



cash.life

Final figures Q2/2008
08 August 2008





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A | Final Figures Q2/2008



Q2/2008 Highlights

EBT in Q2 slightly positive - adjusted for book value fluctuations of derivatives and restructuring related one-offs

Purchase volume in line with Q1,Q2 2007 on a comparable basis; internet has become main sourcing channel

Revenues declined to 65.8 m € (-41% yoy) due to lower policy sales

Average number of employees down to 84 in Q2/2008 versus 134 in Q4/2007; operating cost cuts ahead of planning; offload of remaining non-profitable non-core activities almost completed

Market value of derivatives increased by 12.2 m € in Q2/2008; thereof 2.9 m € have been realised through a partial sale

Valuation risk within our trading book eliminated: cash flow neutral write-down of 3.4 m € weighs on gross profit



The results of Q2/2008 and H1/2008 at a glance

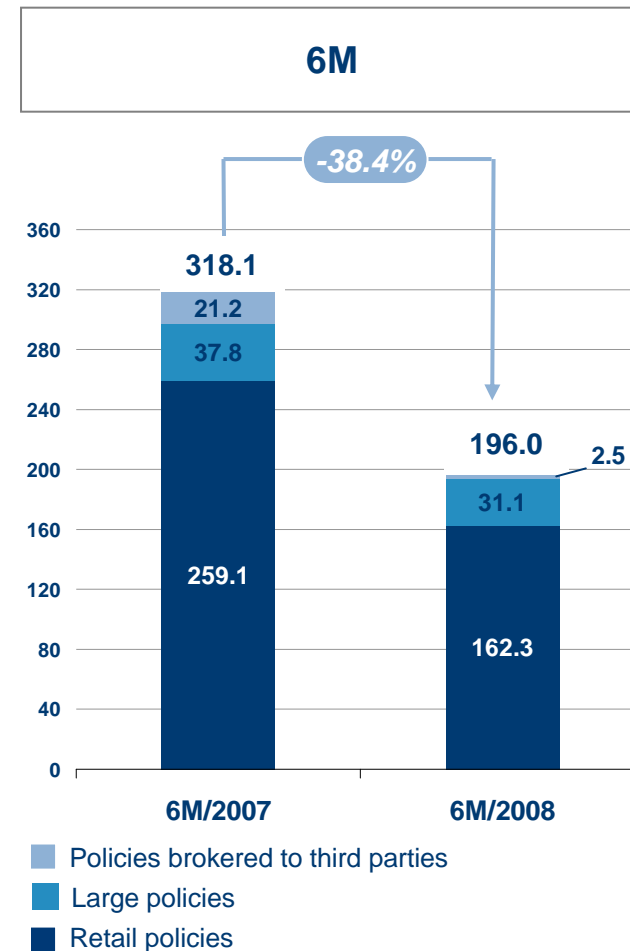
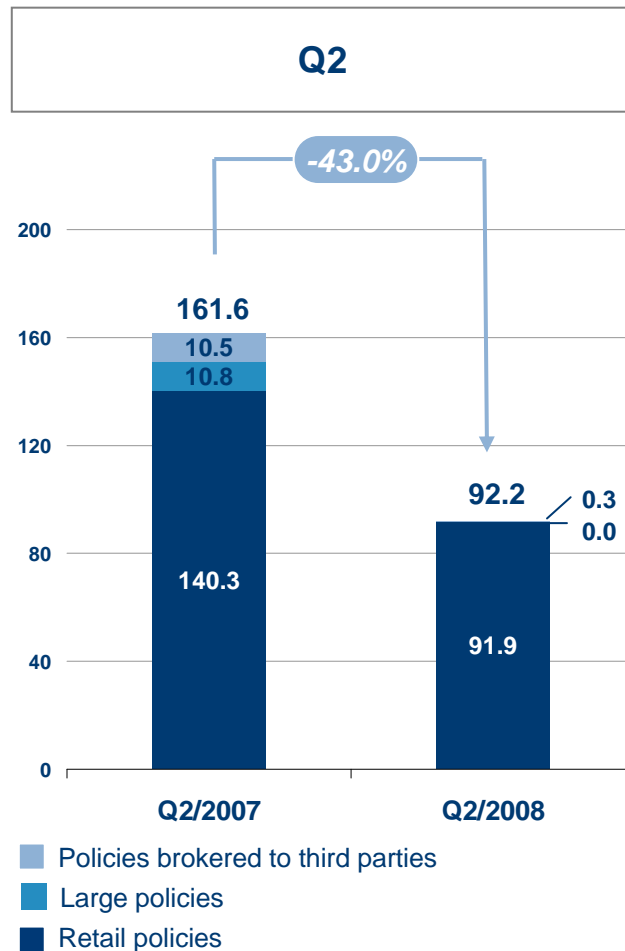
IFRS [m €]	Q2/2008	Q2/2007	Change [%]	H1 2008	H1 2007	Change [%]
Purchase volume	92.2	161.6	-43.0	196.0	318.1	-38.4
Revenues*	65.8	110.7	-40.6	140.0	180.2	-22.3
Thereof sales of policies*	63.3	108.6	-41.7	135.2	175.9	-1.8
Thereof servicing*	2.3	1.9	+20.7	4.3	3.6	+20.1
Thereof others*	0.2	0.3	-15.9	0.5	0.7	-31.3
EBIT*	0.7	3.9	-80.7	5.9	4.3	+36.8
Net Income	5.2	5.2	+0.3	1.6	3.5	-54.8
Earnings per share	0.61	0.60	+0.3	0.18	0.40	-54.8
Policies under management	2,456.4	1,974.7	+24.4			
Thereof trading portfolio	437.6	402.2	+8.8			
Thereof management for third parties	2,018.8	1,572.5	+28.4			

* Continuing Operations



Purchase volume decreased significantly – mainly a consequence of tightened purchase criteria

[m €]

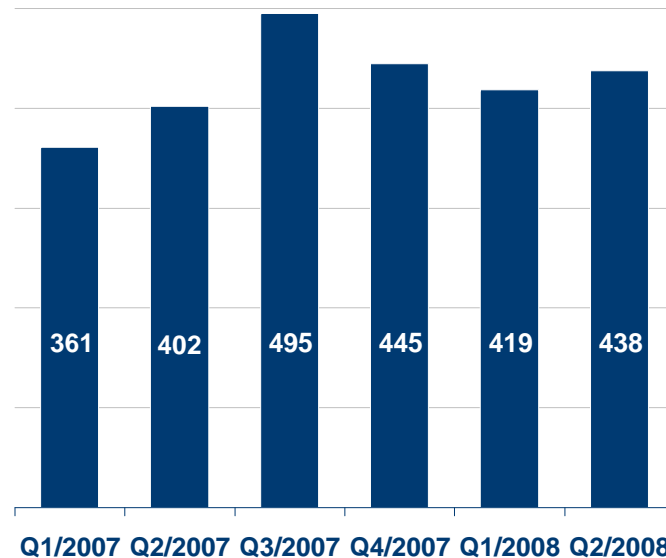




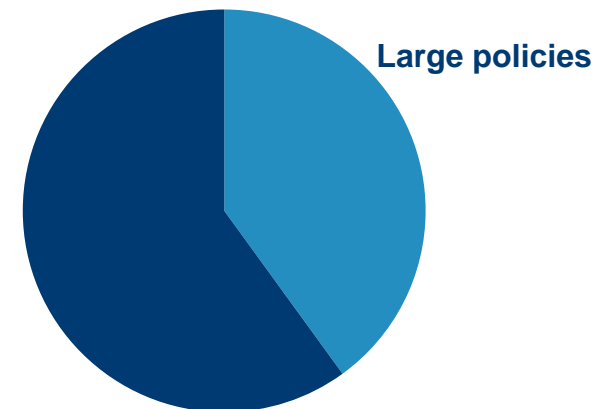
Trading book volume increased slightly qoq, share of large policies still significant

[m €]

