



cash.life

Final figures Q3/2008
07 November 2008





Content

- A | **Final Figures Q3/2008**
- B | **Strategy Update / Outlook**
- C | **Financial calendar**



A | Final Figures Q3/2008



Q3/2008 Highlights

EBT in Q3 balanced - adjusted for book value fluctuations of derivatives and restructuring related one-offs

Purchase volume significantly lower due to tightening of purchase criteria and reduced sales perspectives

Revenues declined to 46.6 m € (-61% yoy) as a consequence of lower policy sales

Average number of employees down to 68 in Q3/2008 versus 134 in Q4/2007; operating cost cuts in line with ambitious operating cost target of 15 m € for FY 2008 (before one-offs and broker commissions)

Market value of derivatives declined by 6.1 m € in Q3/2008; 1.8 m € of value was realised through another partial sale of caps in Q3

Balance sheet clean-up eliminated valuation risks for noncurrent assets; trading book completely written-down to surrender values; partial write-down of tax-loss carry forwards



The results of Q3/2008 and 9M/2008 at a glance

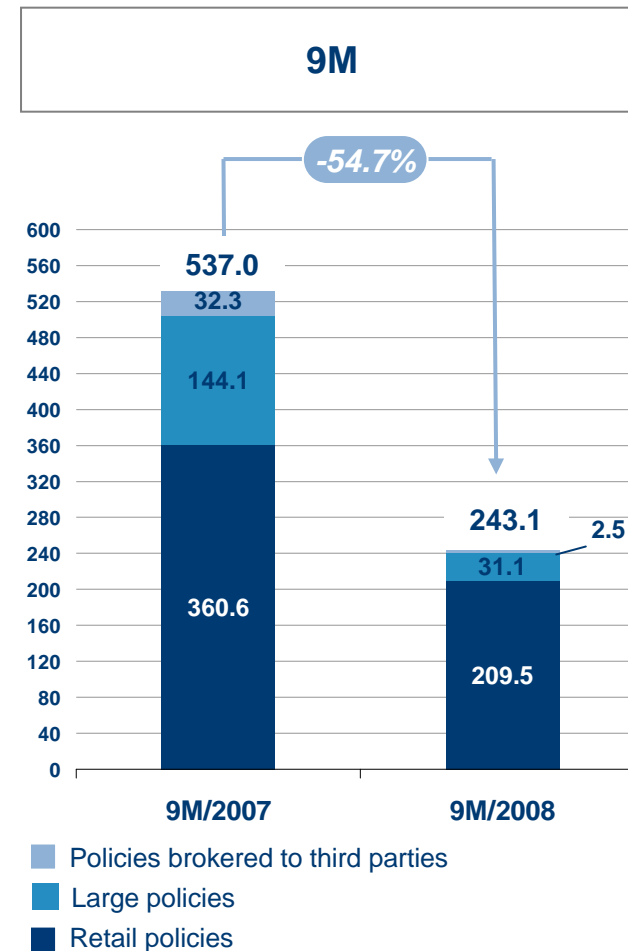
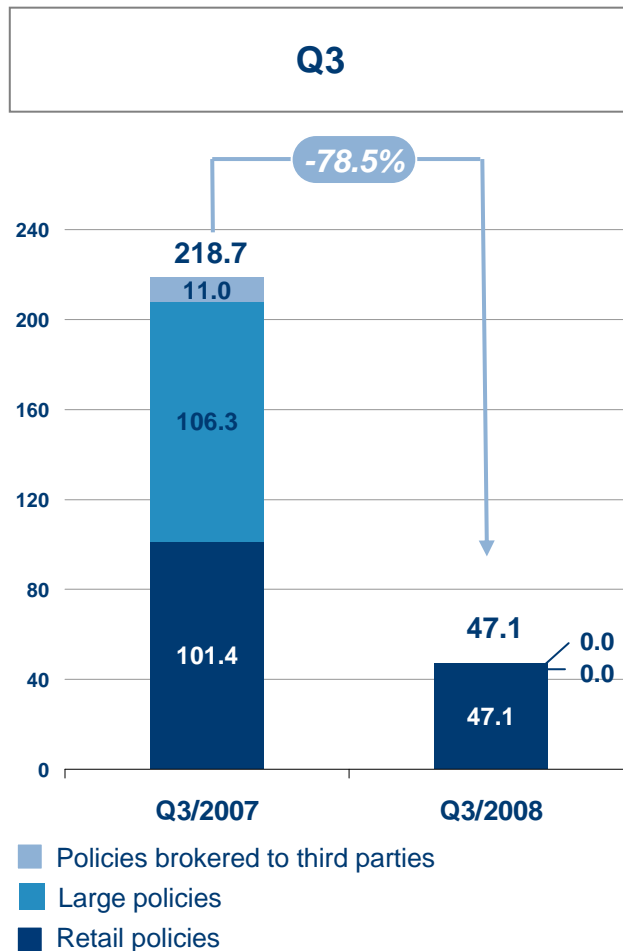
IFRS [m €]	Q3/2008	Q3/2007	Change [%]	9M 2008	9M 2007	Change [%]
Purchase volume	47.1	218.7	-78.5	243.1	537.0	-54.7
Revenues*	46.6	117.9	-60.5	186.6	298.1	-37.4
Thereof sales of policies*	44.0	115.6	-61.9	179.2	291.5	-38.5
Thereof servicing*	2.4	2.1	+14.6	6.7	5.6	+18.1
Thereof others*	0.2	0.3	-23.0	0.7	1.0	-26.6
EBIT*	-2.2	3.1	n.m.	3.8	7.4	-49.3
Net Income	-13.6	-4.7	-186.0	-12.0	-1.3	n.m.
Earnings per share	-1.58	-0.55	-186.0	-1.40	-0.15	n.m.
Policies under management	2,277.0	2,185.8	+4.2			
Thereof trading portfolio	348.6	495.2	-29.6			
Thereof management for third parties	1,928.4	1,690.6	+14.1			

* Continuing Operations



Purchase volume significantly down: tightened purchase criteria and proactive volume restrictions

[m €]

