraging them in terms of returns and selling them on to investors as larger packages. We also take care of the policy administration necessary for investors after selling the policies.

To date, we have supplied our policies almost exclusively to closed-end endowment insurance funds that have been launched and marketed by various issuing houses. As things stand, this sales channel has run dry for the time being. No new master contract to fill a new fund has been concluded since August 2007. The existing orders on hand, which contain no obligations to accept or supply, will have been exhausted by the end of 2008. No new contracts with issuing houses are currently foreseeable. How did this situation come about? Firstly, the bonus rates of insurers and thus policy returns are currently at an all-time low following a long phase of interest rate cuts and low interest rates. This is to the detriment of existing funds' performance. Furthermore, the reputation of closed-end endowment insurance funds has suffered from the untimely liquidation of several funds under the issuing house König & Cie.

The impact of the financial market crisis is also set to be another obstacle to sales for the foreseeable future. It makes refinancing a policy portfolio with borrowed funds difficult and considerably more expensive. At the same time, the current distortions on the capital markets could have a negative impact on the investment performance of life insurance providers and tend to result in a further decrease in bonus alloca-

tions. The acute buyer strike and enormous risk aversion of investors ultimately make product development and tapping into new customer groups more difficult.

Thus, the business model of the secondary market for life insurance is currently on trial. For this reason, we have once again raised the return criteria in purchasing. Because we are now only active at the topmost level of the return pyramid, the policy volume eligible for purchase has dropped sharply.

Despite the unfavourable conditions that are beyond cash.life AG's control, we have stabilised the Company by cutting costs sharply and putting a foresighted risk policy in place at the core. The high speed at which the measures have been implemented since the beginning of this year have turned out to be indispensable in view of the developments and findings that can now be seen. We are currently pulling out all the stops to substantially scale down our trading portfolio and to reduce the corresponding credit lines. At the same time, we fully eliminated accounting risks that had appeared in the third quarter. As a result of sales opportunities deteriorating again, we now measure all policies in the trading portfolio at surrender value. We also wrote off the goodwill of our purchase company which is based on expected future income.

Unfortunately these accounting eliminations, which are described in this quarterly report in detail, made it necessary for us to adjust our annual forecast. Together with the market value losses of interest rate derivatives, this led to a high loss for the quarter. Regardless of this, the cost savings made mean that we are still on track. After adjustment for one-time effects that were not brought about by ordinary operations, operating expenses from continuing operations excluding broker commission amounted to EUR 3.0 million in the third quarter, down from EUR 5.3 million year-on-year. Excluding the one-time effects and fluctuations in the market value of derivatives, we still expect pre-tax profit (EBT) for 2008 to be almost zero after adjustment.

Looking at 2009, we are only in a position to plan using contractually fixed servicing income – the actual amount of which is also subject to specific risks. For this reason, we are aiming to start the new financial year with a maximum operating cost base of EUR 8 million excluding any broker commission incurred. This requires further painful cuts in our organisation.

We welcome the work with Augur Financial Holding Vier GmbH & Co. KG which, according to the offer document, will examine the development of new business areas and may then put this into practice. It is still unclear whether and to what extent cash.life AG will be in a position to develop new profitable business areas. Based on the offer document and the talks held to date with Augur, no specific business opportunities have yet arisen. In this respect, we must wait and see what comes of further more extensive talks.

Taking the quoted market price trend and analyst ratings into account and, in particular, acknowledging the fairness opinions obtained as well as the uncertain development of the business model operated by cash.life AG, the Management Board and the Supervisory Board believe that the consideration offered to cash.life shareholders by Augur Financial Holding Vier GmbH & Co. KG in the course of the voluntary public takeover bid can be considered fair. However this ascertainment of the consideration as fair does not constitute a recommended course of action.

Frank Alexander de Boer
Chairman of the Management Board

Interim management report

1. GENERAL TREND ON THE SECONDARY MARKET FOR LIFE INSURANCE

More than every second life insurance policy in Germany is terminated prematurely. In 2007 alone, German insurers prematurely paid out EUR 12.1 billion to customers (2006: EUR 12.2 billion) according to information provided by the Gesamtverband der Deutschen Versicherungswirtschaft (GDV – German Insurance Association). In addition to this figure, the secondary market volume of EUR 1.4 billion should still be kept in mind, thus bringing the total of prematurely terminated policies in 2007 to EUR 13.5 billion – more than ever before. Due to the existence of the secondary market, the number of cancellations has been actively reduced, which is also in the interest of the insurer.

There are numerous reasons for cancelling 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 Research examined the reasons for cancelling policies for our market study of May 2007. The study found that a desire to pay back debts is 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.

However, not all of the policies cancelled make suitable purchases, due to the fact that we must take into account investors' requirements regarding yields, terms, policy size and insurance providers. As a rule, the number of policies that can be purchased fluctuates depending on the attractiveness of the average policy yields in comparison to alternative investment products. Because of the current capital market conditions, we are only able to purchase from the topmost level of the yield pyramid. Because the financial market crisis is expected to impact the profits from capital investment by life insurance providers, the risk of a decline in profit sharing must be taken into account. Accordingly, the number of policies traded on the secondary market is expected to see a sharp drop, not only in 2008 but also beyond. In 2007, according to information provided by the Bundesverband für Vermögensanlagen im Zweitmarkt Lebensversicherungen (BVZL – German Association of Investments in the Secondary Market for Life Insurance), policies worth EUR 1.4 billion (2006: EUR 1.1 billion) were still being traded on the secondary market. cash.life AG accounted for EUR 745 million of this amount, which represented a market share of approximately 50%.

In light of increased liquidity and risk premiums resulting from the financial market crisis, deteriorating refinancing conditions, together with the uncertain prospects of

life insurance policy yields, are currently reducing our sales opportunities. Moreover, sentiment toward closed-end capital insurance funds – until now our sole marketing channel – suffered after several funds of the König & Cie. issuing house had to be liquidated. In general, we do not see it as certain that the current, still unfulfilled order backlog will be accepted by the funds; there is no obligation to accept or supply. No new contracts with issuing houses are currently foreseeable.

The legal conditions for the secondary market changed at the beginning of 2008, when the new *Versicherungsvertragsgesetz* (VVG – German Insurance Contract Act) came into force. The reform will lead to a rise in the minimum surrender values in the case of early cancellation. To counterfinance this, life insurers are expected to reduce the surrender values in the case of late termination. In addition, we expect the significance of terminal bonuses to increase at the expense of the current interest yield based on the market trend at present. Regardless of this, the newly introduced participation in hidden reserves over the entire term is likely to lead to a slight rise in surrender values. Overall, we expect the reform of the VVG to have a marginally positive impact. The surrender value is the current value at which policy holders can cash in their policies. We usually have to offer a premium on the surrender value in order to purchase a policy. If an insurer increases its surrender values within the first phase of the policy (early cancellation), this has a minimal impact on us, as we do not purchase policies until the second phase of the policy's term (late cancellation). If the insurer increases his surrender values in the case of late cancellation, this increases our purchase prices for policies, which has the effect of lowering the yield.

A definitive withholding tax will replace the capital gains tax as of 1 January 2009. The act was adopted on 23 May 2007 as part of the 2008 German Corporate Tax Reform. The definitive withholding tax applies to all policies concluded after 1 January 2005. Older policies generally remain tax-free, provided that they are held for more than 12 years. We do not believe that the tax will have an impact on our purchase prices or the number of policies that can be purchased. From a customer's point of view, the secondary market is still the better option: the policyholder receives more money than if he/she were to cancel the policy and holds on to protection payable in the event of death.

2. PURCHASING LIFE INSURANCE

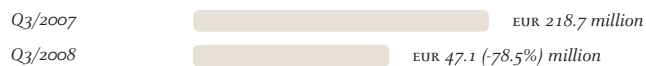
In Q3 2008, we generated a Group-wide purchasing volume of EUR 47.1 million. The Austrian subsidiary cash.life international ceased operations on 1 July 2008 and thus did not contribute any further policies. Brokerage of policies to third parties came to a standstill in Q3 2008.

Compared with Q3 2007, the Group's purchase volume fell overall by 78.5% (Q3 2007: EUR 218.7 million). The lower purchases are primarily due to significantly stricter selection criteria and to currently uncertain sales prospects.

With regard to the structure of policies purchased, a distinction must be made 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. No large policies were acquired in Q3 2008 (Q3 2007: EUR 106.3 million).

PURCHASE VOLUME IN THE CASH.LIFE GROUP

Our purchase volume decreased 78.5% in Q3 2008 to EUR 47.1 million.



We normally purchase between 60% and 80% of retail policies via our broker channel. In Q3, this figure was 79%. We obtain the remaining volume directly from end customers.

Brokers comprise agents, banks and savings banks, and – to an increasing extent – insurance companies. We have access to the comprehensive network of branch offices of the Sparkassen-Finanzgruppe (network via co-operations with Landesbank Hessen-Thüringen (Helaba), HSH Nordbank and savings banks associations in Baden-Württemberg and Bavaria). Through our collaboration with Securon, we have tapped into the enormous customer potential of the Volks- und Raiffeisen banks. Combined, savings banks and co-operative banks in Germany control much of the retail banking business.

We initially launched our new product – the policy loan – to end customers in November 2006. Our broker network has been integrated into our sales network since February 2007. In Q3 2008, we brokered policy loans totalling EUR 3.9 million (Q3 2007: EUR 7.9 million).

We also entered the secondary market for closed-end funds on 1 August 2007. We are taking on a broker role and for this we receive commission from our partners. We offer the sales agents a guaranteed fixed price equal to the highest offer of our partners. No significant income was generated in this business area in Q3 2008.

We stopped purchasing policies in Austria on 1 July 2008. This withdrawal from the Austrian market was in line with turning our focus to the German core business. In addition to the limited potential of the secondary market in Austria, this decision was primarily based on the lack of demand from investors.

3. SELLING AND MANAGING LIFE INSURANCE POLICIES

We initially purchase all policies on our own account, holding them in what we term our trading portfolio. We then optimise the policies and resell them in packages to investors such as closed-end funds. We currently supply the funds of MPC Capital. By the end of September 2008, the orders on hand backed by master contracts for secondary policies yet to be supplied amounted to EUR 78 million. However, in general, we do not see it as certain that the current, still unfulfilled order backlog will be accepted by the funds; there is no obligation to accept or supply. No new contracts with issuing houses are currently foreseeable. Our last contract dates from August 2007.

In Q3 2008, we generated revenue of EUR 44.0 million from policy sales. This corresponds to a decrease of 61.9% compared with the previous year's quarter (Q3 2007: EUR 115.6 million).

REVENUE FROM POLICY SALES

Q3/2007		EUR 115.6 million
Q3/2008		EUR 44.0 (-61.9%) million

Policy sales in Q3 decreased significantly by 61.9% year-on-year to EUR 44.0 million.

After selling the policies, we then manage them on behalf of the fund until they expire. In return, we receive a management fee, the so-called servicing fee. Since the funds generally have a term of 15 years, the servicing fees are a good source of predictable income largely independent of market interest rates. Servicing income may sink if the number of funds managed falls due to planned processes or if they fall unexpectedly.