Trading book volume



Trading book structure

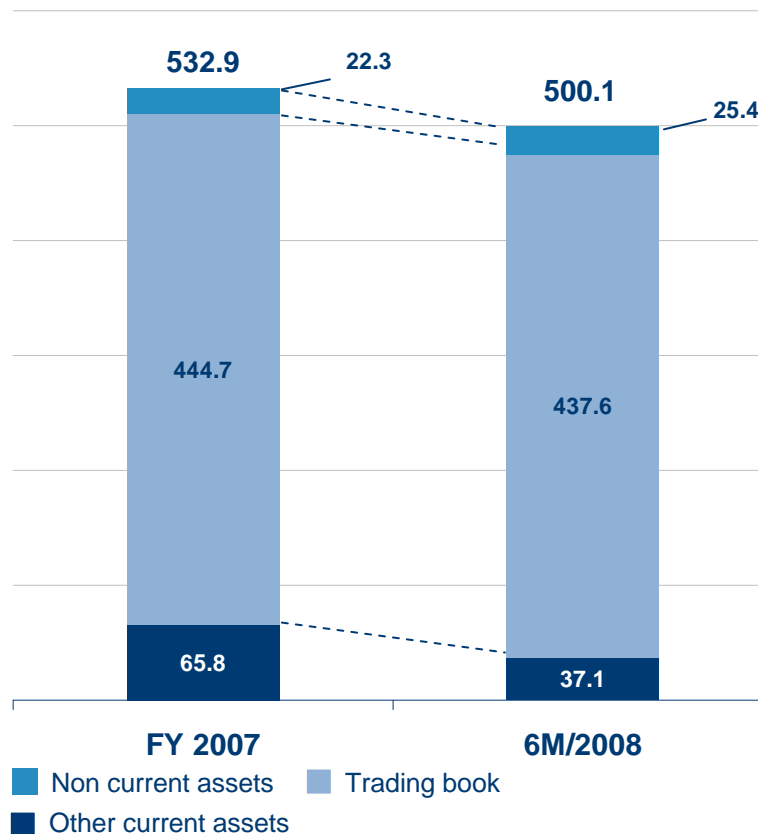




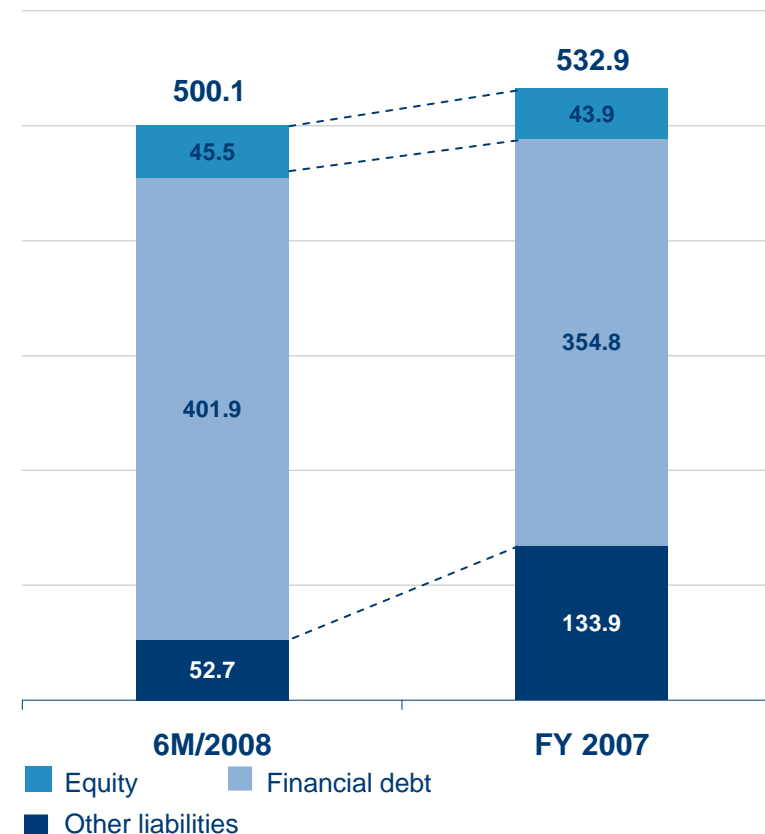
Total assets declined primarily due to lower trade receivables

Group balance sheet [m €]

Assets

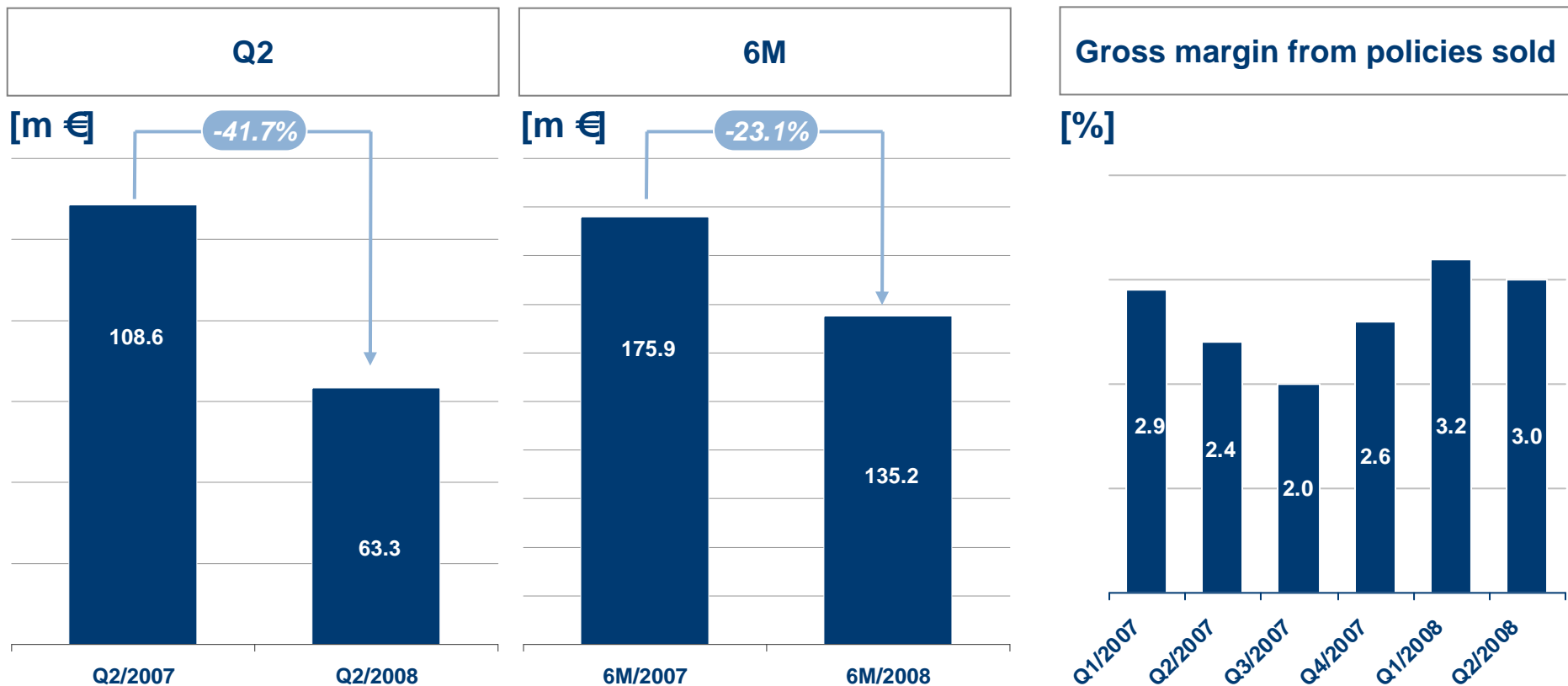


Equity & Liabilities





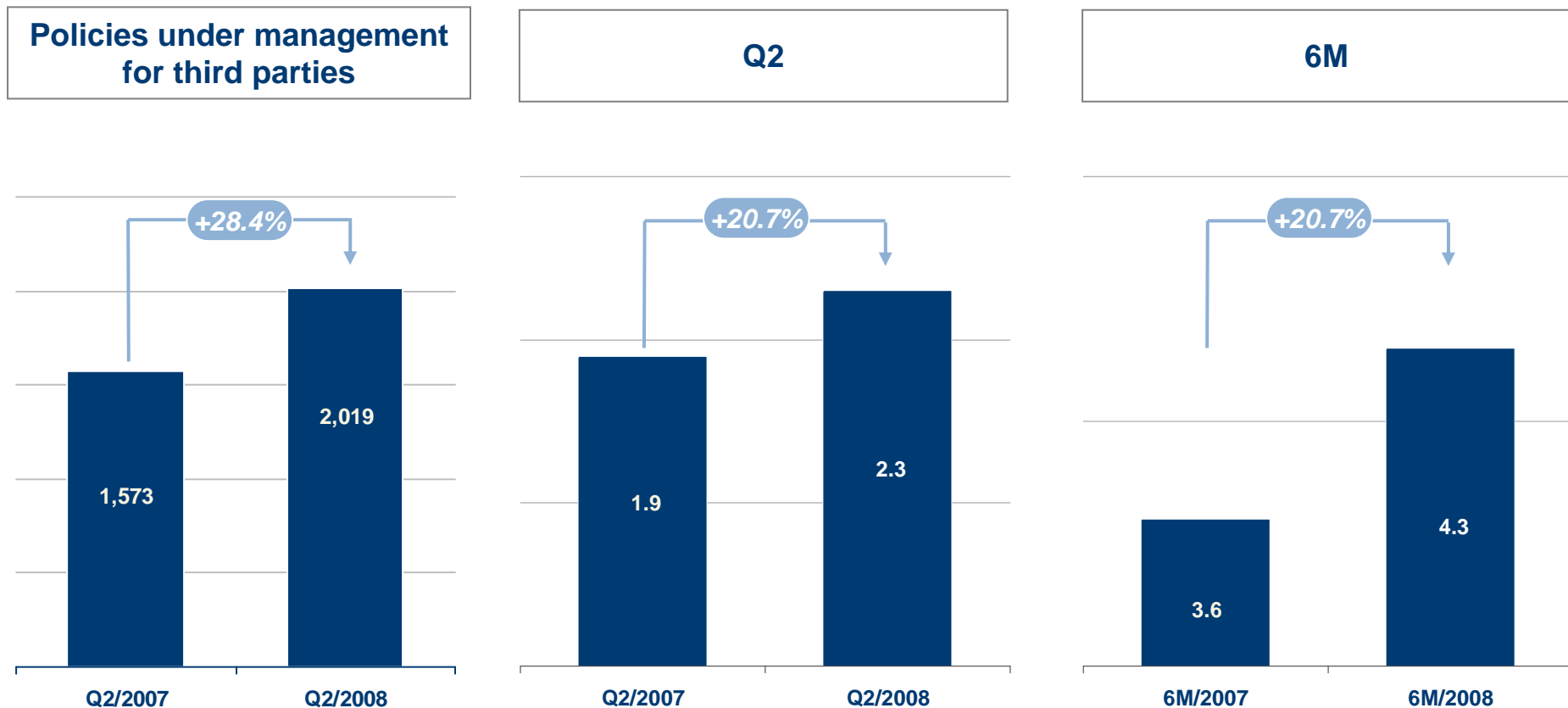
Revenues from policies sold decreased significantly, higher margin reflects diminished competition