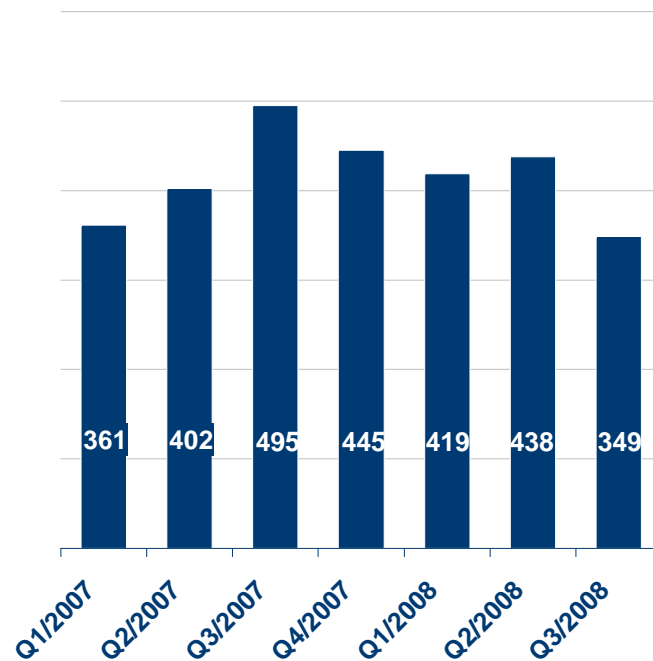




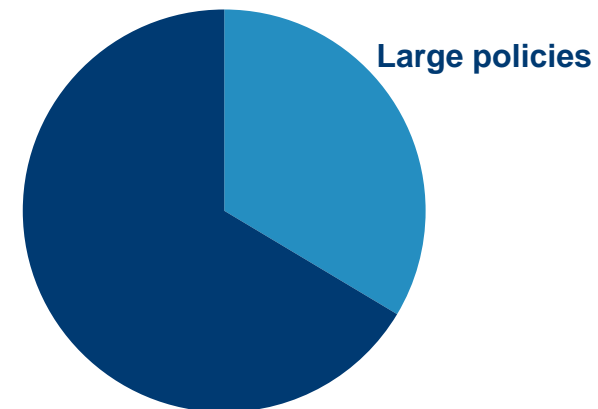
Trading book volume declined significantly qoq – lowest level since FY 2006

[m €]