As at September 30, 2008, we had policies worth EUR 2,277.0 million under management. This is an increase of 4.2% compared with the reporting date of the previous year (September 30, 2007: EUR 2,185.8 million). EUR 348.6 million of this figure was attributable to our trading portfolio and EUR 1,928.4 million to policy management for third parties. This figure includes the policy portfolio of the König & Cie. Deutsche Leben 3 fund, which is currently being wound up, in the amount of EUR 62.4 million.

In Q3 2008, we received servicing fees of EUR 2.4 million – a 14.6% increase compared with the same period of the previous year when we collected EUR 2.1 million – for managing policies worth EUR 1,928.4 million held by the funds.

REVENUE FROM POLICY MANAGEMENT (SERVICING)

Revenue from servicing again enjoys growth of +14.6%, rising to EUR 2.4 million.



On 30 June 2008, cash.life withdrew from the management of British life insurance policies to concentrate on its core business. We had been managing the MPC fund Britische Leben plus since 2005 and the follow-up fund Britische Leben plus II since 2006. The revenue generated this financial year totalled around EUR 250,000.

The total amount of all customers' future management fees backed by contracts as at 30 September 2008 amounted to a present value of EUR 37 million with a discount rate of 10%. EUR 1.2 million of this amount is attributable to policy sales in Q3 2008. In view of the early winding-up of the König & Cie. Deutsche Leben and König & Cie. Deutsche Leben 2 closed-end endowment insurance funds and the decision to liquidate in part the König & Cie. Deutsche Leben 3, the 10% discount rate is intended to reflect the fact that future servicing income cannot, despite ongoing contracts, be collected without some risk. In consideration of the decision to liquidate in part the König & Cie. Deutsche Leben 3 fund, we deducted 50% or roughly EUR 0.8 million of the present value servicing income reported as at 30 September 2008 from the total fair value affected of EUR 1.7 million.

Present value of servicing income	10% discount
	[EUR million]
as at 30 June 2008	39
./. König & Cie. Deutsche Leben 3	0.8
+ Q3 sales	1.2
./. Q3 servicing income	2.4
as at 30 September 2008	37

4. EMPLOYEES

We had an average of 68 employees in Q3 2008. This is 43.8% less than in the same quarter of the previous year, in which the cash.life team's workforce was 121 employees on average. The decrease is the result of HR measures in the course of restructuring and the strategic reorientation of the Group.

NUMBER OF EMPLOYEES IN THE CASH.LIFE GROUP

Q1/2007	111
Q2/2007	119
Q3/2007	121
Q4/2007	134
Q1/2008	101
Q2/2008	84
Q3/2008	68

We had an average of 68 employees in Q3. The decrease is the result of HR measures in the course of restructuring.

CONTINUING OPERATIONS

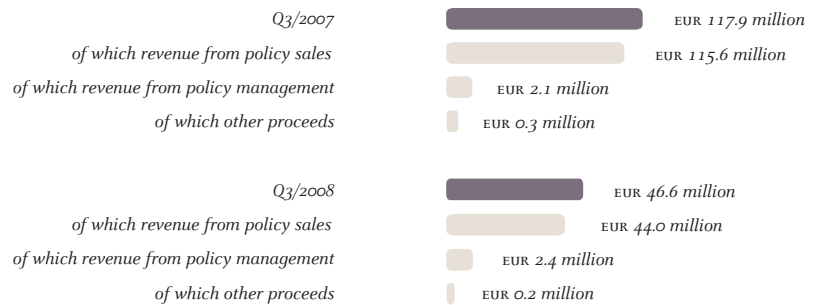
5. REVENUE

The cash.life Group's revenue is made up of three items: income generated from reselling policies to funds, income from policy management and other income. The latter comprises commission for the brokerage of our policies to third parties through our subsidiary, cash.life international, commission for the brokerage of policy loans and commission for the brokerage of shares to closed-end funds.

Revenue in Q3 totalled EUR 46.6 million, which was 60.5% lower year-on-year (Q3 2007: EUR 117.9 million).

REVENUE IN THE CASH.LIFE GROUP

Significant drop in revenue from policy sales



Revenue was made up of the following:

- › Revenue from policy sales in Q3 amounted to EUR 44.0 million, a decrease of 61.9% year-on-year (Q3 2007: EUR 115.6 million).
- › Revenue from policy management in Q3 amounted to EUR 2.4 million, a rise of 14.6% year-on-year (Q3 2007: EUR 2.1 million).
- › Other income amounted to EUR 0.2 million, a drop of 25.5% year-on-year (Q3 2007: EUR 0.3 million).

6. EBIT

Our earnings before interest and taxes (EBIT) in Q3 2008 amounted to EUR -2.2 million, down from EUR 3.1 million in the same quarter of the previous year. The decrease was mainly due to the following factors:

- › Revenue from policy sales were significantly lower year-on-year.
- › The margin from the resale of policies (ratio of “revenue from policy sales” to “disposal of sold insurance contracts”) increased from 2.0% in the same quarter of the previous year to 2.6%. This is reflected in the lower level of competition on the purchase side, which on average led to lower mark-ups on purchase prices.
- › As we do not view it as certain that the closed-end funds will accept the still existing order backlog and no follow-up business is expected for the present, we wrote down the entire trading portfolio to the surrender value on 30 September 2008. One-time write-downs, which accordingly reduced “increases in the value of insurance contracts”, amounted to EUR 2.2 million.
- › Staff costs dropped as a result of downsizing to EUR 1.5 million (Q3 2007: EUR 1.8 million).

- › Amortisation of intangible and fixed assets rose year-on-year from EUR 0.2 million to EUR 4.2 million. Two one-time effects are responsible for the sharp rise:
 - › As a result of the negative performance in the sales business and of the announced review of the business model, the Management Board has decided to write off the goodwill of EUR 3.6 million that was recognised as an asset for the subsidiary cash.life Vertriebs GmbH. No new master contracts to fill and service endowment insurance funds have been concluded since August 2007. Given the most recent intensification of the financial market crisis, no follow-up business with the issuing houses can be expected in the foreseeable future either. Furthermore, the purchase of policies for the Company's own books can only be financially operated to a limited extent.
 - › Moreover, impairment of EUR 0.3 million was charged on the purchasing software recognised as an asset.
- › Other operating expenses decreased year-on-year from EUR 4.3 million to EUR 2.6 million. The decrease is attributable first and foremost to lower marketing costs and to lower legal and consultancy costs. The agent commissions paid for policies also fell sharply to EUR 0.5 million (Q3 2007: EUR 1.1 million). It further includes the following non-recurring effects:
 - › EUR 0.6 million in bad debt allowances were charged on non-current commission receivables recognised as assets resulting from a discontinued marginal activity: the brokering of fund-linked life insurance policies. The bad debt allowances became necessary because the investment portion of the third-party products marketed ultimately lost its value so that only the capital guarantee remained.
 - › In connection with the abandoning of office premises at the Pullach location, office equipment amounting to EUR 0.3 million was rendered in the third quarter.

After adjustment for the one-time effects mentioned, operating expenses before broker commission totalled EUR 3.0 million (Q3 2007: EUR 5.3 million). EBIT amounted to EUR 4.7 million (Q3 2007: EUR 3.1 million) after adjustment for one-time effects.

7. NET FINANCIAL INCOME/NET FINANCE COSTS

Our net financial costs in Q3 2008 amounted to EUR -11.2 million, up from EUR -9.4 million in the same quarter of the previous year. Our financial expenses are primarily due to the refinancing of the trading portfolio. Overall, effects running counter to one another – a reduced trading portfolio and increased refinancing costs – merely resulted in a slight drop in interest expense to EUR 4.7 million (Q3 2007: EUR 4.9 million).

The financial result includes, as a one-time effect in the third quarter, a write-down of financial assets in the amount of EUR 0.3 million, which was taken against the back-drop of the decision to liquidate the Luxembourg-based cash.life Premium Policies SICAV. The balance sheet value reflects the liquidation value.

The changes in the value of our derivatives are also included in the net financial income/net finance costs item. Since we recognise the derivatives at fair value in accordance with IFRS, their amounts depend on the interest rate level. In Q3 of this year, the loss in the value of the derivatives resulted in financial expense of EUR 6.1 million (Q3 2007: EUR -4.8 million). EUR 1.8 million was generated in Q3 by the partial sale of existing derivatives, which was possible without negatively impacting the refinancing risk in view of the significant upcoming reduction of the trading portfolio.

We are using derivatives solely for the purpose of hedging our trading portfolio against interest rate risks. Since we can terminate policies at their surrender value at any time, we pursue a short-term refinancing policy. Otherwise, we would run the risk of utilising credit which would not be at all necessary due to a reduced trading portfolio. In addition, short-term interest rates are generally lower than long-term rates. As such, we are able to generate a higher interest margin from our trading portfolio. Our margin would fall in times of interest rate increases. In order to avoid this, we have hedged with derivatives against rising interest rates. These so-called caps ensure that our interest expense does not rise above a given ceiling. The portfolio of derivatives acquired currently has a term until mid-2010.

8. PROFIT/LOSS BEFORE TAXES (EBT) AND ADJUSTED PROFIT/LOSS BEFORE TAXES

Earnings before taxes (EBT) in Q3 2008 amounted to EUR -13.4 million, down from EUR -6.3 million in the same quarter of the previous year. Since we consider our derivatives to be hedging instruments and hold them to final maturity according to plan, it seems to make sense to adjust their market value fluctuations

(Q3 2008: EUR -6.1 million; Q3 2007: EUR -4.8 million) for the purpose of determining an informative operating profit indicator. This purely refers to changes in carrying amounts, which are not combined with cash flows. Furthermore, the net profit of Q3 was impacted by a series of one-time effects, which should also be adjusted:

	Q3/2008	Q3/2007
	[EUR million]	[EUR million]
Earnings before taxes	-13.4	-6.3
+ Value loss – derivatives	6.1	4.8
+ Write-downs of the trading portfolio	2.2	-
+ Bad debt allowances charged on non-current commission receivables	0.6	-
+ Write-off of goodwill	3.6	-
+ Other write-downs of assets	0.6	-
+ Depreciation/amortisation/write-downs of financial assets	0.3	-
Adjusted profit/loss before taxes	0.0	-1.5

9. LOSS

In Q3 2008, continuing operations generated a loss of EUR 12.9 million in accordance with IFRSs following a loss of EUR 4.1 million in the same quarter of the previous year. Earnings from income taxes of EUR 0.4 million (Q3 2007: EUR 2.1 million) include a write-down of loss carryforwards recognised as assets totalling EUR 1.9 million.

10. DISCONTINUED OPERATIONS

cash.life AG intends to close the Vienna-based subsidiary cash.life international Vertriebsgesellschaft mbH. The share of the 2008 net profit/loss accounted for by cash.life international GmbH will be reported as a net profit/loss from discontinued operations. Information on the net profit/loss from discontinued operations in comparable periods of previous years relate to cash.life international Vertriebsgesellschaft mbH and the Zeitwertkonten operations sold in January 2008.