Revenues from servicing profited from increased assets under management for third parties

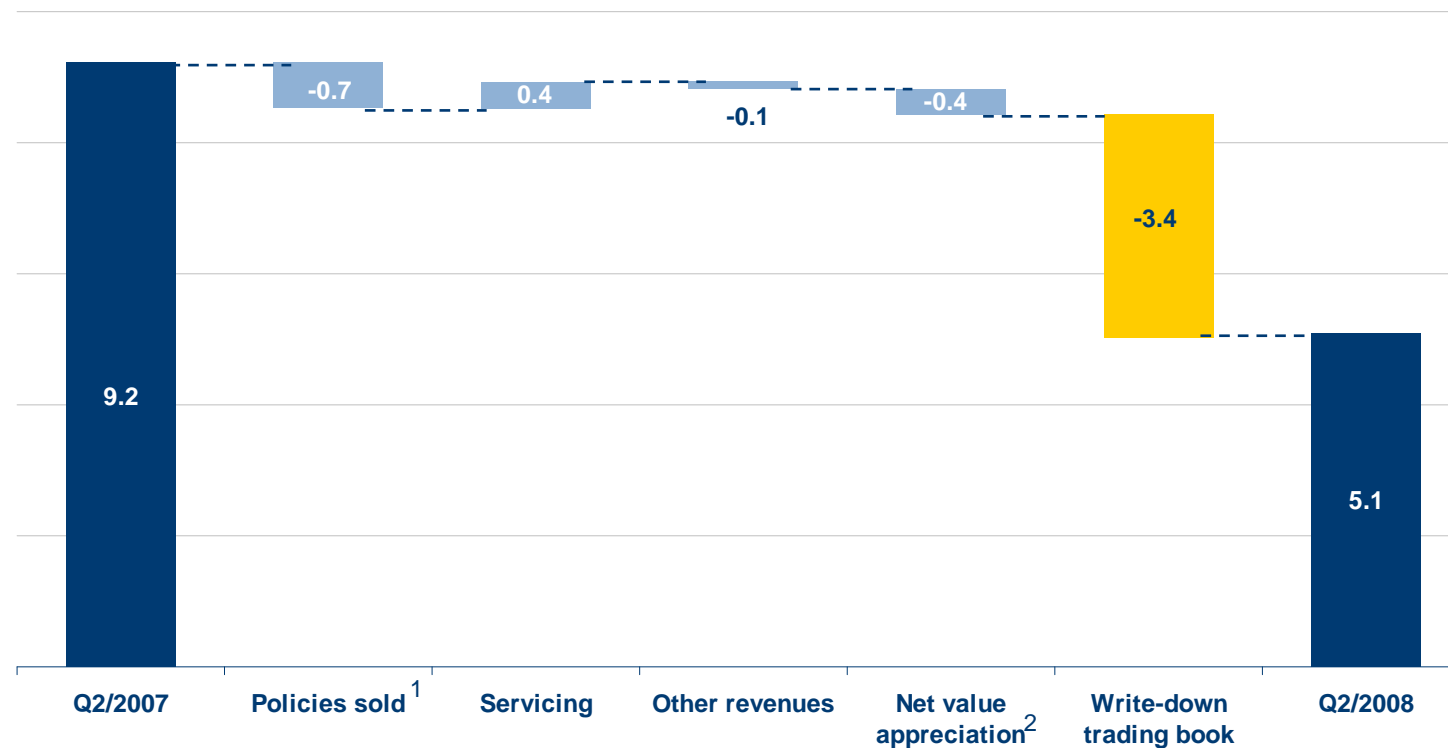
[m €]





Gross profit down yoy i.e. due to an extraordinary write-down of trading book

[m €]



1) „Revenues from policies sold“ less „Disposal of sold insurance contracts“

2) „Value appreciation of insurance contracts“ less „Insurance premiums“



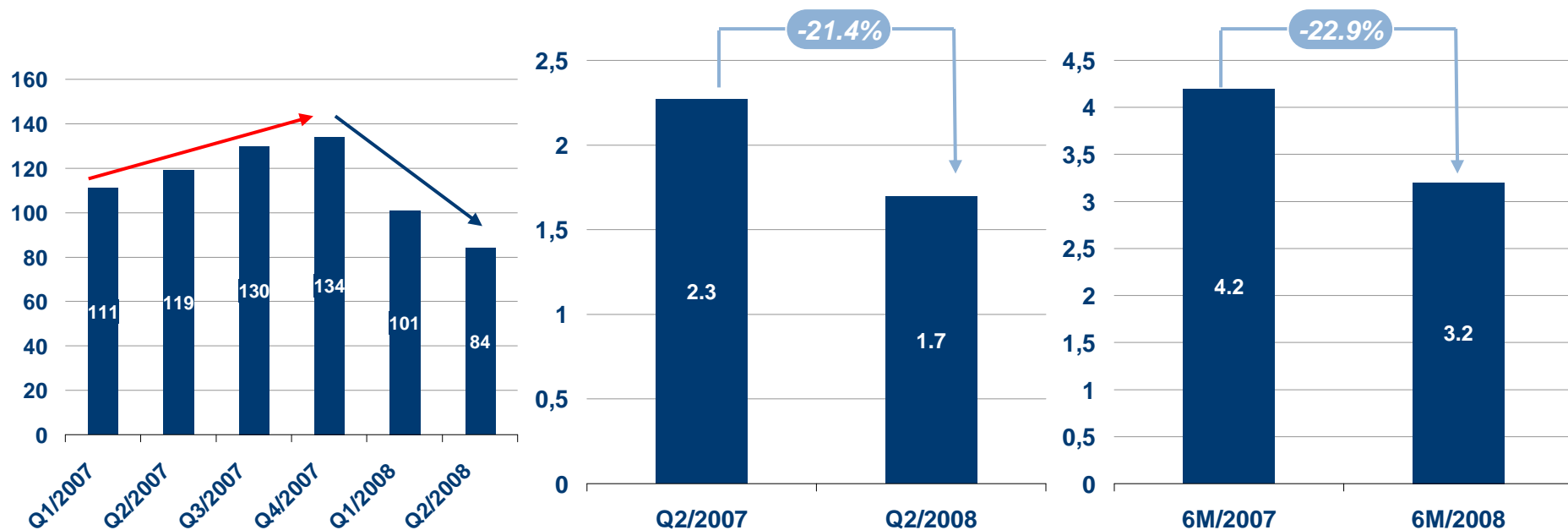
Headcount reduction programme led to significantly lower personnel expenses in Q2/2008

[m €]

Employees (average)

Q2

6M

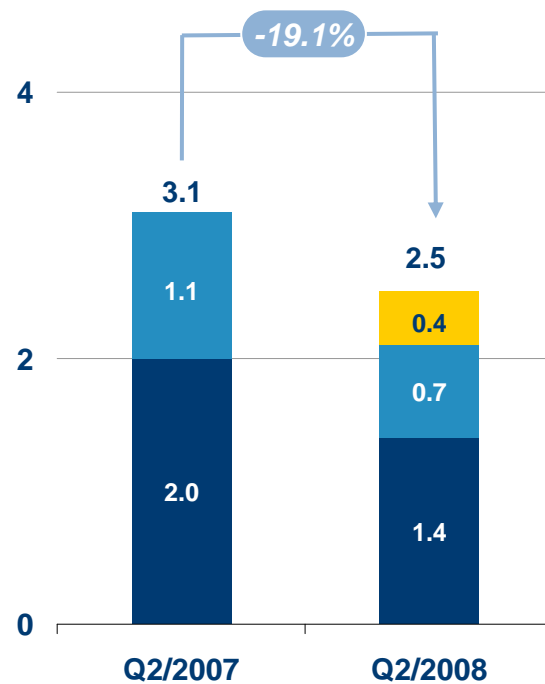




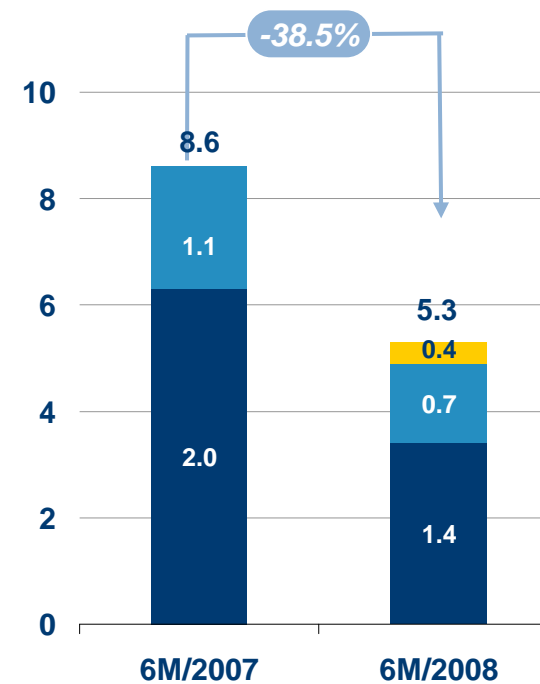
Other operating expenses profited by improvements in our processes and tight budget control