Trading book volume



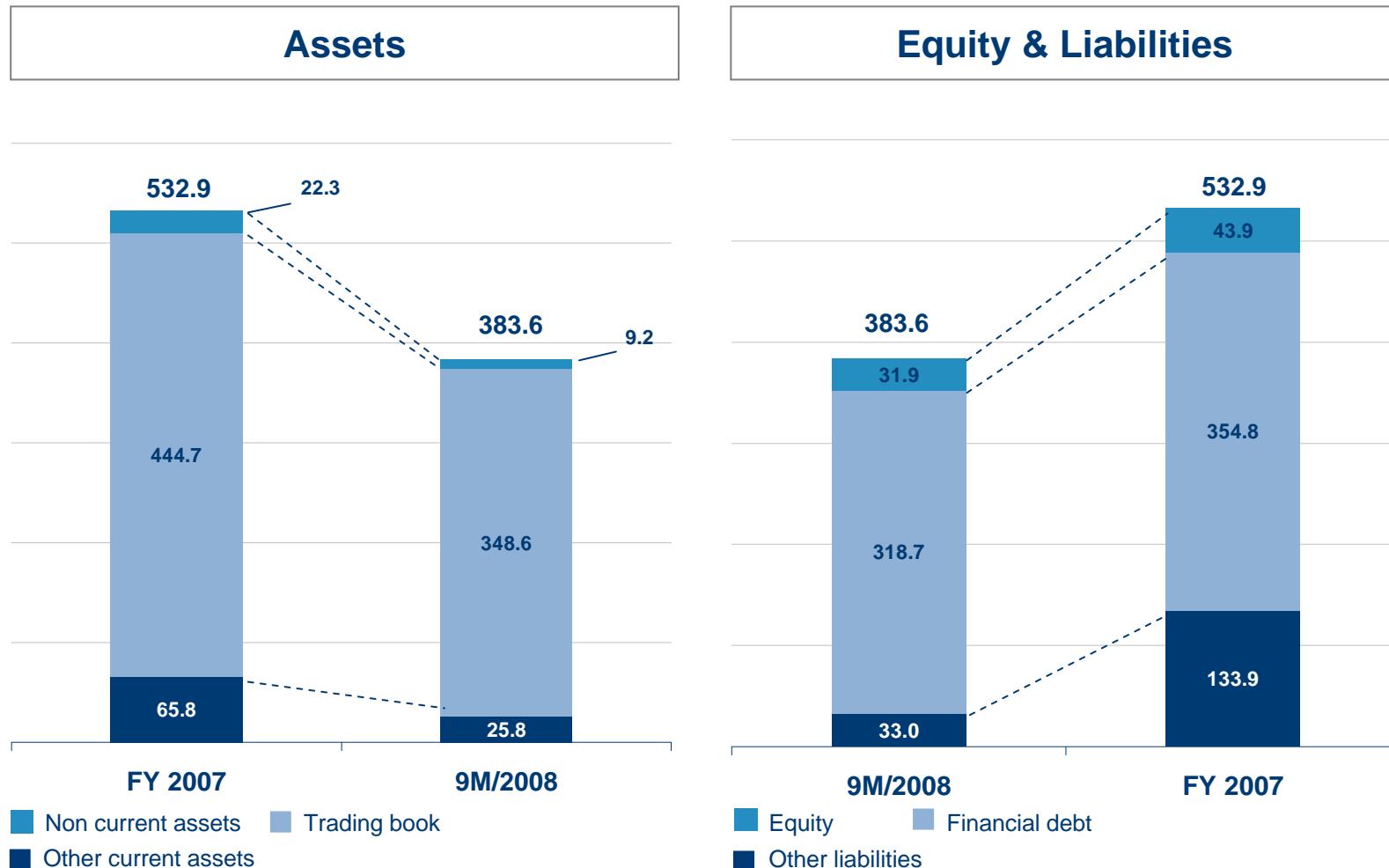
Trading book structure





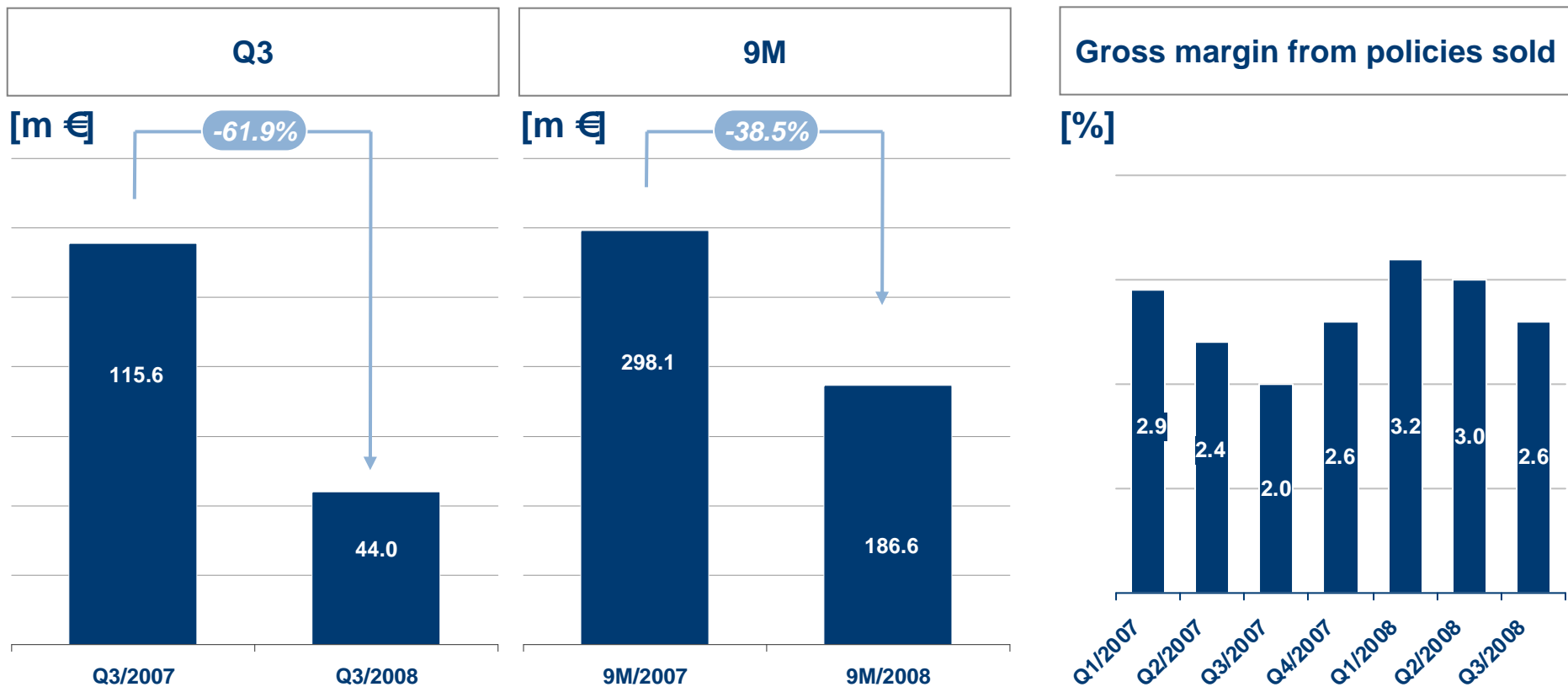
Total assets declined significantly due to smaller trading book and balance sheet clean-up

Group balance sheet [m €]





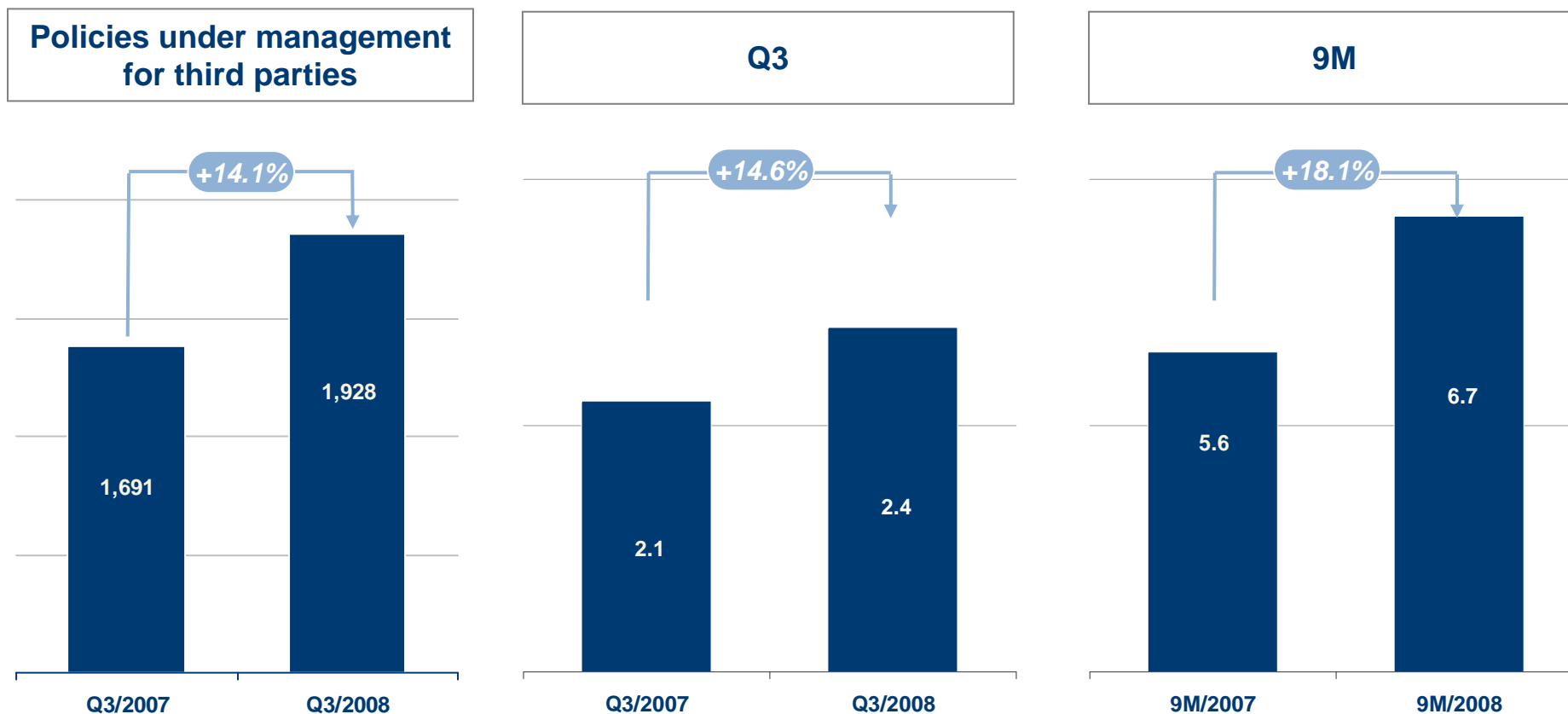
Sharp decline in revenues from policies sold, margin discounts to avoid surrender led to qoq decline