The net loss before taxes from discontinued operations amounted to EUR -0.7 million in Q3 2008 (same period of the previous year: EUR -0.7 million) and is attributable primarily to a one-time effect: In Q3 2008, bad debt allowances of EUR 0.5 million were charged on non-current commission receivables recognised as assets resulting from a discontinued marginal activity, the brokering of fund-linked life insurance policies. The bad debt allowance became necessary because the investment portion of the third-party products marketed ultimately lost its value so that only the capital guarantee remained.

The net loss from discontinued operations amounted to EUR 0.7 million in Q3 2008 (same period of the previous year: EUR -0.6 million).

11. TOTAL CONSOLIDATED LOSS

Total consolidated loss amounted to EUR 13.6 million (Q3 2007: EUR -4.7 million). This resulted in earnings per share (basic/diluted) of EUR -1.58 (Q3 2007: EUR -0.55).

CONCOLIDATED LOSS

The Group's net loss of EUR 13.6 million in Q3 2008 is due primarily to extraordinary effects and the loss in value of derivatives.

Q3/2007	EUR -4.7 million	
Q3/2008	EUR -13.6 million	

12. NET ASSETS AND FINANCIAL POSITION

Since our current assets exceeded our current and non-current liabilities by EUR 22.8 million as of 30 September 2008, we are posting the net cash item. Overall, our total assets for the first nine months decreased to EUR 383.6 million (31 December 2007: EUR 532.9 million) due to lower assets and a significantly reduced trading portfolio.

Assets

Non-current assets declined in the first nine months of 2008. They totalled EUR 9.2 million as at 30 September 2008, up from EUR 22.3 million as at 31 December 2007. A significant change was recorded in the asset value of derivatives item. This is due to the altered yield curve; we also disposed of derivatives with a market price of EUR 4.7 million (of which in Q3: EUR 1.8 million). Added to this were a write-off on goodwill recognised as an asset, depreciation of property, plant and equipment and write-downs of financial assets and recognised deferred tax assets.

Current assets also fell considerably: from EUR 510.5 million as of 31 December 2007 to EUR 374.4 million as of 30 September 2008. The main reason for this is the decrease in receivables from insurance contracts attributable to the initiated restructuring of the trading portfolio – the cancellation of low-yield policies and those that cannot be resold. Due to the uncertain prospects of their sale, all policies intended for sale were written down to the surrender value. This resulted in write-downs of EUR 2.2 million, after a write-down in Q2 of EUR 3.4 million. As of 30 September 2008, our trading portfolio – now recognised fully at surrender values – amounted to EUR 348.6 million. Moreover, trade receivables declined, as did recoverable taxes. The trade receivables item primarily consists of outstanding servicing fees charged for the administration of third-party policy portfolios for the third quarter 2008.

Equity & liabilities

As at 30 September 2008, equity amounted to EUR 31.9 million. The change from 31 December 2007 of EUR 12.0 million is the result of the nine-month loss.

Non-current assets dropped considerably: from EUR 42.4 million as at 31 December 2007 to EUR 1.3 million as at 30 September 2008. This was primarily due to the reclassification of an existing promissory note of more than EUR 40 million, which is now being recognised as a current liability following the restructuring of the refinancing.

Despite the reclassification of the promissory note on the balance sheet, current liabilities dropped significantly. They amounted to EUR 350.4 million as at 30 September 2008, down from EUR 446.4 million as at 31 December 2007. The main reason for this was the decline in liabilities from the purchase of life insurance and trade payables, which fell EUR 32.5 million and EUR 65.2 million respectively in the first nine months of the year.

Liabilities from the purchase of insurance contracts relate to insurance contracts that we have already purchased, but for which the purchase price has not yet been paid out. They are connected to the purchase volume amount: the larger the purchase volume, the higher the volume of purchase prices to be paid after the reporting date. The trade payables posted on 31 December 2007 were mainly the result of the purchase of two endowment insurance policies totalling EUR 58.9 million in December 2007, which were settled in the first quarter.

Amounts due to banks increased slightly from EUR 314.8 million as at 31 December 2007 to EUR 318.7 million as at 30 September 2008 due to the reclassification of an existing promissory note.

13. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Joh. Berenberg Gossler & Co. KG, which is based in Hamburg (Germany), informed us on 9 October 2008 in accordance with section 21 (1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) that its voting power in cash.life AG held through shares has fallen short of the thresholds of 25%, 20%, 15% and 10% of voting rights on 6 October 2008 and now amounts to 0% (equivalent to 0 voting rights).

Augur Financial Holding Vier GmbH & Co. KG, which is based in Frankfurt (Germany), informed cash.life AG, based in Pullach (Germany), (SIN: 500910, ISIN: DE0005009104) on 10 October 2008 in accordance with section 21 (1) WpHG for its own account and for the account of and on behalf of Augur Financial Holding IV S.A., based in Luxembourg, Luxembourg, Augur Financial Opportunity SICAV, based in Luxembourg, Luxembourg, Augur Vier Verwaltungs GmbH, based in Frankfurt (Germany), and Augur Capital GmbH, Frankfurt (Germany), of the following:

1. Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany)

The proportion of voting rights of Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany), in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

2. Augur Financial Holding IV S.A., Luxembourg, Luxembourg

The proportion of voting rights of Augur Financial Holding IV S.A., Luxembourg, Luxembourg, in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

In accordance with section 22 (1) clause 1 (1) of the WpHG, 42.68% of these (3,661,521 voting rights) are to be allocated to Augur Financial Holding IV S.A.

The voting rights allocated to Augur Financial Holding IV S.A. will be held through the following company in which it has a controlling interest, which has 3% or more voting rights in cash.life AG:

› Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany).

3. Augur Financial Opportunity SICAV, Luxembourg, Luxembourg

The proportion of voting rights of Augur Financial Opportunity SICAV, Luxembourg, Luxembourg, in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

In accordance with section 22 (1) clause 1 (1) of the WpHG, 42.68% of these (3,661,521 voting rights) are to be allocated to Augur Financial Opportunity SICAV.

The voting rights allocated to Augur Financial Opportunity SICAV will be held through the following companies in which it has a controlling interest, which hold 3% or more voting rights in cash.life AG:

› Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany)

› Augur Financial Holding IV S.A., Luxembourg, Luxembourg.

4. Augur Vier Verwaltungs GmbH, Frankfurt (Germany)

The proportion of voting rights of Augur Vier Verwaltungs GmbH, Frankfurt (Germany), in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

In accordance with section 22 (1) clause 1 (1) of the WpHG, 42.68% of these (3,661,521 voting rights) are to be allocated to Augur Vier Verwaltungs GmbH.

The voting rights allocated to Augur Vier Verwaltungs GmbH will be held through the following company in which it has a controlling interest, which has 3% or more voting rights in cash.life AG:

- › Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany).

5. Augur Capital GmbH, Frankfurt (Germany)

The proportion of voting rights of Augur Capital GmbH, Frankfurt (Germany), in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

In accordance with section 22 (1) clause 1 (1) of the WpHG, 42.68% of these (3,661,521 voting rights) are to be allocated to Augur Capital GmbH.

The voting rights allocated to Augur Capital GmbH will be held through the following companies in which it has a controlling interest, which hold 3% or more voting rights in cash.life AG:

- › Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany),
- › Augur Vier Verwaltungs GmbH, Frankfurt (Germany).

On 15 October 2008, the offer document for the voluntary takeover bid of Augur Financial Holding Vier GmbH & Co. KG for all shares of cash.life AG was published at <http://www.augurfinancialholdingvier.de> and in the online German Federal Gazette.

On Wednesday, 29 October 2008, cash.life AG published the joint statement of the Management Board and Supervisory Board on the voluntary takeover bid of Augur Financial Vier GmbH & Co. KG for all shares of cash.life AG at www.cashlife.de/investorrelations in the online German Federal Gazette.

On 30 October 2008, in accordance with section 62 (3) clause 2 of the Umwandlungsgesetz (UmwG – Transformation Act), cash.life AG published an announcement of the merger of cash.life Vertriebs GmbH, a 100% subsidiary, with cash.life AG in the online Federal Gazette. On 15 October, a merger agreement was signed by cash.life Vertriebs GmbH and cash.life and then submitted to the Commercial Court. As of 30 October, the documents referred to in section 63 (1) of the UmwG are displayed at the business premises of cash.life AG and may be inspected by the shareholders during business hours.

14. REPORT ON EXPECTED DEVELOPMENTS

The continued sales performance from the sale of life insurance policies is chiefly determined by the profitable purchase volume of retail policies that can be generated, the demands of closed-end funds and the attainment of new, institutional customer groups.

As at 30 September 2008, the order backlog based on master contracts amounted to around EUR 78 million. As a result of stricter purchase criteria on the part of the funds, we must expect drops in sale prices. This narrows the margin in policy trading.

Deteriorating refinancing conditions against the background of increased liquidity and risk premiums as a result of the financial market crisis are reducing our sales opportunities. Moreover, sentiment toward closed-end capital insurance funds – until now our sole marketing channel – has suffered recently, after several funds of the König & Cie. issuing house had to be liquidated prematurely. In view of the difficult capital market environment, we also see minimal opportunities for success in tapping new customer groups for the foreseeable future.

For this reason, we have once again raised the yield criteria in purchasing. In addition to the high refinancing costs, the risk of a decline in profit sharing must be taken into account as a result of the financial market crisis. Because we are now only active at the topmost level of the yield pyramid, the policy volume theoretically eligible for purchase has dropped sharply.

Revenues from policy management, also called servicing fees, correlate with the policy volume that we manage for third parties. These are contractually fixed and are accrued over the entire term of the funds supplied. They may decrease due to normal procedures or if the funds managed are reduced unexpectedly in the portfolio.

As a result of the negative performance in the sales business and of the announced review of the business model, the Management Board has decided to write off the goodwill of EUR 3.6 million that was recognised as an asset for the subsidiary cash.life Vertriebs GmbH. No new master contracts to fill and service endowment insurance funds have been concluded since August 2007. Given the most recent intensification of the financial market crisis, no follow-up business with the issuing houses can be expected in the foreseeable future either. Furthermore, the purchase of policies for the Company's own books can only be financially operated to a limited extent. In light of this, goodwill recognised as an asset for cash.life Vertriebs GmbH – which is still to be merged into cash.life AG over the course of Q4 2008 according to plan – can no longer be considered sustainable. The write-off will not be accompanied by any cash outflows whatsoever and thus will not affect cash flow.

However, these and other one-time effects influence the forecast for financial year 2008. The figures published on 4 August 2008 for the continuing operations were adjusted on 16 October 2008 as detailed below.

For financial year 2008, cash.life AG now expects revenue of at least EUR 190 million (previous forecast: EUR 220 million to EUR 240 million, previous year: EUR 500.5 million). In general, we do not see it as certain that the current, still unfulfilled order backlog will be accepted by the funds; there is no obligation to accept or supply. Accordingly, the Management Board has decided to write down all policies in the trading portfolio intended for sale to their surrender value. This write-down, a one-time effect, amounts to EUR 2 million. Gross profit is therefore likely to amount to around EUR 28 million (previous forecast: approx. EUR 30 million, previous year: EUR 41.2 million).

cash.life AG is retaining its savings targets for operating expenses without making any cuts. We expect operating expenses – excluding any broker commissions incurred and before one-time extraordinary effects – to remain unchanged at EUR 15 million (previous year: EUR 24 million).