[m €]

Q2



6M



■ Other operating expenses before broker commissions

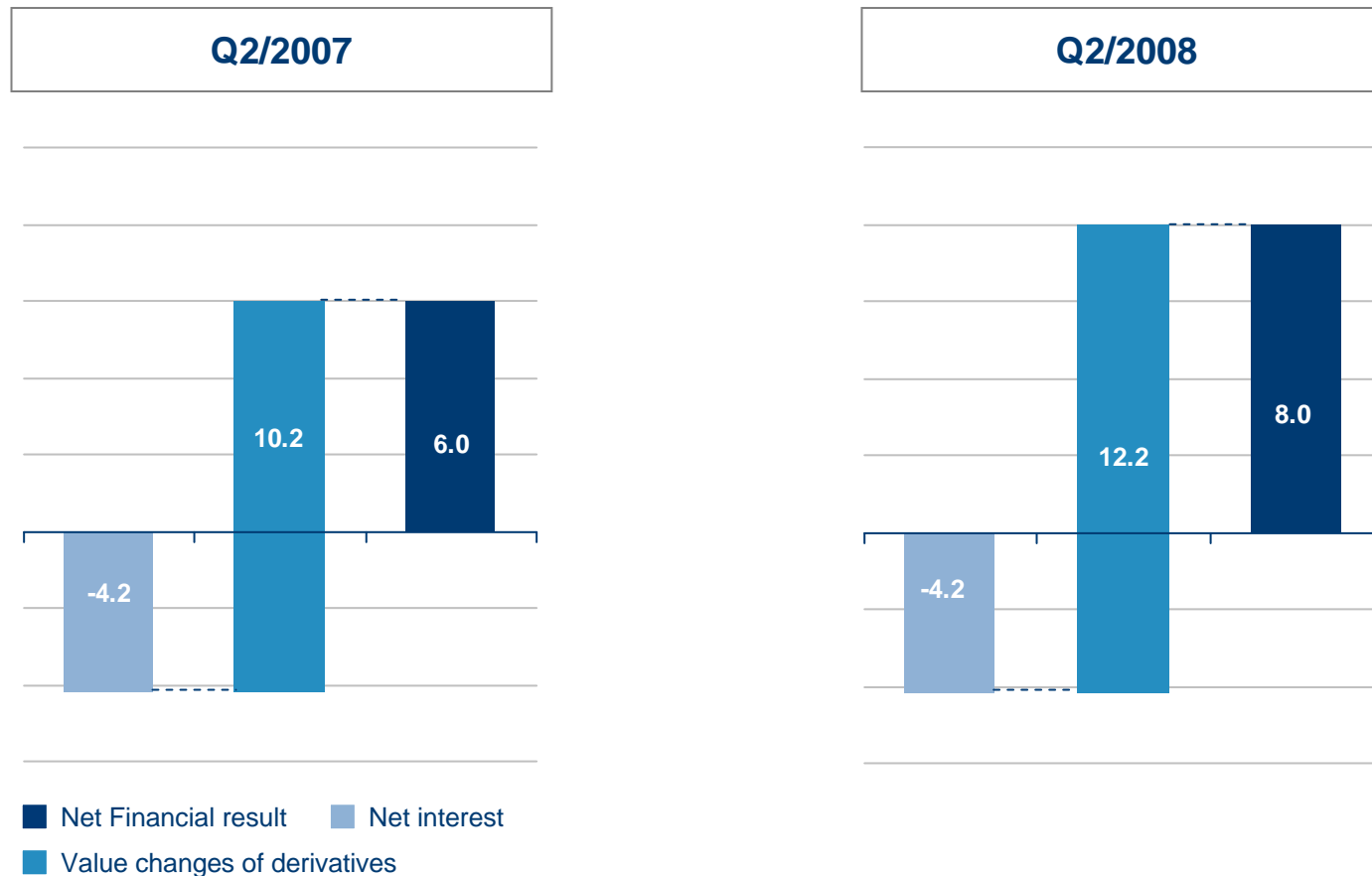
■ Broker commissions

■ Inventory depreciation in the course of the reduction of office space (till Oct 08 ~ 1,600 square meters)



Net financial result boosted by value gains of derivatives: 2.9 m € realised through partial sale

Net financial result [m €]





Adjusted EBT slightly positive: second consecutive quarter without operating cash burn

[m €]	Q2/2008	Q2/2007	Change [%]	6M/2008	6M/2007	Change [%]
Pretax result (EBT)	8.8	9.9	-11.3	3.8	6.9	-44.1
Write-down trading book	+3.4	-		+3.4	-	
Inventory depreciation (office space reduction)	+0.4	-		+0.4	-	
Value gain derivatives	-12.2	-10.2		-7.2	-9.8	
EBT, adjusted	0.4	-0.3	n.m.	0.4	-2.9	n.m.
Net income, adjusted (Tax rate @ 29%)	0.3	-0.2	n.m.	0.2	-2.1	n.m.
Number of Shares (average)	8,579,900	8,579,900		8,579,900	8,579,900	
[€]						
EPS, adjusted (Tax rate @ 29%)	0.03	-0.02	n.m.	0.03	-0.24	n.m.



Stated total net income of 5.2 m € includes value gains of derivatives as well as one-off costs

[m €]	Q2/2008	Q2/2007	Change [%]	6M/2008	6M/2007	Change [%]
EBT	8.8	9.9	-11.3	3.8	6.9	-44.1
Current taxes on income	0.0	-0,1	n.m.	0.0	-0.1	n.m.
Deferred tax	-2.7	-4,2	+35.7	-1.2	-2.6	53.8
Net income, continuing operations	6.0	5.5	+9.8	2.6	4.1	-37.0
Net loss, discontinued operations	-0.8	-0.3		-1.0	-0.7	
Net income, total	5.2	5.2	0.3	1.6	3.5	-54.8
[€]						
EPS, total	0.61	0.60	0.3	0.18	0.40	-54.8

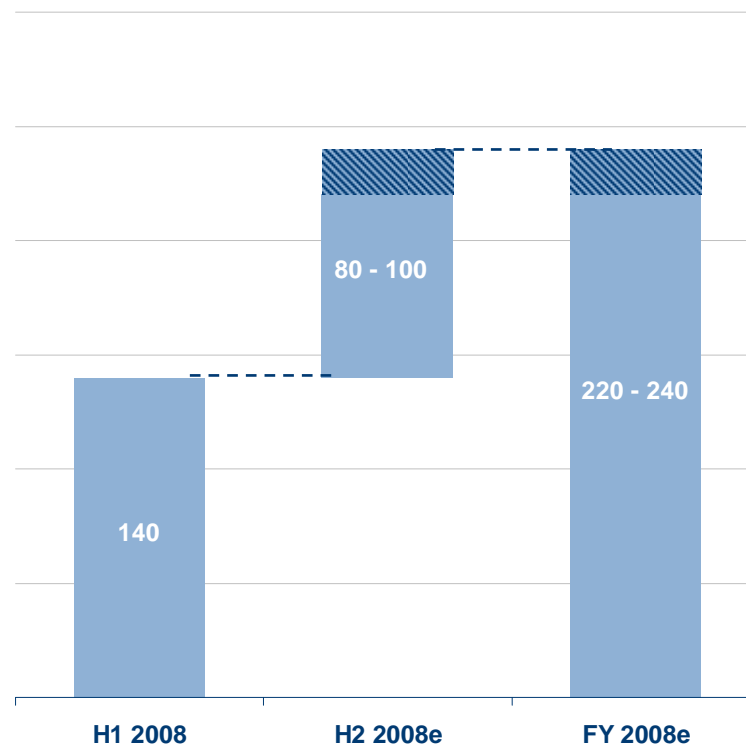


B | Strategy Update / Outlook



Revenue guidance 2008e

[m €]



Assumptions:

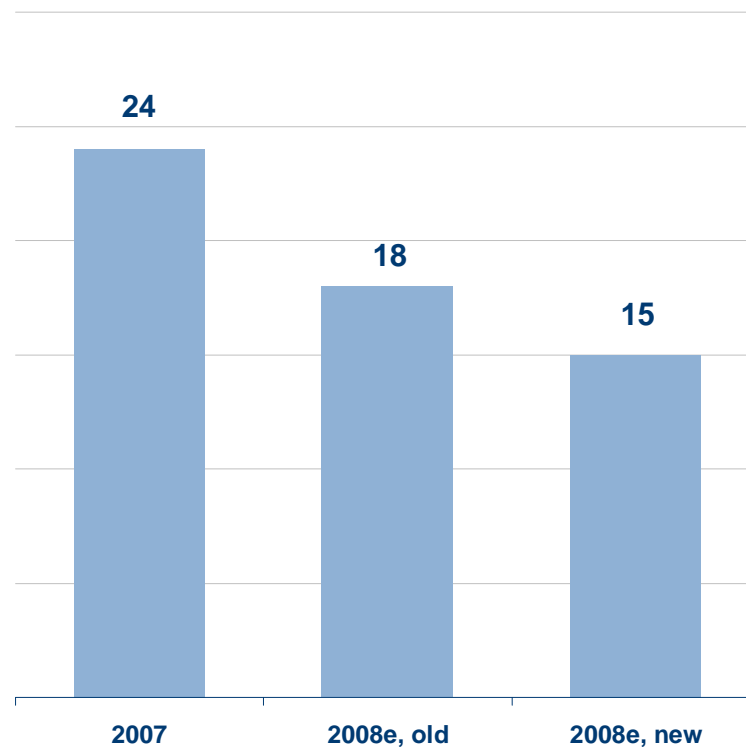
Order backlog as of 30 June: 142 m €
(no purchase or delivery commitments)

No new framework agreements for endowment policy funds signed in 2008



Operating costs guidance 2008e

[m €]



Headcount reduction: ~ 50 employees by year-end 2008 (12/2007: 130)

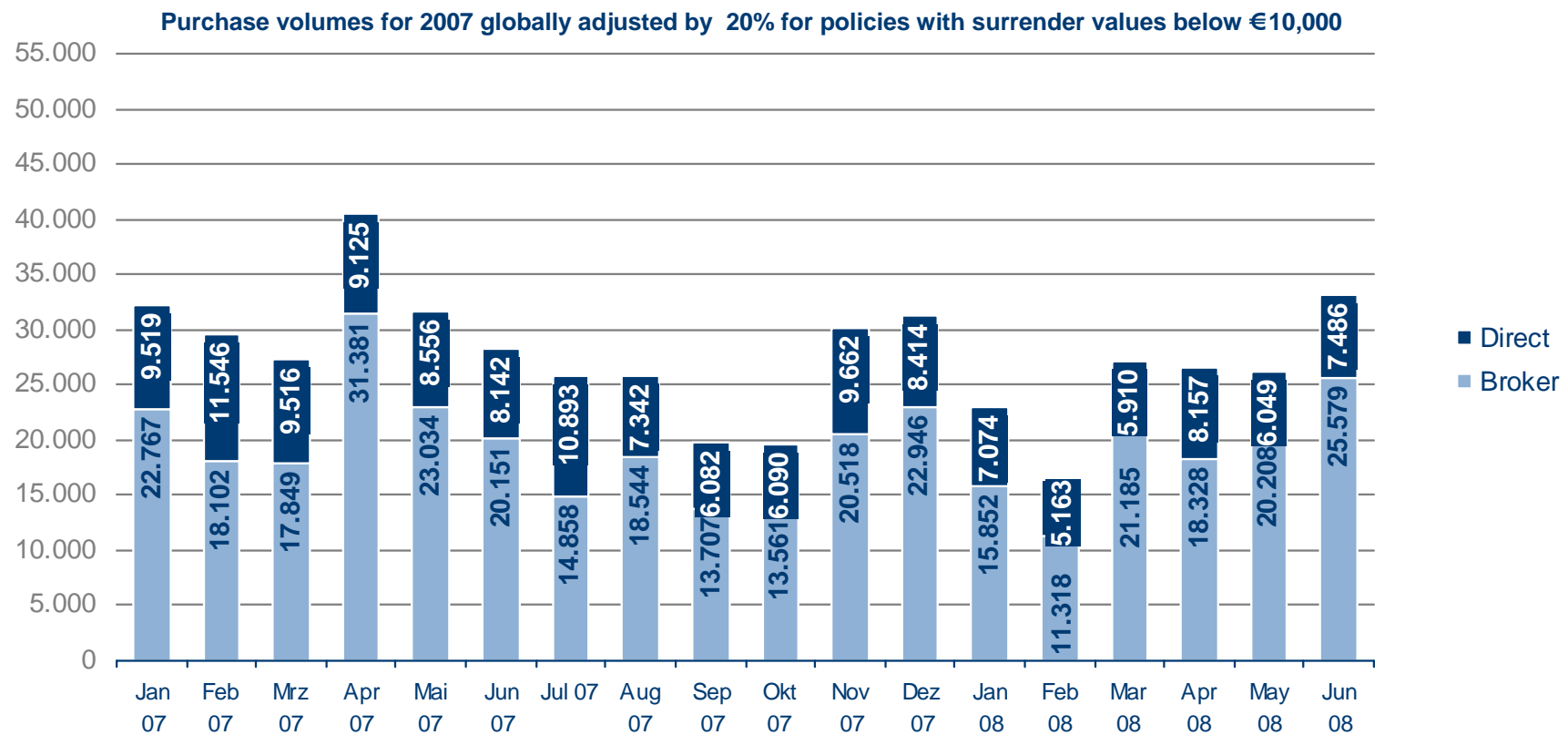
Implementation of steps announced in Jan 08 faster and more successful than expected

Further cost cuts possible due to significant improvements in operating procedures and processes



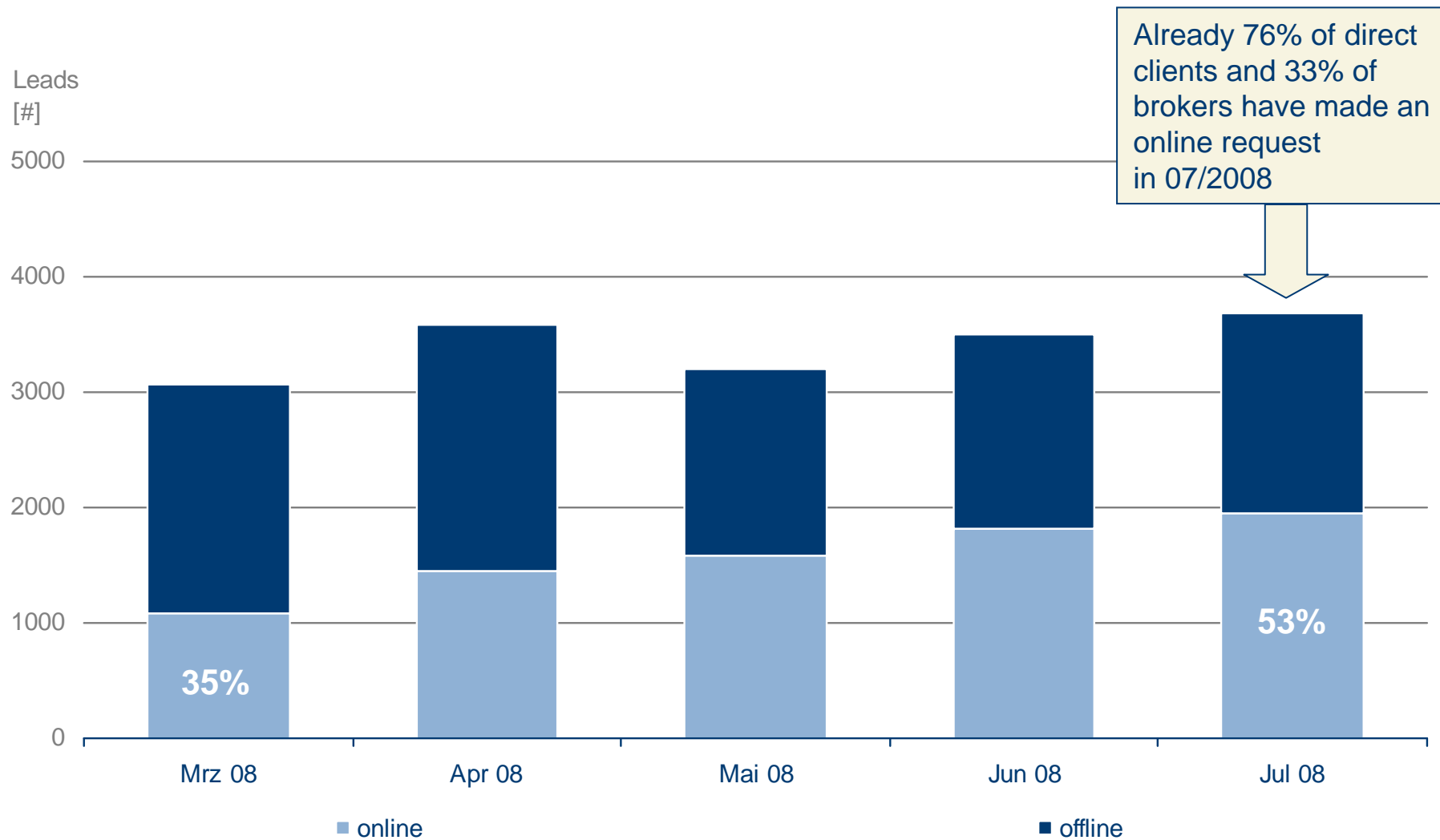
Despite cost- and staff-reductions and tighter purchasing criteria purchase volumes remained stable on comparable basis