Servicing revenues profited from increased assets under management for third parties

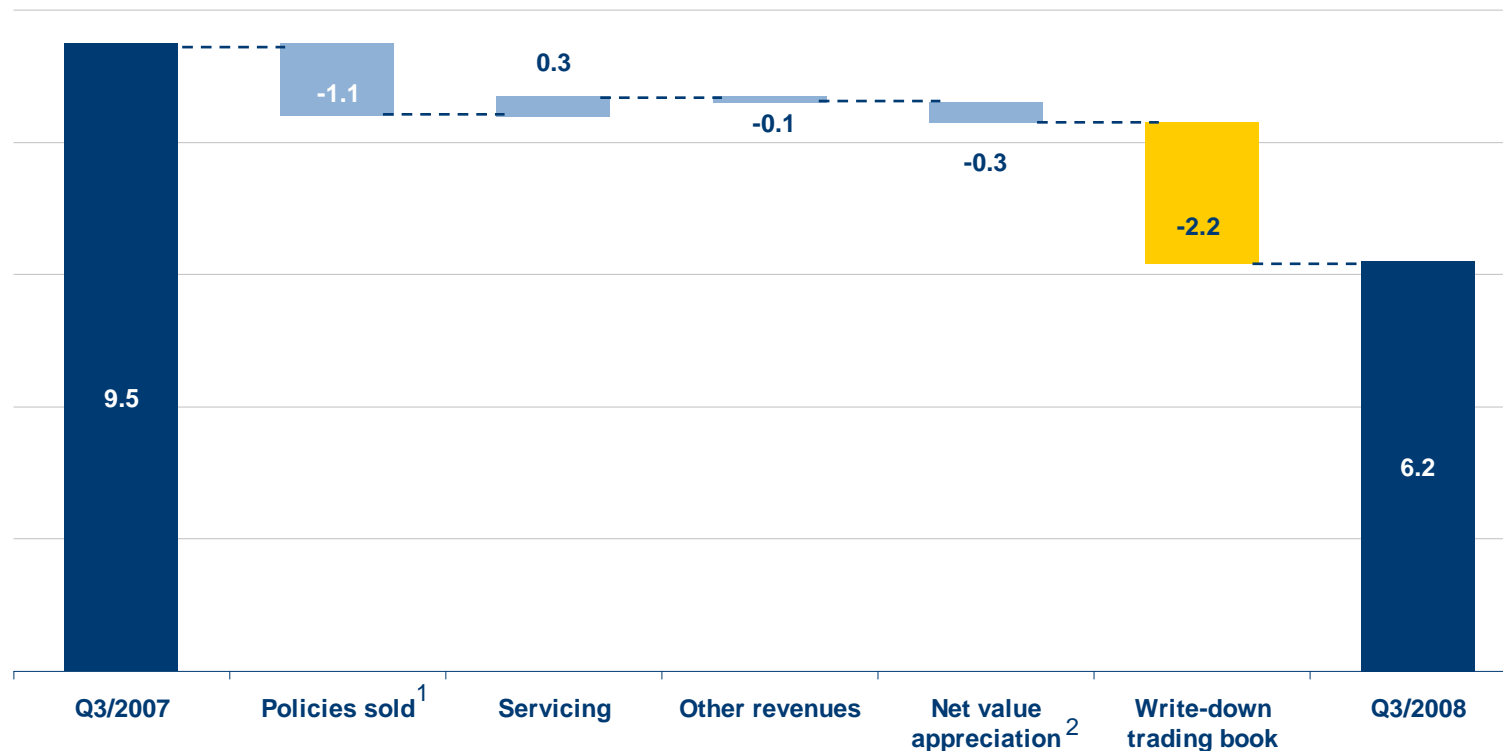
[m €]





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

[m €]



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

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



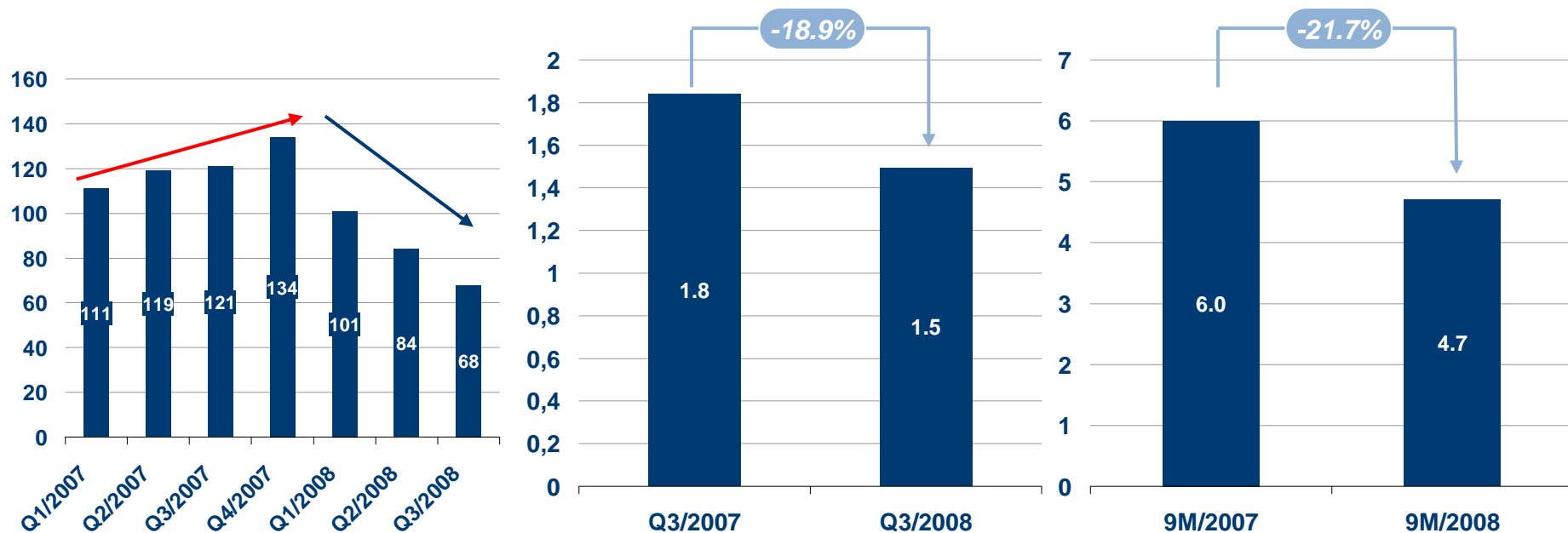
Significantly lower personnel expenses in Q3/2008, key staff retention programme in place