However, EBIT is being negatively impacted by several one-time effects. In addition to the write-off of the goodwill of cash.life Vertriebs GmbH, EUR 0.5 million in bad debt allowances were charged on non-current receivables recognised as assets from a discontinued marginal activity: the brokering of fund-linked life insurance policies. The bad debt allowances became necessary because the investment portion of the third-party products marketed ultimately lost its value so that only the capital guarantee remained. Earnings before interest and taxes (EBIT) are expected to fluctuate accordingly between EUR 5 million and EUR 7 million in 2008 (previous forecast: EUR 12 million to EUR 14 million; previous year: EUR 12.2 million).

Refinancing expenses for the trading portfolio are subject to fluctuation due to money market interest rates (EURIBOR). Interest rate caps will prevent the financial expense from experiencing any further negative impact from rising interest rates as a result of compensation payments for these derivatives. An increase in the bank margin for existing credit lines – for example due to the current financial market crisis – is currently driving up the cost of borrowing, despite the hedged interest rate level.

cash.life continues to estimate earnings before tax (EBT) – which was adjusted for market fluctuations of derivatives and extraordinary one-time effects after reaching EUR 0.3 million at the half-year mark – at between EUR -1 million and EUR 1 million for the whole of 2008 (previous forecast: EUR -1 million to EUR 1 million, previous year: EUR 2.8 million). The write-off of goodwill and the bad debt allowances charged on non-current commission receivables and write-downs on the trading portfolio have been classified and adjusted as one-time effects.

As part of the expected acquisition of a majority interest by Augur Financial Holding Vier GmbH & Co. KG, we expect to write off the deferred tax assets as of the end of the year.

According to plans, cash.life intends to begin 2009 with an operating cost-base of maximum EUR 8 million, excluding accrued broker commission (previous forecast: maximum of EUR 10 million). By the end of the year, the endowment insurance policy trading portfolio is likely to have reached EUR 100 million to EUR 160 million (previous forecast: approx. EUR 200 million).

15. RISK REPORT

For full details of the risk and opportunity management system as well as the individual risks, please refer to the corresponding explanations in our 2007 Annual Report. Only the changes that occurred in the first nine months of financial year 2008 are addressed below

ENVIRONMENTAL AND INDUSTRY RISKS

Rise in general interest rate level

Risk: medium

If capital market interest rates were to rise, insurance providers would also increase their profits over the medium term. Otherwise, their new business would collapse, because the interest yield on a life insurance policy would not be attractive in comparison to other capital market investments. Moreover, numerous regular customers would cancel their policies. Judging from past experience, any increase in profits will be delayed by anywhere from 12 to 36 months. Without hedging measures, our interest income from the trading portfolio would decrease during the transition period due to the fact that the difference between the policy yield and refinancing interest rates is dropping. In addition, this effect means higher refinancing costs for funds and, accordingly, a decline in our sales opportunities (see Closed-end funds showing less demand for policies). However, in principle there could be no negative margin, because we would cancel or sell the policies first. To safeguard our interest income, we have protected ourselves against an interest rate increase by means of derivatives. The derivatives that we held as of the balance sheet date will protect us until mid-2010.

Closed-end funds showing less demand for policies

Risk: high

In the current market phase, in which life insurance yields are not exceeding the refinancing costs of policy investors over the long term, willingness to purchase policies is diminishing. No new contracts are currently foreseeable. Old orders on hand will expire at the end of the year. Opportunities only arise again when life insurance yields follow the interest rate trend or interest rates decline again.

Dropping bonus allocations by life insurance providers

Risk: medium

Lower bonus allocations by life insurance providers are resulting in lower interest income in our trading portfolio and to lower investor demand for policies. Dropping profits are usually caused by lower interest rates, because life insurance providers invest the assets of their clients primarily in fixed-interest securities and pass on lower yields to their clients with a time lag. Conversely, it can be assumed that rising interest rates will lead to rising bonus allocations with a time lag. Therefore, depending on the market phase, the interest margin attainable with policies may increase or decrease. Regardless of these normal cycles, the current distortions on the capital markets could have a negative impact on the investment performance of life insurance providers and result in lower bonus allocations simultaneous with increased refinancing costs. This would make life insurance policies less attractive in relative terms.

BUSINESS STRATEGY RISKS

Decline in net profits due to worsening market conditions

Risk: high

For the most part, cash.life operates as a single-product Company on the secondary market for life insurance policies. If market conditions worsen, there is a risk that they will have a significant and lasting impact on the profit of the Company.

In the current market phase, in which life insurance policy yields are not exceeding the refinancing costs of policy investors over the long term, investors' willingness to purchase policies is diminishing. No new contracts are currently foreseeable. The old order backlog of policies yet to be supplied which contain no obligation to accept or supply expires at the end of the year.

Policy administration for existing funds links commissions to the volume of the surrender values managed. These proceeds accrue over the entire term of the fund, allowing us to post significant income for years even if new business plummets. The management fee may be lower if the funds managed are reduced unexpectedly in the portfolio.

During the course of the current financial year, we have reacted to predictable decreases in proceeds with massive cost savings. They are expected to cushion the impact on the earnings situation considerably.

OPERATING RISKS

Dependence on investors

Risk: low to medium

We manage the funds of MPC Capital AG, König & Cie., Hannover Leasing and REAL I.S. The funds of MPC Capital AG account for around 80% of the assets under management.

We also intend to develop further sales channels to diversify risks. In doing so, we are primarily focusing on institutional investors that do not compete with our current sales channels. However, the effects of the financial market crisis and the current capital market environment are having a significant impact on our opportunities for profit.

FINANCIAL RISKS

Margin changes

Risk: medium to high

Depending on the remaining term, our resale prices are up to 4.8% higher than the surrender value of the policies sold. In view of the difficult conditions at present, the competition for purchasing policies has slackened noticeably. As a result of stricter purchase criteria on the part of the funds, we must expect drops in sale prices. This narrows the margin from policy trading.

Our income in portfolio management climbed further. At 0.4% to 0.5%, our management fee for the existing funds is fixed over their entire term. It is geared towards the current surrender value of the managed portfolio in each case. The management fee may be lower if the funds managed are reduced unexpectedly in the portfolio.

The risk of a diminishing interest margin in the trading portfolio is limited. We have applied hedging by means of derivatives in the event that interest rates rise. However, an increase in the bank margin for existing credit lines – given the current financial market crisis, for example – may lead to a smaller margin, despite the hedged interest rate level.

Liquidity risks and risk of cash flow fluctuations

Risk: low

Since the cash flows from life insurance can be precisely predicted at least for the 12 months during which an insurer declares its profits in advance, we consider the risk of cash flow fluctuations to be low.

The purchase and the premium payments of life insurance policies are financed by loans. In view of the restructuring resolved and the substantial reduction of our trading portfolio, the required credit limits which amounted to EUR 344 million as of 8 October 2008 are set to decrease further over the next few months. cash.life intends to reduce the portion of the trading portfolio that is no longer earning its refinancing costs. Borrowing will be reduced accordingly.

We hold high quality securities through our trading portfolio comprising German and Austrian life insurance. However, in view of the financial market crisis, banks themselves are negatively impacted by higher liquidity spreads in some cases. This has led to an increase in our refinancing costs through the bank margin that we have to pay.

OVERALL ASSESSMENT OF THE GROUP'S RISK POSITION
ASSESSMENT OF THE RISK SITUATION BY MANAGEMENT

The restructuring and cost reduction measures introduced represent our reaction to the undesirable developments which have emerged during the past financial year. As already announced, further measures will be examined, also against the background of the persistent financial market crisis. The most recent developments and insights have led us to re-examine the business model of the secondary market for life insurance.

cash.life shares

SHARE PRICE PERFORMANCE:

SHARE PRICE PERFORMANCE: SHARES FALL 55.1% IN THE FIRST NINE MONTHS

The share price dropped sharply again in the first nine months of 2008, during which it lost 55.1% and fell from EUR 7.75 on 28 December 2007 to EUR 3.48 as at 30 September 2008, the last trading day in Q3. During this period, it reached a high of EUR 7.97 on 2 January and a low of EUR 1.53 on 10 July. The price benefited from a takeover bid announced by AUGUR Financial Holding Vier GmbH & Co. KG on 11 September 2008 with a share price of EUR 3.50.

PERFORMANCE OF CASH.LIFE SHARE PRICE (JANUARY TO SEPTEMBER 2008)



In the first nine months, our share price dropped by 55.1% and as of the end of September was at EUR 3.48.

Source: Deutsche Börse AG

EARNINGS PER SHARE

Earnings per share in Q3 2008 amounted to EUR -1.58 compared with EUR -0.55 in the same quarter of the previous year. This results in 2008 earnings per share of EUR -1.40 for the nine-month period (2007: -0.15 EUR).

TRADING VOLUME

The trading volume in Q3 2008 decreased compared with previous quarters. The share was most heavily traded in July at an average of 62,598 shares per day. At 39,568 shares on average in August and 39,677 shares in September, trading during these months was significantly lower.

SHAREHOLDER STRUCTURE

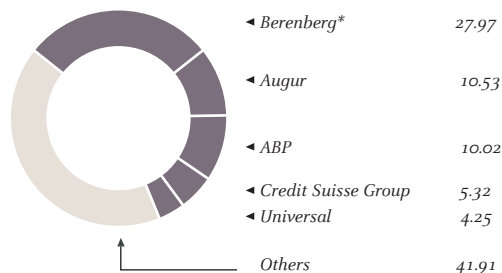
One investor informed us that he holds between 25% and 30% of our shares. Two additional shareholders hold between 10% and 15% of the voting rights. In each case, the shareholder holds an interest of between 5% and 10% and between 3% and 5% respectively.

In Q3 2008, the following changes were made to the shareholder structure:

- › On 16 July 2008, Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany informed us that it increased its share in cash.life to 25.80% on 11 July 2008.
- › On 23 July 2008, Schrodgers plc, based in London (UK) informed us that it had reduced its interest in cash.life to 2.39% on 11 July 2008.
- › On 23 July 2008, the Vanguard International Explorer Fund, based in Wayne, Pennsylvania (USA), informed us that it had reduced its share in cash.life to 0.00% on 11 July 2008.
- › On 11 September 2008, Augur Financial Holding Vier GmbH & Co. KG, Frankfurt, Germany informed us that it increased its share in cash.life to 10.53% on 11 September 2008.
- › On 15 September 2008, Hansa AG, based in Baar (Switzerland), informed us that it had reduced its interest in cash.life to 0.00% on 12 September 2008.

SHAREHOLDER STRUCTURE OF CASH.LIFE AG AS AT 30 SEPTEMBER 2008

As of 30 September 2008, approx. 42% of shares were in free float.