Purchase volume [TEUR]





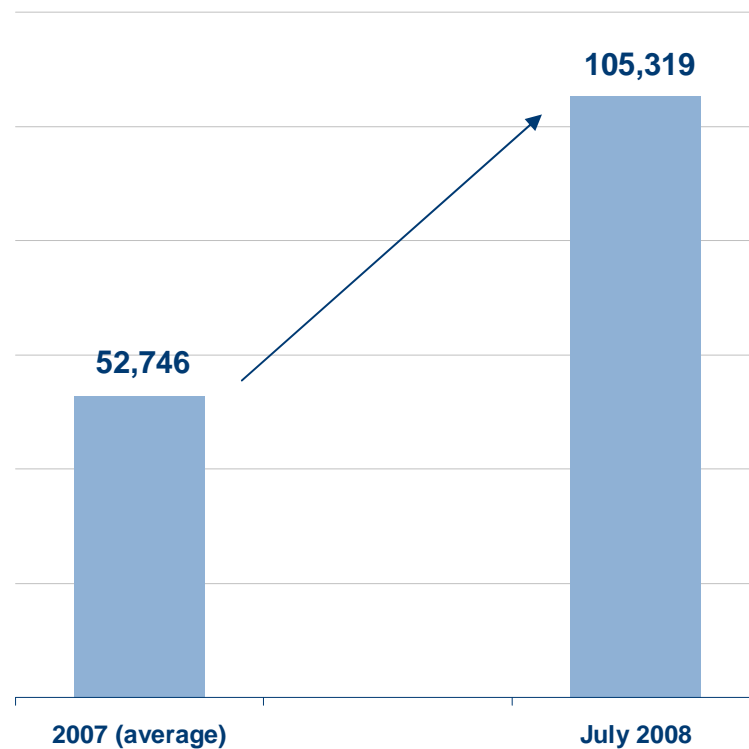
Upcoming launch of our new „partner portal“ should also boost online requests in the broker channel





Average purchase volume per policy increased significantly in 2008

[€]



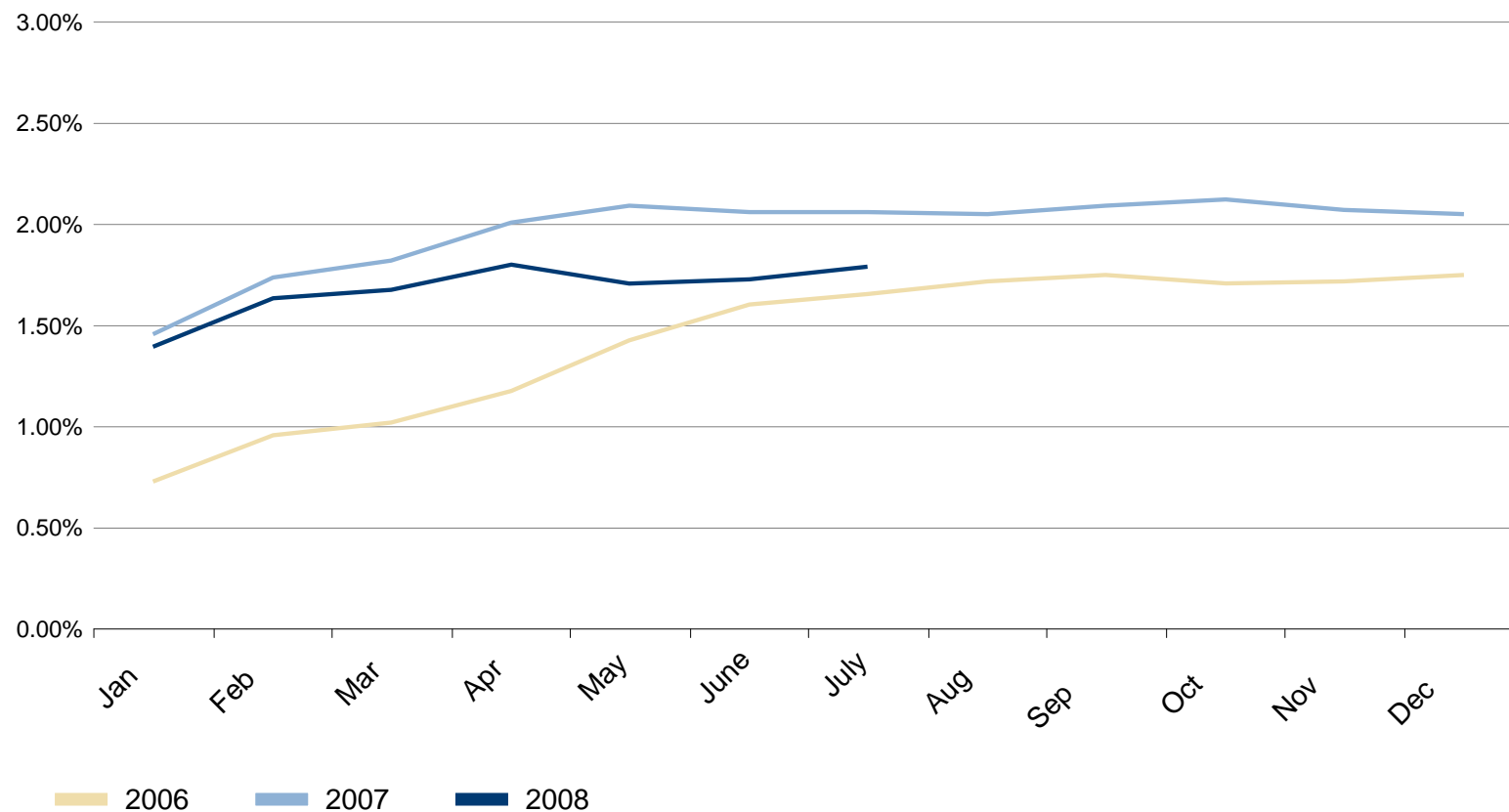
Drivers:

- * minimum surrender value of 10,000 €
- * pricing and selection



Purchase premiums paid on average below 2007 levels - despite higher average purchase volumes per policy

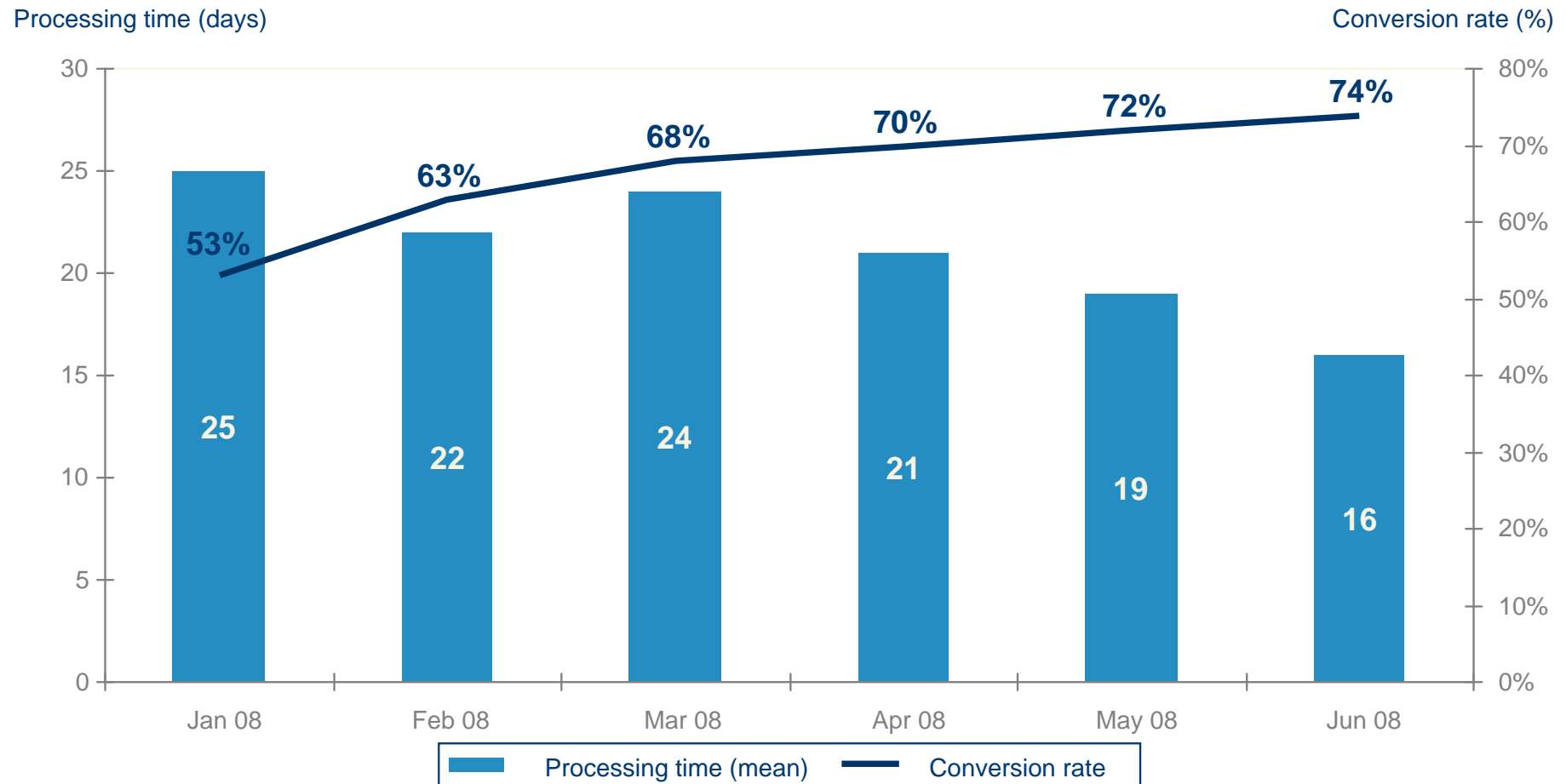
Purchase premiums paid (moving average)