[m €]

Employees (average)

Q3

9M

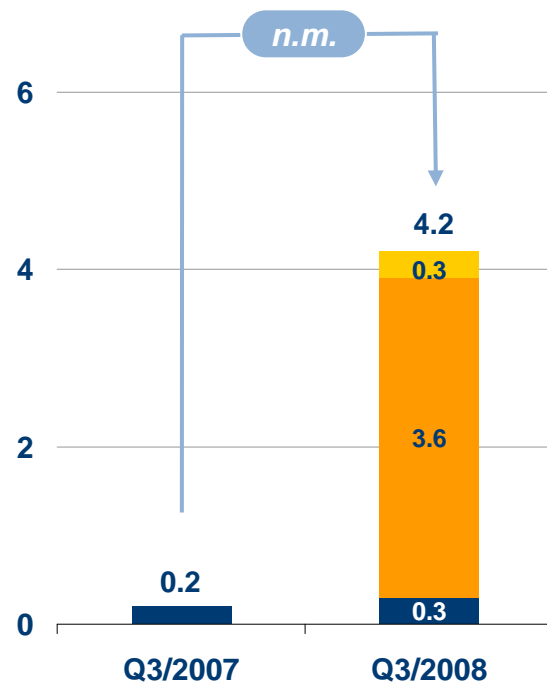




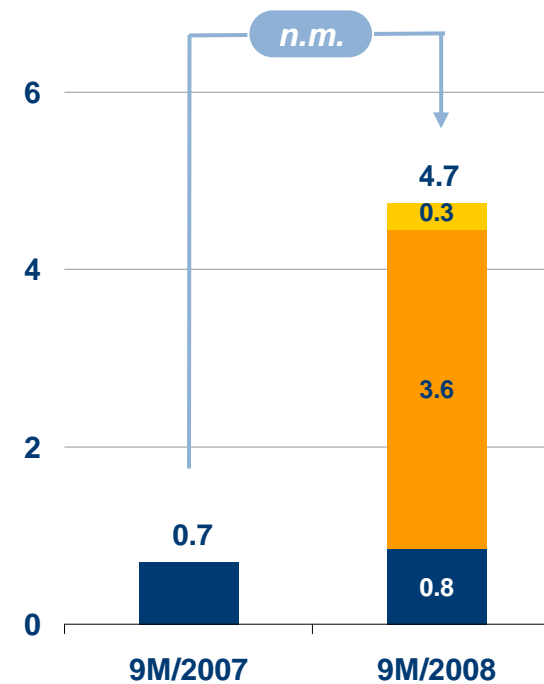
Depreciation & amortisation – impairment of goodwill for cash.life Vertriebs GmbH

[m €]

Q3



9M



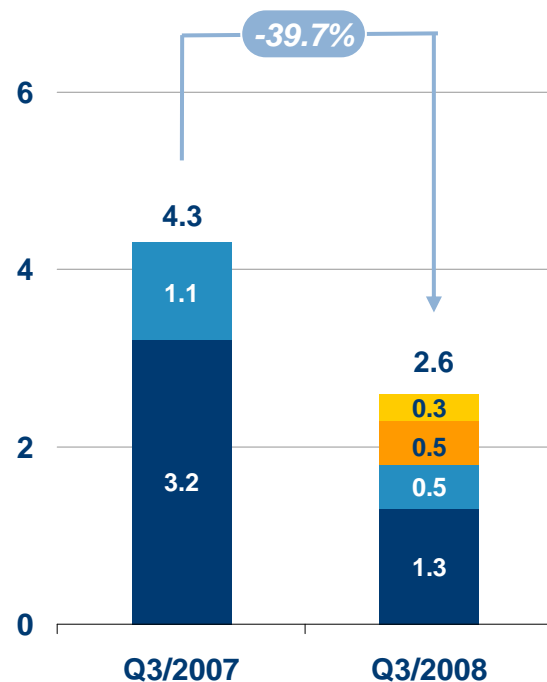
- Depreciation & Amortisation
- Goodwill impairment
- Write-downs PP&E and intangibles



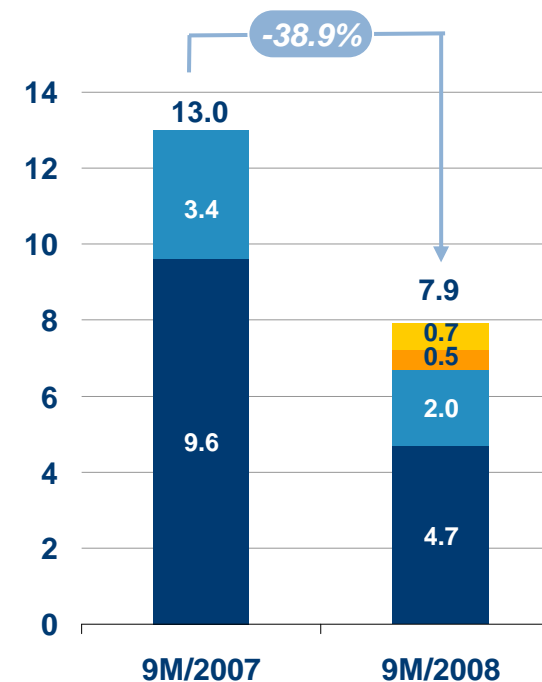
Other operating expenses decreased due to improvements in our processes and tight budget control