* Sold to Augur under the suspensive condition of approval by antitrust authority

TAKEOVER BID BY THE AUGUR FINANCIAL HOLDING VIER GMBH & CO. KG

On Wednesday, 15 October 2008, the offer document for the voluntary takeover bid of Augur Financial Holding Vier GmbH & Co. KG for all shares of cash.life AG was published at www.augurfinancialholdingvier.de and in the online German Federal Gazette. For up-to-date information on the current status of the takeover bid, please go to the Fund's home page at www.augurfinancialholdingvier.de and our Investor Relations home page at www.cashlife.de/investorrelations.

INVESTOR RELATIONS

In Q3, we held one-on-one meetings or group meetings with some 10 investors. We were also available to our investors for a question-and-answer session in a teleconference.

RESEARCH

cash.life was analysed by seven banks in Q3. As at the end of the quarter on 30 September 2008, the analysts' recommendations were as follows:

Bank	Date	Recommendation/rating	Upside target
Berenberg Bank	8 May 2008	Hold	EUR 5.00
Chevreux	17 July 2008	Underperform	EUR 1.50
DZ-Bank	11 August 2008	Sell	EUR 2.50
HSBC			
Trinkaus & Burkhardt	12 September 2008	Overweight	EUR 4.50
Merck Finck	7 February 2008	Sell	EUR 8.00
Unicredit	19 September 2008	Hold	EUR 3.50
WestLB	12 September 2008	Hold	EUR 3.50

DESIGNATED SPONSORING

cash.life AG was/is sponsored by one designated sponsor:

- › DZ-Bank, Frankfurt am Main

AD HOC DISCLOSURES

In Q3 2008, we published four ad hoc disclosures, which are available on our website:

Date	Event
10 July 2008	Closed-end policy fund Deutsche Leben 2 of the König & Cie. issuing house wound up
17 June 2008	cash.life AG publishes preliminary figures for the third quarter of 2008 – Net gain expected at approximately EUR 5 million; operating costs significantly below level of previous year
31 July 2008	Withdrawal from the management of British endowment insurance policies
4 August 2008	Forecast for financial year 2008

NOTIFICATIONS OF DIRECTORS' DEALINGS

No notifications of directors' dealings were received in Q3 2008.

BASIC SHARE DATA

Ticker	SGS.ETR
Basic data	
SIN	500 910
ISIN	DE 000 500 9104
Type	No par value shares
Nominal value	EUR 1.00
issued capital	EUR 8,579,900.0
Stock exchanges	
Regulated Market/ Prime Standard	Berlin-Bremen Frankfurt am Main Hannover XETRA
Regulated Unofficial Market	Düsseldorf Hamburg München Stuttgart
Performance	
Share price on 1 July 2008:	EUR 1.90 (XETRA)
Share price on 30 September 2008:	EUR 3.48 (XETRA)
High in Q3 2008:	EUR 3.84 (15.8.2008)
Low in Q3 2008:	EUR 1.53 (10.7.2008)
Market capitalisation:	EUR 29.9 million (30.9.08)
Trading volume:	EUR 131,161 (daily average in Q3 2008)

Corporate governance

cash.life AG complies with the German Corporate Governance Code. The Management Board and the Supervisory Board of cash.life AG issue annual declarations specifying the extent to which the Company complies with the recommendations of the Code. We publish the declarations of compliance on our homepage at www.cashlife.de/investorrelations under the Corporate Governance section.

In it, we document deviations from the Code and give the reasons for these. The current declaration is dated 18 September 2008. It supersedes the declaration of 21 September 2007. The Company deviates from the recommendations of the Code set out under clauses 3.8, 4.2.2, 4.2.3, 4.2.5, 5.2, 5.3.1, 5.3.2, 5.3.3, 5.4.6, 6.6 and 7.1.3.

GROUP INCOME STATEMENT ACCORDING TO IFRS

	Notes Numbers	Interim Report 1.7.2008 - 30.9.2008	Interim Report 1.7.2007 - 30.9.2007	Cum. period 1.1.2008 - 30.9.2008	Cum. period 1.1.2007 - 30.9.2007
		EUR thousand	EUR thousand	EUR thousand	EUR thousand
Revenue		46,598	117,892	186,617	298,132
Increases in the value of insurance contracts		4,863	9,277	17,636	24,955
Disposal of sold insurance contracts		-42,887	-113,340	-174,015	-284,815
Insurance premiums		-2,421	-4,333	-9,164	-11,178
Gross profit	1.	6,153	9,496	21,074	27,094
Staff costs	2.	-1,492	-1,840	-4,704	-6,004
Amortisation of intangible assets and depreciation of property, plant and equipment	3.	-4,209	-230	-4,682	-699
Other operating expenses	4.	-2,613	-4,331	-7,925	-12,968
Operating profit		-2,161	3,095	3,763	7,423
Financial income		-5,981	-4,498	2,194	10,624
Financial expenses		-5,210	-4,860	-15,470	-17,446
Net financial income/net finance costs	5.	-11,190	-9,358	-13,275	-6,822
Net profit before taxes		-13,351	-6,263	-9,512	601
Taxes on income	6.	423	2,118	-814	-618
Loss from continuing operations	7.	-12,928	-4,145	-10,326	-17
<i>Discontinued operations</i>					
Net loss before taxes	8.	-650	-722	-1,542	-1,548
Taxes on income	9.	0	120	-145	276
Loss from discontinued operations	10.	-650	-602	-1,687	-1,272
Total loss	11.	-13,578	-4,747	-12,013	-1,289
Earnings per share in EUR (basic)	12.	-1.58	-0.55	-1.40	-0.15
Earnings per share in EUR (diluted)	12.	-1.58	-0.55	-1.40	-0.15
Average shares outstanding (basic)		8,579,900	8,579,900	8,579,900	8,579,900
Average shares outstanding (diluted)		8,579,900	8,579,900	8,579,900	8,579,900

CONSOLIDATED BALANCE SHEET IN ACCORDANCE WITH IFRS

		30.9.2008	31.12.2007
	Note	EUR thousand	EUR thousand
Assets			
Non-current assets			
Intangible assets	1.	219	4.560
Property, plant and equipment	2.	1,436	2.542
Non-current financial assets	3.	1,005	1.283
Asset value of derivatives	15.	2,955	6.793
Deferred tax assets	4.	2,615	4.991
Non-current receivables	5.	945	2.157
		9,175	22,326
Current assets			
Receivables and other assets/Receivables from insurance			
1. contracts	6.	348,596	444.698
2. Trade receivables	7.	3,080	31.268
3. Recoverable taxes	8.	8,333	18.476
4. Other receivables and other current assets	9.	3,855	3.996
Cash in hand and bank balances		10,534	12.033
		374,398	510,471
Assets held for sale		0	146
Total assets		383,573	532,943

		30.9.2008	31.12.2007
	Note	EUR thousand	EUR thousand
Equity & Liabilities			
Equity			
Issued capital		8,580	8,580
Capital reserves		24,908	24,908
Retained earnings including profit/loss carryforwards		10,455	13,239
Profit		-12,013	-2,784
		<i>31,930</i>	<i>43,943</i>
Non-current liabilities			
1. Deferred tax liabilities	10.	857	1,970
2. Due to banks		0	40,000
3. Other non-current liabilities		413	413
		<i>1,270</i>	<i>42,383</i>
Current liabilities			
1. Due to banks	11.	318,682	314,809
2. Liabilities from the purchase of insurance contracts		26,171	58,705
3. Trade payables		522	65,745
4. Other current liabilities	12.	3,533	3,644
5. Current provisions	13.	1,465	3,464
		<i>350,373</i>	<i>446,367</i>
Liabilities from assets held for sale		0	250
Total equity & liabilities		383,573	532,943

GROUP STATEMENT OF EQUITY ACCORDING TO IFRS

	Deposited capital		Generated equity		Equity	
	Issued capital	Capital reserves	Retained earnings	Net profit/loss carried forward	Net profit	
	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand	EUR thousand
As at 1 Jan. 2007	8,580	24,908	17,529	0	0	51,017
Dividends			-4,290			-4,290
Loss					-1,289	-1,289
As at 30 Sep. 2007	8,580	24,908	13,239	0	-1,289	45,438
As at 1 Jan. 2008	8,580	24,908	10,455	0	0	43,943
Loss					-12,013	-12,013
As at 30 Sep. 2008	8,580	24,908	10,455	0	-12,013	31,930

CONSOLIDATED CASH FLOW STATEMENT IN ACCORDANCE WITH IFRS

	Note	1.1.2008 - 30.9.2008 EUR thousand	1.1.2007 - 30.9.2007 EUR thousand
Profit		-12,013	-1,289
+ / - Depreciation and amortisation expense, write-downs and reversals of write-downs of non-current assets		5,050	837
+ / - Decrease / increase in asset value of derivatives		-834	-4,692
+ / - Increase / decrease in other provisions		-2,108	45
+ / - Increase / decrease in tax provisions		-51	-327
+ / - Deferred tax expense / income		1,527	-126
+ / - Other non-cash expenses / income		0	6
+ / - Gains / losses from the disposal of non-current assets		901	0
- / + Increase / decrease in inventories, trade receivables and other assets, not attributable to investing activities, not attributable to financing activities		135,746	-214,488
+ / - Increase / decrease in trade payables and other liabilities, not attributable to investing activities, not attributable to financing activities			
		-134,142	228,185
Net cash from/used in operating activities	1.	-5,924	8,151
<i>of which from discontinued operations</i>		-369	-925
+ Proceeds from the disposal of property, plant and equipment		0	0
- Payments for capital expenditure		-58	-435
+ Proceeds from disposal of intangible assets		0	0
- Payments for investments in intangible assets		-187	-112
- Payments for investments in non-current financial assets		-2	-3
+ / - Proceeds from/payments for the expansion of the consolidated group		0	48
+ Proceeds from the disposal of derivatives		4,672	3,600
- Proceeds for the acquisition of derivatives		0	0
Net cash used in investing activities	2.	4,425	3,098
<i>of which from discontinued operations</i>		0	0
+ Proceeds from additions to capital		0	0
- Payments to shareholders		0	-4,290
- Repayment of amounts due to banks		0	0
Net cash from/used in financing activities	3.	0	-4,290
<i>of which from discontinued operations</i>		0	0
Net change in cash and cash equivalents (total net cash used in the three types of activities)		-1,499	6,959
<i>of which from discontinued operations</i>		-369	-925
Intragroup financing for the discontinued operations		342	1,178
- Disposal of cash and cash equivalents as a result of deconsolidation		-69	0
+ Cash and cash equivalents at the beginning of the period		12,102	1,284
<i>of which from discontinued operations</i>	4.	139	50
Cash and cash equivalents at the end of the period		10,534	8,243
<i>of which from discontinued operations</i>		112	303
Additional disclosures:			
Interest paid		16,596	13,395
Interest received		9,864	1,200
Taxes paid		8,061	4,993
Taxes received		18,080	2,929

Consolidated group

The consolidated financial statements include the financial statements of the parent company cash.life AG, Munich and those of the subsidiaries, which were under the legal and/or de facto control of cash.life AG as at 30 September 2008.

cash.life SICAV is not included in the consolidated financial statements due to its inactive business activities and its minor significance for the cash.life Group's net assets, financial position and results of operations. The Company is to be liquidated. The subsidiary, which is not consolidated, contributes less than 3% to consolidated equity. The company is carried at fair value in the consolidated financial statements under non-current financial assets. Investments were reduced by EUR 280 thousand to EUR 1,000 thousand and recognised as expenses.