Source: cash.life AG, without large policies



Optimisation of purchasing process already leads to lower processing times and higher conversion rates





Further progress

Withdrawal from the management of British endowment policies: cash.life did not succeed in boosting the policies under management -> failed to become an additional mainstay

Withdrawal from Austrian market and close-down of subsidiary: lack of demand for Austrian endowment policies and limited market potential

Online marketing campaign completely developed (investments booked as expenses in H1/2008)

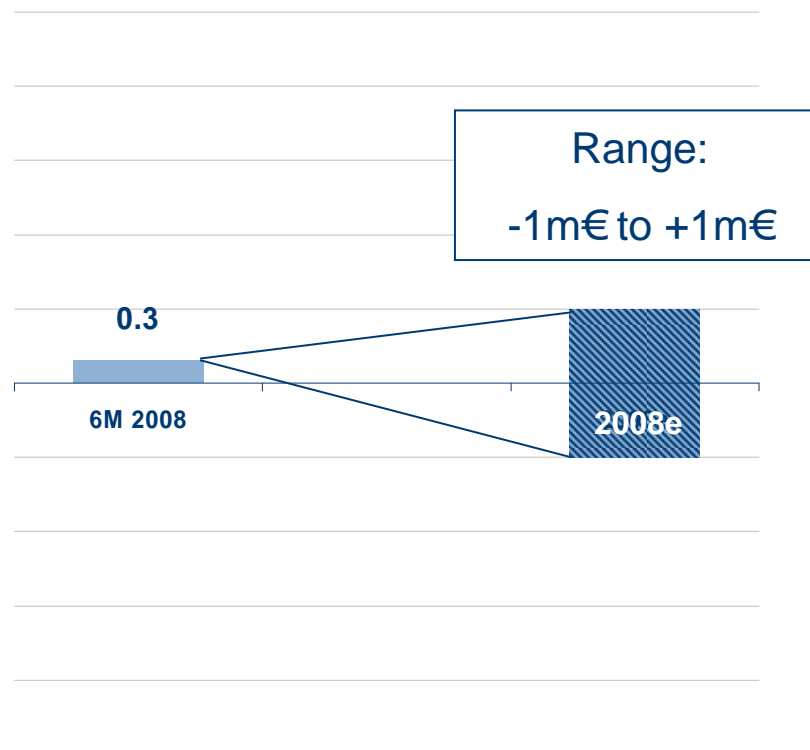
Synchronisation: Clear personal responsibility for the performance of the trading book has been introduced

Insourcing of data processing services has been completed



Adjusted EBT guidance 2008e

[m €]



EBT adjusted for value changes of derivatives and restructuring-related one-offs -> better indicator for operating performance

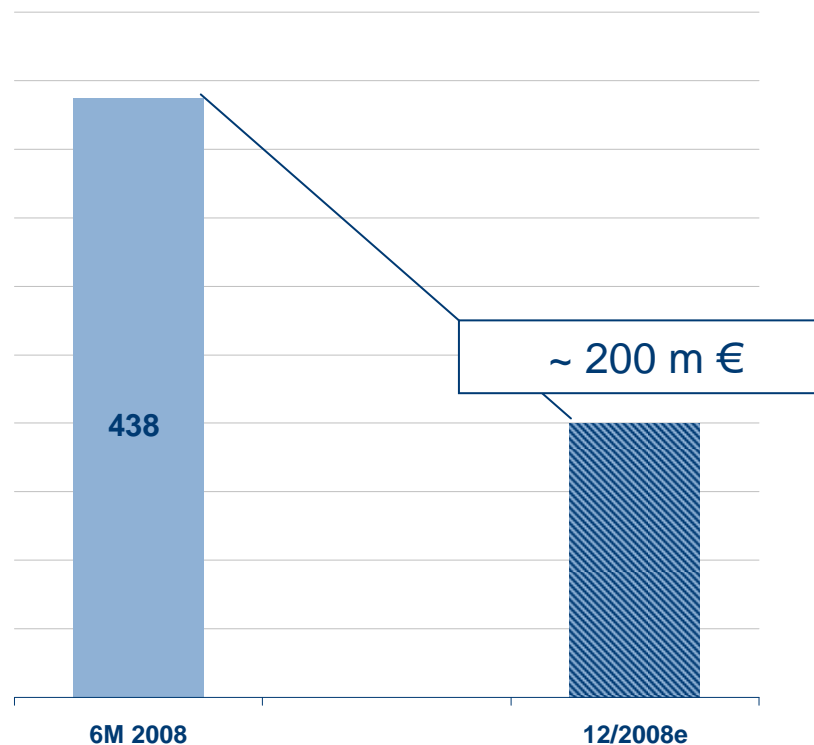
No significant cash burn expected despite:

- lower servicing fees due to wind-down of two König & Cie. funds
- lower expected policy sales in H2/2008
- increased refinancing cost due to higher bank margins
- insurers not expected to increase bonus rates short-term



Restructuring and down-sizing of trading book: slizing off lower yielding policies enhances return

[m €]

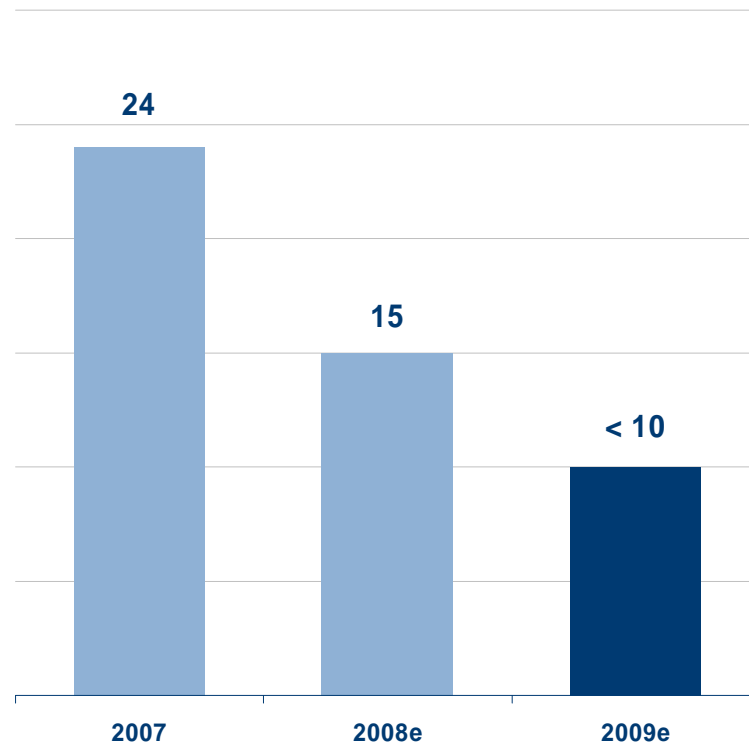


Potential for partial sale of derivatives portfolio in order to cash-in value gains (in Q2 we already realised 2.9 m €)



Operating costs guidance 2009e (before broker commissions)

[m €]