[m €]

Q3



9M



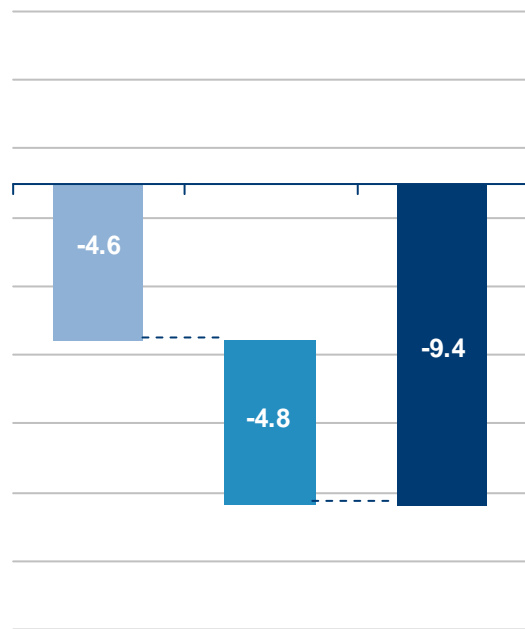
- Other operating expenses before broker commissions
- Broker commissions
- Bad debt allowance LT provision receivables
- Inventory depreciation in the course of the reduction of office space (till Oct 08 ~ 1,600 square meters)



Net financial result hit by higher bank margins and market value losses of derivatives

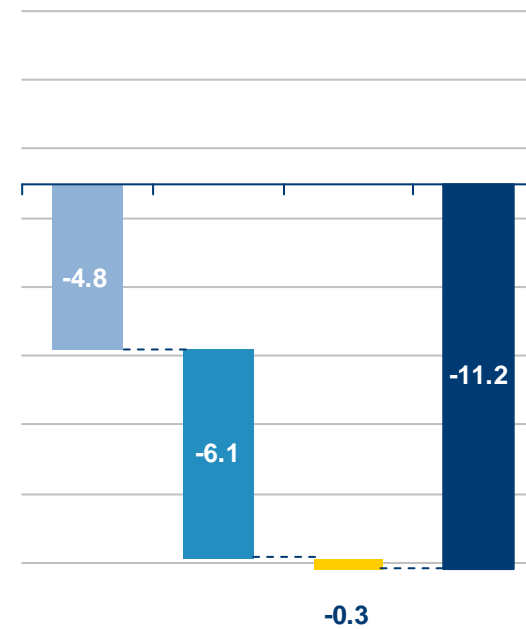
Net financial result [m €]

Q3/2007



■ Net Financial result ■ Net interest
■ Value changes of derivatives

Q3/2008



■ Write down of financial assets (SICAV -> liquidation value)



Adjusted EBT balanced: no operating cash burn despite deteriorated general conditions

[m €]	Q3/2008	Q3/2007	Change [%]	9M/2008	9M/2007	Change [%]
Pretax result (EBT)	-13.4	-6.3	n.m.	-9.5	0.6	n.m.
Write-down trading book	+2.2	-		+5.6	-	
Write-down PP&E and Intangibles	+0.6	-		+1.0	-	
Goodwill impairment	+3.6	-		+3.6	-	
Bad debt allowance (LT provision rec.)	+0.6	-		+0.6	-	
Write-down Financial assets (SICAV)	+0.3	-		+0.3	-	
Value loss/gain derivatives	+6.1	+4.8		-1.1	-5.0	
EBT, adjusted	0.0	-1.5	n.m.	0.4	-4.4	n.m.
Net income, adjusted (Tax rate @ 29%)	0.0	-1.1	n.m.	0.2	-3.1	n.m.
Number of Shares (average)	8,579,900	8,579,900		8,579,900	8,579,900	
[€]						
EPS, adjusted (Tax rate @ 29%)	0.00	-0.12	n.m.	0.03	-0.36	n.m.



Stated total net loss of 13.6 m € a consequence of value losses of derivatives as well as one-off costs

[m €]	Q3/2008	Q3/2007	Change [%]	9M/2008	9M/2007	Change [%]
EBT	-13.4	-6.3	-113.2	-9.5	0.6	n.m.
Current taxes on income	0.0			0.0		
Deferred tax	2.4			1.2		
Write-down of tax-loss carry forwards	-1.9		n.m.	-1.9		n.m.
Net income, continuing operations	-12.9	-4.1	n.m.	-10.3	0.0	n.m.
Net loss, discontinued operations	-0.7	-0.6		-1.7	-1.3	
Net income, total	-13.6	-4.7	n.m.	-12.0	-1.3	n.m.
[€]						
EPS, total	-1.58	-0.55	n.m.	-1.40	-0.15	n.m.



B | Strategy Update / Outlook



Business model currently questioned (1/2)

- Existing order backlog reduced and (almost) exhausted, new framework agreements with closed end funds currently not in sight
- Policy returns are currently at an all-time low following a long period of interest rate cuts and low interest rates -> margin between policy returns and refinancing costs has been squeezed significantly -> negative impact on existing funds' performance
- Indications are that also historically arbitrage potential has been too limited to sustainably finance the current secondary market value chain
- Going forward we will see a much smaller, more professional secondary market that has to deal with significantly smaller margins
- Looking at 2009, planning can only be based on contractually fixed servicing income – the actual amount of which is also subject to specific risk



Business model currently questioned (2/2)

Impact of financial market crisis:

Refinancing of policy portfolios more difficult and considerably more expensive

Future bonus rates at risk due to estimated lower investment performance of insurers in 2008

Buyer strike and enormous risk aversion of investors ultimately make product development and tapping into new customer groups more difficult