EGERIA Verwaltungsgesellschaft mbH and CORDELIA Verwaltungsgesellschaft mbH are carried in the consolidated financial statements at cost under non-current financial assets due to the fact that the companies are not under the control of cash.life AG.

The consolidated subsidiaries are:

- › cash.life Vertriebs GmbH, Pullach (Germany), previously cash.life Policendarlehensvermittlungs GmbH; the merger agreement of 6 February 2008 marked the merger of associated companies Barwert-Europäische Versicherungsvermittlungs GmbH, Grosshansdorf (Germany), and cash.life Vertriebsgesellschaft mbH, Pullach, with the Company. The merger has been entered in the commercial register of the incorporating company and the transferred companies.
- › cash.life international Vertriebsgesellschaft, Vienna (Austria).

Pursuant to the merger agreement of 14 August 2008 and effective as of 1 July 2008, cash.life Financial Services GmbH, Pullach, merged with the parent company cash.life AG. The merger has been entered in the commercial register of the incorporating company and the transferred company.

cash.life Vorsorge GmbH & Co. KG, Pullach, Zeitwertkonten Verwaltungs GmbH, Pullach, and cash.life Treuhand Zeitwertkonten- und Pensionssicherung GmbH, Pullach, were deconsolidated as of 1 January 2008. cash.life AG sold its shares to the companies' management by way of a share purchase and assignment agreement dated 25 January 2008. Since 1 January 2008, the buyer has been entitled to the profit and loss attributable to the limited partnership interest sold and the dividends of the shares sold to be paid out. The deconsolidation resulted in an expense of EUR 27 thousand for the parent company in the first quarter of 2008.

cash.life AG intends to close the Vienna-based subsidiary cash.life international Vertriebsgesellschaft mbH. The share of the 2008 net profit/loss accounted for by cash.life international GmbH will be reported as a net profit/loss from discontinued operations. Information on the net profit/loss from discontinued operations in comparable periods of previous years relates to cash.life international Vertriebsgesellschaft mbH and the Zeitwertkonten operations sold in January 2008.

Accounting policies

Upon first-time consolidation, capital consolidation was performed using the purchase method. In so doing, investments recognised at cost at cash.life AG were offset against the equity of the respective subsidiary. The positive difference resulting from consolidation was reported as goodwill under intangible assets. For cash.life Vertriebs GmbH the difference between net assets and the purchase price was reported as an expense. This expense amounted to EUR 6 thousand in the first six months of 2007.

The effects of intragroup transactions are eliminated as part of consolidation. Receivables and liabilities between the consolidated companies are offset against each other, and any intragroup profits and losses are eliminated. Intragroup income is offset against the corresponding expenses. Taxes for any temporary differences resulting from consolidation are deferred when necessary.

Intangible assets are measured at cost and are subject to straight-line amortisation over their expected useful lives. As at 30 September 2008, an additional write-down of EUR 250 thousand was charged and recognised as an expense.

Goodwill resulting from capital consolidation is recognised in accordance with IFRS 3 (Business Combinations), recorded under intangible assets and tested for impairment at least once per year. As at 30 September 2008, the goodwill of cash.life Vertriebs GmbH of EUR 3,632 thousand was completely impaired and recognised as an expense.

Property, plant and equipment used for business activities for a period exceeding one year are recognised at cost less accumulated straight-line depreciation. Property, plant and equipment are depreciated pro rata temporis in their year of acquisition. Since the beginning of 2008, the Company has been complying with the tax regulation for assets with a cost of more than EUR 150 but not exceeding EUR 1,000. The alternative new valuation method has not been employed. As at 30 September 2008, an extraordinary write-down of EUR 323 thousand was charged in addition to regular straight-line depreciation.

Investments in subsidiaries that are not consolidated and other investees and investors are carried at cost or alternatively at liquidation values under non-current financial assets.

Property, plant and equipment, non-current financial assets and non-current assets (including goodwill recognised) must be tested for impairment in accordance with IAS 36. Impairment was charged on property, plant and equipment in the period under review due to the removal of tenants from the office premises at the Pullach site.

Leased assets pertain exclusively to operating leases. The cash.life Group (the lessee) recognises these lease instalments in net profit/loss as other operating expenses.

Non-current receivables, i.e. receivables due in more than one year, are discounted annually on the balance sheet date at an interest rate of 5.5%, which is appropriate for the term. As at 30 September 2008, an allowance for bad debts of EUR 1,100 thousand was charged and recognised as an expense.

Current receivables and other assets are measured at fair value upon first-time recognition.

Receivables that are held for trading and arise from insurance contracts are measured at fair value. Gains or losses resulting from the measurement are recognised in net profit/loss in the income statement.

Taking IAS 39AG 76A into account, the value recognised is the value attributable to assets on the secondary market for term life insurance. Therefore, measurement is based upon the original purchase price, adjusted to include changes in market data, particularly interest rates, as well as the intragroup rating of the insurance companies, the term of insurance contracts and changes in surrender values. It is also assumed that the value will come closer to the surrender value overall over the course of time. As at 30 September 2008, receivables held for trading and arising from insurance contracts were reduced by approximately EUR 2.2 million and this reduction recognised as an expense due to current market data.

Current receivables and other assets are measured at fair value upon first-time recognition. Trade receivables are recognised at their nominal amount. If there are doubts surrounding their recoverability, the receivables are recognised at their lower recoverable amount. Recoverable taxes arising from taxes on income are recognised at their nominal amount and include the reimbursement claim against the responsible tax authority. Other receivables and assets are recognised at their nominal amount.

Non-current liabilities are measured at the discounted amount of future payments. Liabilities to brokers contained therein are discounted at an annual interest rate of 5.5%.

Current liabilities are carried at amortised cost. This amount corresponds to the amount repayable. Interest-bearing bank loans are recognised as liabilities at their

received disbursed amount. Finance charges, including those from the repayment or settlement of payable premiums, are recognised in line with the accrual basis of accounting.

Provisions are measured using the best estimate method and include all other recognisable obligations on the reporting date which are based on past events and the amount and timing of which are uncertain. Provisions are only recognised when a legal or constructive obligation to a third party exists. The provisions are recognised at their settlement amount and are not netted against reimbursement claims.

As a result of its activities, the Group is subject to interest rate risks. Interest rate caps and an interest rate swap with a maximum rate agreement are concluded to hedge future cash flows and are approved by the Management Board on a case-by-case basis. Derivative financial instruments are not used for speculative purposes. The derivatives are not subject to the criteria for hedge accounting. They are measured at fair value and recognised in net profit/loss. Derivatives are recognised at fair value and are reported on the basis of measurement for contract banks, based on expected interest rate developments. Changes in the fair value of these derivative financial instruments are recognised in net profit/loss in the period in which they occur. In the period under review, the cash.life Group had no financial derivatives that fall under the criterion of hedge accounting. Two interest rate caps were sold and one modified in Q3 2008, generating income of roughly EUR 1.8 million.

The income statement has been prepared according to the nature of expense method.

Income tax expenses include deferred taxes as well as the actual taxes payable on income.

Deferred taxes are recognised for temporary differences between the amounts in accordance with IFRSs and the tax base when applying the balance sheet approach. Deferred tax assets are recognised to the extent that it is likely that taxable profit will be available against which the deductible temporary difference can be applied. Deferred tax assets are recognised as tax loss carryforwards insofar as it is likely that taxable profit in the future will be available against which the unused tax losses can be offset. In this reporting period, the calculation of deferred taxes is based on a tax rate of 29%.

Consolidated income statement disclosures

CONTINUING ACTIVITIES

1. GROSS PROFIT

Revenue primarily includes income from policy management as well as proceeds from insurance sales.

Income from policy management amounted to EUR 2,356 thousand for Q3 2008 (same period of the previous year: EUR 2,056 thousand) and relates to the servicing for policies that have been sold to closed-end funds. This is an increase of EUR 300 thousand compared with the same period of the previous year, which is the result of the higher volume of policies managed. In the first nine months of 2008, income from policy management amounted to EUR 6,667 thousand. This is an increase of EUR 1,022 thousand compared with the same period of the previous year, which is the result of the higher volume of policies managed.

Income from insurance sales (sale of policies to closed-end funds) of EUR 44,011 thousand (previous year: EUR 115,558 thousand) were generated in Q3 2008, which represents a decrease of EUR 71,547 thousand. This compares to EUR 42,887 thousand (previous year: EUR 113,340 thousand) generated from the disposal of sold insurance contracts. Income from insurance sales of EUR 179,223 thousand (previous year: EUR 291,492 thousand) was generated in the first nine months of 2008 while the disposal of sold insurance contracts amounted to EUR 174,015 thousand (previous year: EUR 284,815 thousand), which corresponds to an increase of EUR 112,269 thousand.

Increases in the value of insurance contracts amounting to EUR 4.863 thousand in Q3 2008 (previous year: EUR 9,277 thousand) resulted primarily from portfolio returns and from ongoing premium payments of EUR 2,421 thousand (previous year: EUR 4,333 thousand). The increases in the value of insurance contracts totalled EUR 17,636 thousand in the first nine months of 2008 (previous year: EUR 24,955 thousand) while premium expenses totalled EUR 9,164 thousand (previous year: EUR 11,178 thousand).

As at 30 September 2008, a write-down of EUR 2.2 million was charged on the trading portfolio due to current market data and recognised as an expense under the "Increases in the value of insurance contracts" item. Because a write-down of EUR 3.4 million had already been charged on the trading portfolio and recognised as an expense as at 30 June 2008, write-downs on the trading portfolio for the first nine months of 2008 totalled EUR 5.6 million based on current market data.

2. STAFF COSTS

In Q3 2008, staff costs fell EUR 348 thousand compared with Q3 2007 to EUR 1,492 thousand. EUR 189 thousand of the decrease in staff costs is due to the lower number of employees as a result of restructuring measures at the Pullach site and EUR 159

Average	1.7.2008- 30.9.2008	1.7.2007- 30.9.2007	Change
Employees	68	121	-53
Trainees	0	0	0
Total	68	121	-53

thousand to the closure of the Ahrensburg site. Staff costs in the first nine months of 2008 came to EUR 4,704 thousand, representing a year-on-year decrease of EUR 1,300 thousand.

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

Amortisation of intangible assets and depreciation of property, plant and equipment for Q3 2008 of EUR 4,209 thousand (same period of the previous year: EUR 230 thousand) include the write-off of the recognised goodwill of cash.life Vertriebs GmbH, Pullach, amounting to EUR 3,632 thousand due to what is now only minor life insurance policy purchasing activity and the EUR 250 thousand write-down on software to support purchasing processes recognised as an asset.