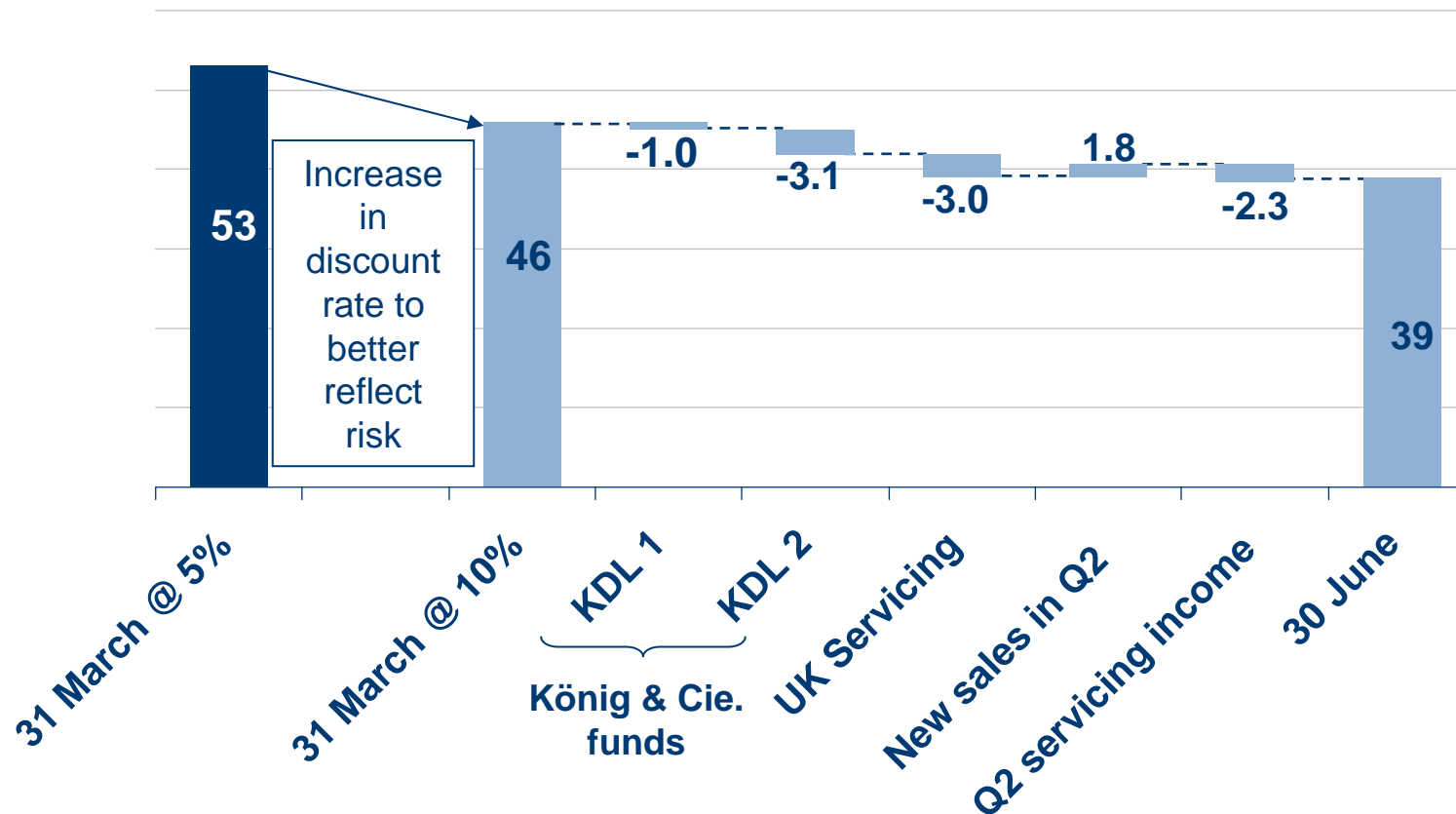
We want to start FY 2009 with a cost base of below 10m€

Our expectation is that we will be profitable in 2009



Net present value of servicing fees declined for several reasons – higher discount rate to reflect risk

[m €]

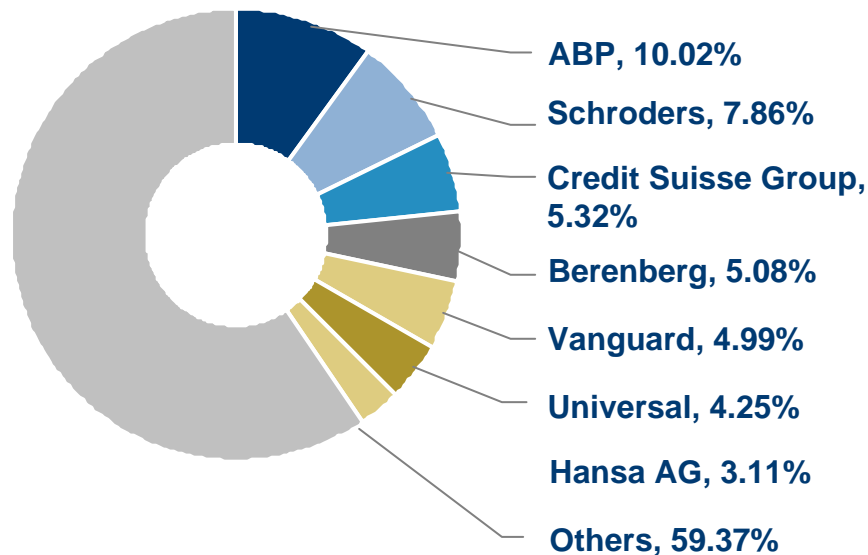




Berenberg currently holds a cash.life stake of 26% in its trading book

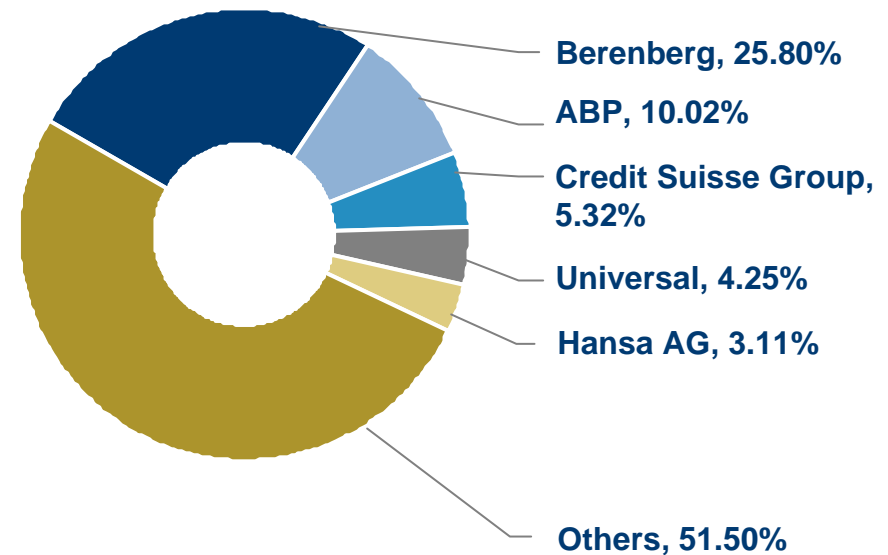
Shareholders structure (old)

100% Free float



Shareholder structure (new)

100% Free float





Conclusion

Cost & staff reductions ahead of plan

Scalability & efficiency of processes improved

Internet strategy bears fruits already

Trading book risks eliminated, yield improving with downscaling & tightened purchasing criteria

Derivatives: gain of 2.9 m € cashed-in in Q2/2008

Further restructuring programme initiated

Having stabilised the company, in Q3/Q4 management attention will shift towards the future perspectives



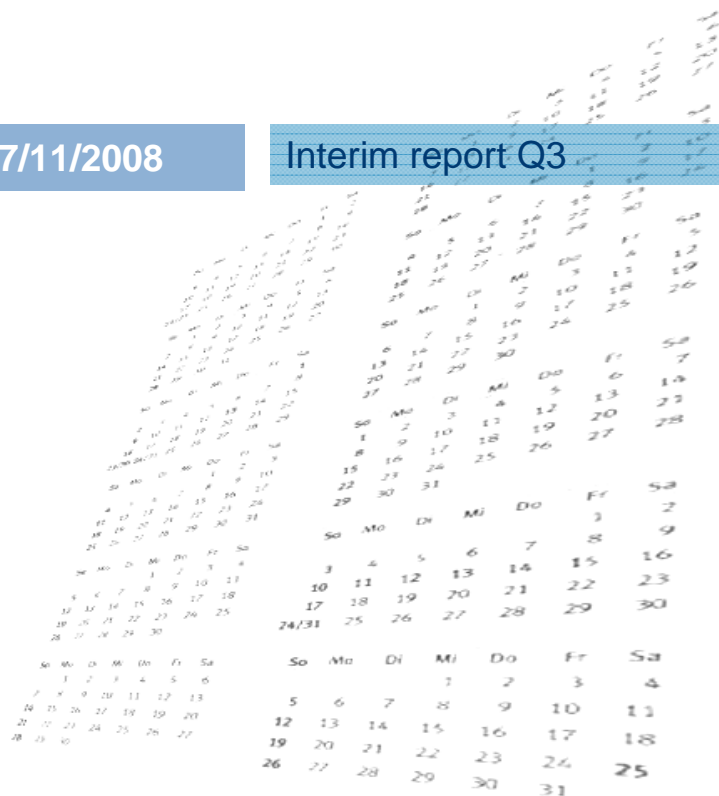
C | Financial calendar



Financial calendar

07/11/2008

Interim report Q3



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