4. OTHER OPERATING EXPENSES

Other operating expenses primarily include expenses for broker commissions, for advertising and public relations, for office costs, for legal and consulting costs, for investor relations, for building maintenance and for travel expenses. The fall in Q3 2008 of EUR 1,718 thousand year-on-year to EUR 2,613 thousand primarily comprises a reduction in expenses of EUR 1,075 thousand for advertising and public relations, of EUR 962 thousand for legal and consulting costs and of EUR 380 thousand for broker commissions. The disposal of non-current assets in the amount of EUR 323 thousand due to the removal of tenants from the office premises at the Pullach site and the discontinuation of a specific valuation allowance of EUR 590 thousand had the effect of raising expenses in Q3 2008. During the first nine months of 2008, other operating expenses dipped EUR 5,043 thousand year-on-year. This is primarily due to the decline in expenses for advertising and public relations in the amount of EUR 2,885 thousand, for legal and consulting costs of EUR 1,262 thousand, for broker commissions of EUR 1,165 thousand and for travel costs of EUR 424 thousand. On the other hand, the disposal of non-current assets in the amount of EUR 713 thousand, the discontinuation of a specific valuation allowance of EUR 590 thousand and a rise in office costs of EUR 154 thousand had the effect of raising expenses.

5. NET FINANCIAL INCOME/NET FINANCE COSTS

The financial income of EUR -5,981 thousand in Q3 2008 comprises the change in the value of derivatives in the amount of EUR -8,122 thousand, proceeds from the sale of derivatives in the amount of EUR 1,781 thousand, as well as interest and similar income of EUR 89 thousand. Finance costs of EUR 5,210 thousand in Q3 2008 include EUR 5,222 thousand in interest and similar expenses for the trading portfolio, expenses from the write-down on the investment in cash.life Premium Policies (SICAV), Luxembourg, of EUR 280 thousand, as well as income from interest rate hedges of EUR 529 thousand.

6. TAXES ON INCOME

The tax income reported for Q3 2008 of EUR 423 thousand comprises deferred tax income of EUR 411 thousand and trade taxes of EUR 12 thousand. EUR 2,355 thousand of the deferred tax income is mainly the result of deferred tax liabilities due to a reduction in the value of derivatives, less deferred tax expenses of EUR 2,355 thousand from the derecognition of tax loss carryforwards in the amount of EUR 1,930 thousand due to the stock purchase by Augur Financial Holding Vier GmbH & Co. KG.

7. LOSS FROM CONTINUING OPERATIONS

Loss from continuing operations in Q3 2008 totalled EUR 12,928 thousand (previous year: EUR 4,145 thousand) and EUR 10,326 thousand in the first nine months of 2008 (previous year: EUR 0 thousand).

DISCONTINUED OPERATIONS

cash.life AG intends to close the Vienna-based subsidiary cash.life international Vertriebsgesellschaft mbH. The share of the 2008 net profit/loss accounted for by cash.life international GmbH will be reported as a net profit/loss from discontinued operations. Information on the net profit/loss from discontinued operations in comparable periods of previous years relates to cash.life international Vertriebsgesellschaft mbH and the Zeitwertkonten operations sold in January 2008.

8. EARNINGS BEFORE TAXES

Q3 2008 saw a net loss before taxes from discontinued operations of EUR 650 thousand (previous year: loss of EUR 722 thousand) and EUR 1,542 thousand in the first nine months of 2008 (previous year: loss of EUR 1,548 thousand). In Q3 2008 a bad-debt allowance for noncurrent provision receivables was recognised in the amount of EUR 510 thousand. In Q2 2008, the goodwill of cash.life international Vertriebsgesellschaft mbH recognised in the amount of EUR 350 thousand was written off as an expense. Furthermore, additional costs of EUR 100 thousand have been taken into account due to the intended closure of the site.

9. TAXES ON INCOME

No taxes accrued in Q3 2008. Taxes on income of EUR 145 million in the first nine months of 2008 relate to the write-down of the recoverable taxes recognised for cash.life international Vertriebsgesellschaft mbH due to the intended closure of the site. This circumstance was already recognised in Q2 2008.

10. LOSS FROM DISCONTINUED OPERATIONS

Loss from discontinued operations in Q3 2008 totalled EUR 650 thousand (previous year: EUR -602 thousand) and EUR -1,687 thousand in the first nine months of 2008 (previous year: EUR -1,272 thousand).

11. TOTAL LOSSES

Total losses in Q3 2008 came to EUR 13,578 thousand (previous year: EUR -4,747 thousand) and EUR 12,013 thousand in the first nine months of 2008 (previous year: EUR -1,289 thousand).

12. EARNINGS PER SHARE

The loss of EUR 13,578 thousand in Q3 2008 was based on the number of shares outstanding, which amounted to 8,579,900. This results in a loss per share (basic/diluted) of EUR 1.58. The first nine months of 2008 saw a loss per share (basic/diluted) of EUR 1.40.

Consolidated balance sheet disclosures

1. INTANGIBLE ASSETS

Intangible assets of EUR 219 thousand comprise IT software. In addition to planned depreciation and amortisation, a write-down was charged on IT software of EUR 250 thousand and recognised as an expense as at 30 September 2008. The goodwill of cash.life Vertriebs GmbH totalling EUR 3,632 thousand recognised at cost was written off as at 30 September 2008 as a result of what is now only minor purchasing activity. The write-down is recognised as an expense under the "Amortisation of intangible assets and depreciation of property, plant and equipment" item. The goodwill of Vienna-based cash.life international Vertriebsgesellschaft mbH of EUR 350 thousand was written off as of 30 June 2008 due to the intended closure of the subsidiary.

2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of EUR 1,436 thousand primarily pertain to operating and office equipment as well as leasehold improvements at the Pullach site. Disposals of operating and office equipment as well as recognised leasehold improvements

were recognised as expenses in the amount of EUR 323 thousand as at 30 September 2008 due to the removal of tenants from the office premises at the Pullach site.

3. NON-CURRENT FINANCIAL ASSETS

The reported amount of EUR 1,005 thousand relates to the investment of EUR 1,000 thousand in Luxembourg-based cash.life Premium Policies SICAV, the investment in Pullach-based EGERIA Verwaltungsgesellschaft mbH recognised at EUR 3 thousand and the investment in Pullach-based CORDELIA Verwaltungsgesellschaft mbH recognised at EUR 2 thousand. Due to its inactive business activities, cash.life Premium Policies SICAV has not been included in the consolidated financial statements. The carrying amount of the investment was written down from EUR 1,280 thousand to the expected liquidation value of EUR 1,000 thousand and recognised as an expense. EGERIA Verwaltungsgesellschaft mbH and Cordelia Verwaltungsgesellschaft mbH are not included in the consolidated financial statements as cash.life AG does not hold majority voting interests in these companies.

4. DEFERRED TAX ASSETS

In accordance with IAS 12, cash.life AG and the consolidated subsidiaries have recognised deferred taxes for loss carryforwards as well as temporary recognition and measurement differences between IFRS amounts and the tax base. Of the deferred tax assets of EUR 2,615 thousand, EUR 2,546 thousand pertain to expected future tax reductions from offsetting tax loss carryforwards and EUR 69 thousand to temporary differences from amounts recognised in accordance with tax rules. The tax receivables from tax carryforwards include the purchase of approx. 43% of shares by Augur Financial Holding Vier GmbH & Co. KG effective as of 30 September 2008 and the derecognition of tax carryforwards and losses incurred in 2008 in the same ratio.

5. NON-CURRENT RECEIVABLES

This balance sheet item pertains to non-interest-bearing fee and commission receivables due in more than one year. The receivables have been discounted annually at 5.5% as of the balance sheet date. An impairment was carried out on commission receivables from fund-linked life insurance policies brokered in previous years due to the change in value of those life insurance policies in the amount of EUR 1,100 thousand, and recognised as an expense. EUR 590 thousand of the write-down recognised as an expense relates to the continued operations; EUR 510 thousand relates to the discontinued operations.

6. RECEIVABLES FROM INSURANCE CONTRACTS

The receivables from insurance contracts item of EUR 348,596 thousand includes the trading portfolio, i.e. all of the life insurance contracts held. The trading portfolio fell

EUR 96,102 thousand compared with 31 December 2007. This decrease is primarily due to the cancellation of portfolio policies that cannot be sold. As at 30 September 2008, the portfolio was written down by EUR 2,151 thousand and recognised as an expense due to the lack of sales opportunities. Impairment of around EUR 3.4 million had already been charged on the trading portfolio and recognised as an expense on 30 June 2008 due to current market data.

EUR 304,085 thousand of the receivables from insurance contracts serve as collateral for amounts due to banks.

7. TRADE RECEIVABLES

Trade receivables are primarily receivables from the servicing of closed-end funds in Q3 2008.

8. RECOVERABLE TAXES

Recoverable taxes are primarily due to imputable capital gains tax including the solidarity surcharge at cash.life AG. They mainly relate to tax withholdings on insurance income. In Q3 2008, EUR 9,705 thousand in retained capital gains tax and a solidarity surcharge were refunded to cash.life AG by tax authorities.

9. OTHER RECEIVABLES AND OTHER CURRENT ASSETS

Other receivables and current other assets primarily relate to the accrual of pre-paid life and pension insurance premiums amounting to EUR 3,000 thousand.

10. NON-CURRENT LIABILITIES

Deferred tax liabilities of EUR 857 thousand relate to deferred tax liabilities from the asset values of interest rate hedges as of the balance sheet date amounting to EUR 2,955 thousand. These financial instruments are measured at fair value in accordance with IAS 39 and, in the period under review, were used to hedge interest rate fluctuations.

11. DUE TO BANKS

Collateral for banks was mainly provided through the surrender of all rights and claims from life insurance and pension plans. The total amount of liabilities covered by liens and similar rights amounts to EUR 318,385 thousand.

12. OTHER CURRENT LIABILITIES

This balance sheet item of EUR 3,533 thousand is primarily attributable to the deferred interest owed to banks of EUR 2,235 thousand.

13. CURRENT PROVISIONS

Current provisions of EUR 1,465 thousand include provisions for taxes on income of EUR 59 thousand. EUR 511 thousand was set aside for subsequent invoices, legal and consulting costs, the costs of preparing and auditing the financial statements, as well as marketing costs. Furthermore, provisions of EUR 895 thousand were set aside for holidays, profit sharing and bonus payments as well as other staff costs.

14. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Other financial obligations which are not evident from the balance sheet comprise continuing obligations (rent and lease contracts) with an annual negative impact of approximately EUR 600 thousand.

The cash.life Group has occupational direct insurance in place for its employees. The contract sets out obligations for the insurance company only and rights for the employee only. Contributions to these direct insurance policies are recognised under staff costs. The employer is ultimately liable in accordance with section 1 (1) clause 3 of the Betriebsrentengesetz (BetrAVG – German Occupational Pensions Act), which provides for a right of pre-emption in the event that the insurance company enters into insolvency proceedings. Vested benefits that might arise when an employee leaves cash.life do not exist.

15. FINANCIAL DERIVATIVES

cash.life AG has entered into numerous interest rate hedges (caps, a swap with a maximum rate agreement). The derivative financial instruments are recognised when the cash.life Group becomes a party to the contract. The fair value of these derivative financial instruments is calculated as the present value of the expected benefit less related expenses. The fair values of interest rate hedges are documented by the communication of the respective German contract banks and amounted to EUR 2,884 thousand as of 30 September 2008. They comprise the asset value of the derivatives (EUR 2,955 thousand) less the liability value of the derivatives (EUR 71 thousand). In Q3 2008, two interest rate caps were sold and one interest rate cap modified. The disposal proceeds totalled EUR 1,781 thousand.

cash.life AG had agreements with the following banks as at 30 September 2008:

Name	Fair Value	Reference amount	Strike 3M-EUR-EURIBOR	Term	Future premium expend*
	EUR thousand	EUR thousand	% p.a.		EUR thousand
CAP Deutsche Bank	437	75,000	4	07/2007- 07/2009	0
CAP HypoVereinsbank	562	150,000	4	07/2008- 07/2010	74
CAP Dresdner Bank	206	45,000	4	12/2006- 12/2008	0
SWAP premium-neutral Hypo-Vereinsbank cap	1,679	150,000	1- month EUR- EURIBOR Telerate for contract party, max. 3.15% for cash.life	07/2005- 07/2009	Max. 4,725 less HVB reimbursement of the 1-month EUR EURIBOR Telerate

*through the end of the term (not discounted)

Consolidated statement of changes in equity disclosures

The consolidated statement of changes in equity shows the changes in equity between 1 January 2008 to 30 September 2008.

Consolidated cash flow statement disclosures

1. NET CASH FROM/USED IN OPERATING ACTIVITIES

Net cash from operating activities in the first nine months of 2008, which is calculated using the indirect method based on profit for the period, decreased by EUR 14,075 thousand compared with the same period of the previous year to become net cash used in operating activities of EUR 5,924 thousand.

2. NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities in the first nine months of 2008 amounted to EUR 4,425 thousand. Payments amount to EUR 247 thousand. These are primarily capital expenditures for software in the amount of EUR 187 thousand. Compared to the same date of the previous year, payments decreased by EUR 303 thousand due to the lower capital expenditures for non-current assets. Payments in the same period of the previous year were dominated by investments in property, plant and equipment totalling EUR 435 thousand. The sale of several derivatives resulted in cash inflows of EUR 4,672 thousand (previous year: EUR 3,600 thousand) in the first nine months.

3. NET CASH FROM/USED IN FINANCING ACTIVITIES

No financing measures going beyond operating activities were implemented in the first nine months of 2008.

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

The overall negative net change in cash and cash equivalents of EUR -1,499 thousand in the first nine months of 2008 was due to the net cash used in operating and investing activities. Cash and cash equivalents as of 30 September 2008 totalled EUR 10,534 thousand. The cash and cash equivalents comprise cash on hand and demand deposits that can be withdrawn from banks at guaranteed values. There are no components of the cash and cash equivalents to which the Group companies do not have free access.

The cash and cash equivalents of the discontinued operations declined EUR 27 thousand in the first nine months of 2008 from EUR 139 thousand to EUR 112 thousand as of the reporting date. The cash and cash equivalents of EUR 369 thousand used in operating activities by the discontinued operations were offset by intragroup funds accruing to cash.life AG of EUR 342 thousand.

Other disclosures

EXECUTIVE BODIES OF THE COMPANY

Management Board

FRANK ALEXANDER DE BOER (CHAIRMAN)

Corporate Development/Strategy, Product Development/Sales, Investor Relations (IR), Public Relations (PR), Marketing, Human Resources, Legal Affairs, Auditing

KLAUS LEUSMANN

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

Supervisory Board

GERD A. BÜHLER (CHAIRMAN)

Lawyer, Tax Consultant

Member of the Supervisory Board of IREKS GmbH, Kulmbach

Vice-Chairman of the Supervisory Board of Hesse Newman Capital AG (formerly: FHR Finanzhaus AG), Hamburg

Vice-Chairman of the Supervisory Board of Hesse Newman & Co. AG, Hamburg

RALF BRAMMER (VICE-CHAIRMAN, UNTIL 11 JULY 2008)

Businessman

DR. CLAUS-MICHAEL DILL

CEO of Damp Holding AG, Damp

Chairman of the Supervisory Board of TÜV Rheinland Holding AG, Cologne

Chairman of the Supervisory Board of Kölnische Rückversicherungs-Gesellschaft AG, Cologne

Member of the Supervisory Board of MLP AG, Heidelberg

Member of the Advisory Board of Deutsche Bank AG, Berlin

Member of the Commercial Board of WestLB AG, Düsseldorf

HANS-GERD FÜCHTENKORT (UNTIL 11 JULY 2008)

Member of the Management Board of Grohe AG, Rottach-Egern

DR. MICHAEL KEMMER (UNTIL 11 JULY 2008)

Chairman of the Board of Management of BayernLB, Munich

Chairman of the Supervisory Board of Bayern Facility Management GmbH, Munich

Member of the Advisory 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 Advisory Board of Saar LB, Saarbrücken

Member of the Supervisory Board of HGAA Hypo Group Alpe Adria AG, Klagenfurt

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PROF. DR. FRANK A. SCHÄFER, LL.M.

Lawyer – Düsseldorf

Chairman of the Supervisory Board of VM Holding AG, Düsseldorf

Chairman of the Supervisory Board of ChemAdvice AG

Member of the Supervisory Board of Freese AG, Bremen

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Joh. Berenberg Gossler & Co. KG, which is based in Hamburg (Germany), informed us on 9 October 2008 in accordance with section 21 (1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) that its voting power in cash.life AG held through shares has fallen short of the thresholds of 25%, 20%, 15% and 10% of voting rights on 6 October 2008 and now amounts to 0% (equivalent to 0 voting rights).

Augur Financial Holding Vier GmbH & Co. KG, which is based in Frankfurt (Germany), informed cash.life AG, based in Pullach (Germany), (SIN: 500910, ISIN: DE0005009104) on 10 October 2008 in accordance with section 21 (1) WpHG for its own account and for the account of and on behalf of Augur Financial Holding IV S.A., based in Luxembourg, Luxembourg, Augur Financial Opportunity SICAV, based in Luxembourg, Luxembourg, Augur Vier Verwaltungs GmbH, based in Frankfurt (Germany), and Augur Capital GmbH, Frankfurt (Germany), of the following:

1. Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany)

The proportion of voting rights of Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany), in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

2. Augur Financial Holding IV S.A., Luxembourg, Luxembourg

The proportion of voting rights of Augur Financial Holding IV S.A., Luxembourg, Luxembourg, in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

In accordance with section 22 (1) clause 1 (1) of the WpHG, 42.68% of these (3,661,521 voting rights) are to be allocated to Augur Financial Holding IV S.A.

The voting rights allocated to Augur Financial Holding IV S.A. will be held through the following company in which it has a controlling interest, which has 3% or more voting rights in cash.life AG:

› Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany).

3. Augur Financial Opportunity SICAV, Luxembourg, Luxembourg

The proportion of voting rights of Augur Financial Opportunity SICAV, Luxembourg, Luxembourg, in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

In accordance with section 22 (1) clause 1 (1) of the WpHG, 42.68% of these (3,661,521 voting rights) are to be allocated to Augur Financial Opportunity SICAV.

The voting rights allocated to Augur Financial Opportunity SICAV will be held through the following companies in which it has a controlling interest, which hold 3% or more voting rights in cash.life AG:

- › Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany)
- › Augur Financial Holding IV S.A., Luxembourg, Luxembourg.

4. Augur Vier Verwaltungs GmbH, Frankfurt (Germany)

The proportion of voting rights of Augur Vier Verwaltungs GmbH, Frankfurt (Germany), in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

In accordance with section 22 (1) clause 1 (1) of the WpHG, 42.68% of these (3,661,521 voting rights) are to be allocated to Augur Vier Verwaltungs GmbH.

The voting rights allocated to Augur Vier Verwaltungs GmbH will be held through the following company in which it has a controlling interest, which has 3% or more voting rights in cash.life AG:

- › Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany).

5. Augur Capital GmbH, Frankfurt (Germany)

The proportion of voting rights of Augur Capital GmbH, Frankfurt (Germany), in cash.life exceeded the thresholds of 15%, 20%, 25% and 30% on 8 October 2008, and as of this date amounts to 42.68% (3,661,521 voting rights).

In accordance with section 22 (1) clause 1 (1) of the WpHG, 42.68% of these (3,661,521 voting rights) are to be allocated to Augur Capital GmbH.

The voting rights allocated to Augur Capital GmbH will be held through the following companies in which it has a controlling interest, which hold 3% or more voting rights in cash.life AG:

- › Augur Financial Holding Vier GmbH & Co. KG, Frankfurt (Germany),
- › Augur Vier Verwaltungs GmbH, Frankfurt (Germany).

On 15 October 2008, the offer document for the voluntary takeover bid of Augur Financial Holding Vier GmbH & Co. KG for all shares of cash.life AG was published at <http://www.augurfinancialholdingvier.de> and in the online German Federal Gazette.

On Wednesday, 29 October 2008, cash.life AG published the joint statement of the Management Board and Supervisory Board on the voluntary takeover bid of Augur Financial Vier GmbH & Co. KG for all shares of cash.life AG at www.cashlife.de/investorrelations in the online German Federal Gazette.

On 30 October 2008, in accordance with section 62 (3) clause 2 of the Umwandlungsgesetz (UmwG – Transformation Act), cash.life AG published an announcement of the merger of cash.life Vertriebs GmbH, a 100% subsidiary, with cash.life AG in the online Federal Gazette. On 15 October, a merger agreement was signed by cash.life Vertriebs GmbH and cash.life and then submitted to the Commercial Court. As of 30 October, the documents referred to in section 63 (1) of the UmwG are displayed at the business premises of cash.life AG and may be inspected by the shareholders during business hours.

NOTICE IN ACCORDANCE WITH SECTION 37W (5) OF THE WPHG

cash.life has refrained from subjecting the interim consolidated financial statements and the interim management report of the Group to an audit review by an auditor or an audit in accordance with section 317 of the Handelsgesetzbuch (HGB – German Commercial Code).

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim 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 for the remaining months of the financial year.

DECLARATION IN ACCORDANCE WITH SECTION 161 OF THE AKTIENGESETZ (AKTG) - GERMAN PUBLIC COMPANIES ACT)

The declaration prescribed by section 161 of the AktG concerning compliance with the German Corporate Governance Code was issued by the Management Board and the Supervisory Board. In accordance with the Code's recommendations, this declaration is available to shareholders at the Company's website.

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. The 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 separate obligations requiring it to do so.

Pullach (Germany), 31 October 2008

Frank Alexander de Boer

Klaus Leusmann

Financial calendar

April 2009 2008 Annual Report
Dates are subject to change.

cash.life

INVESTOR RELATIONS-CONTACT

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