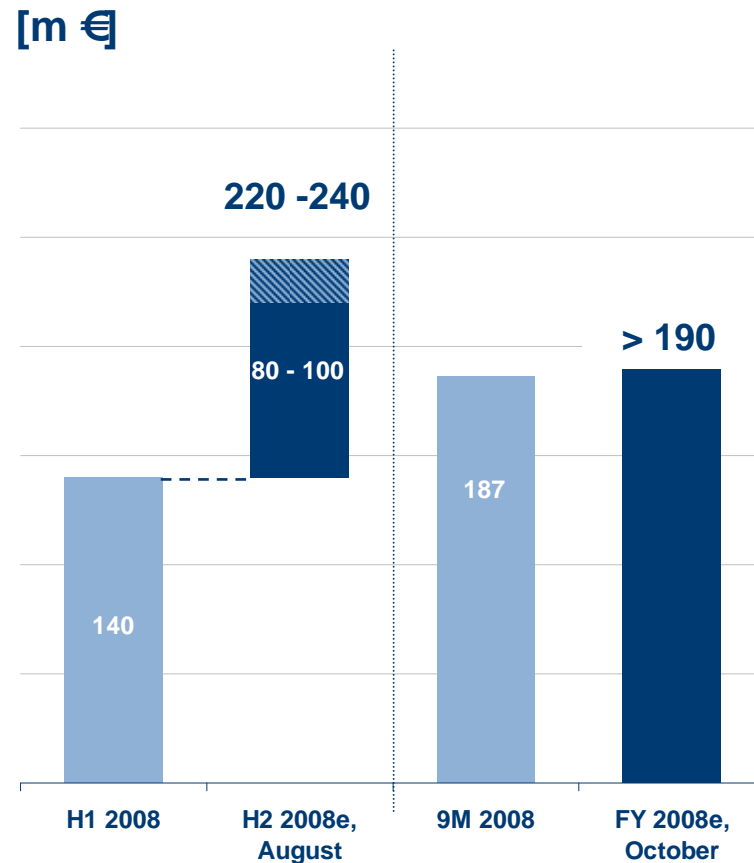
Company stabilised despite unfavourable conditions: Cost cuts and foresighted risk policy

Heavy restructuring activities since beginning of 2008:

- Ending non profitable non core activities
- Improving operating efficiency and service quality
- Massive headcount reductions and tight budget control
- Introducing clear personal responsibility for performance of trading book
- Deleveraging: scale down of trading book and reduction of corresponding credit lines
- Locking in market value gains of redundant derivatives
- Cleaning-up balance sheet risks
- Raising the return criteria in purchasing -> policy volume eligible for purchase dropped significantly



Reduced revenue guidance 2008e



Assumptions:

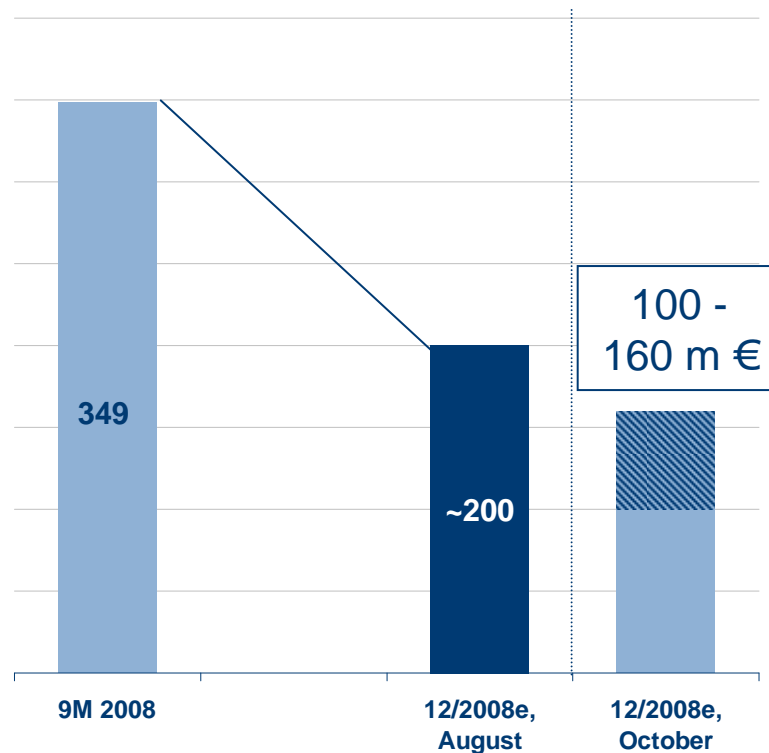
Lack of visibility whether order backlog of 78 m € as of 30 September will be accepted by closed end funds (no purchase or delivery commitments)

No new framework agreements for endowment policy funds expected in the foreseeable future



Restructuring and down-sizing of trading book more ambitious than originally indicated

[m €]



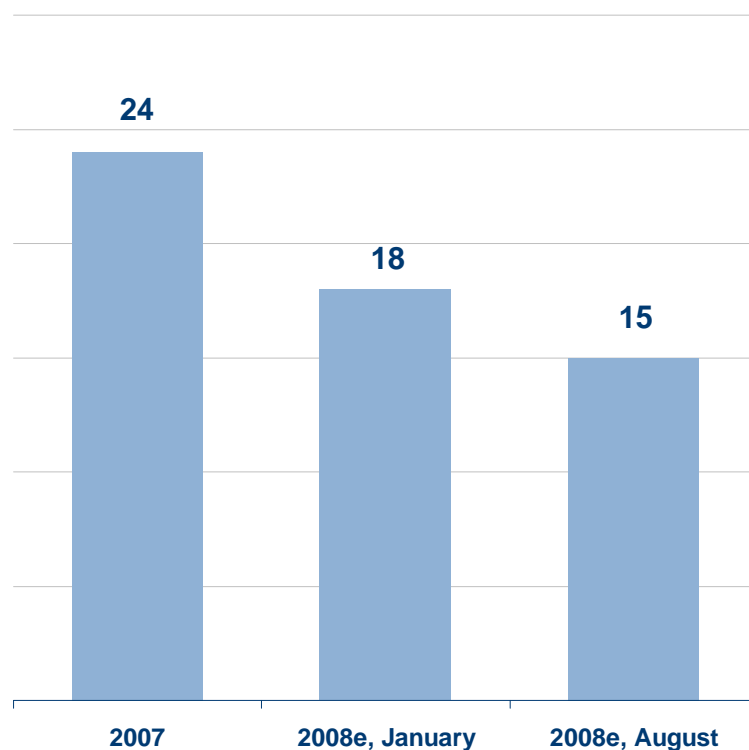
Partial sale of redundant derivatives in order to cash-in value gains:

Q2/2008:	2.9 m €
Q3/2008:	1.8 m €
<hr/>	
Total:	4.7 m €



Operating costs guidance 2008e before broker commissions and one-offs unchanged

[m €]



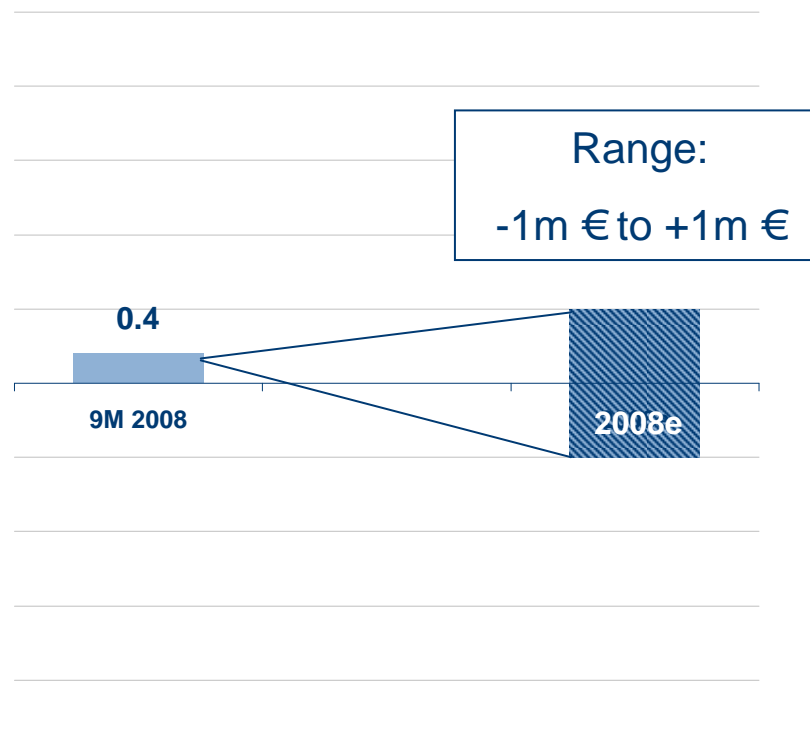
Headcount reduction: < 50 employees by year-end 2008 (12/2007: 130)

Implementation of cost cutting steps in line with planning



Adjusted EBT guidance 2008e unchanged

[m €]



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

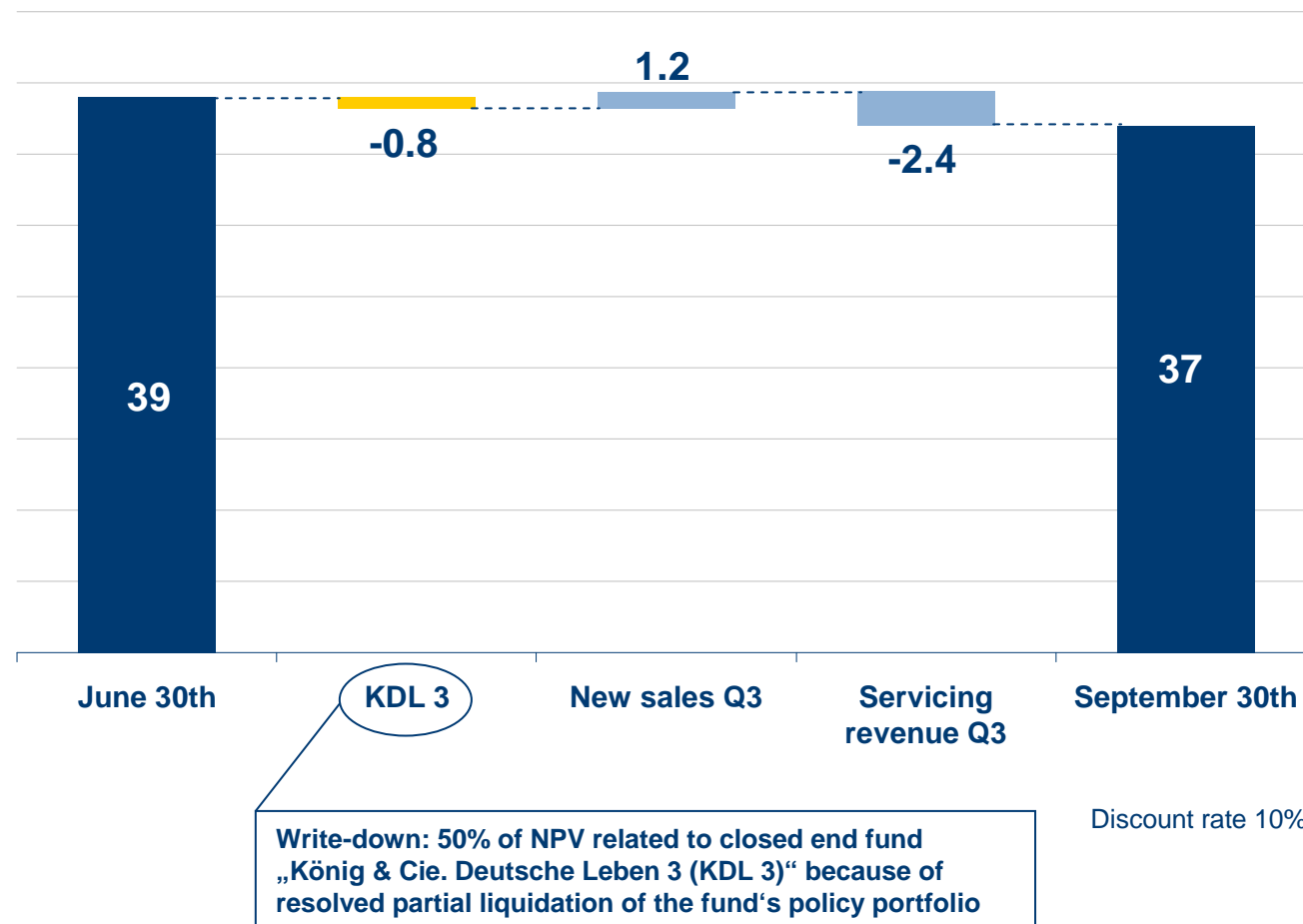
No significant cash burn expected despite:

- lower servicing fees due to wind-down of 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



Net present value of servicing revenues declined slightly – NPV for KDL 3 partly impaired

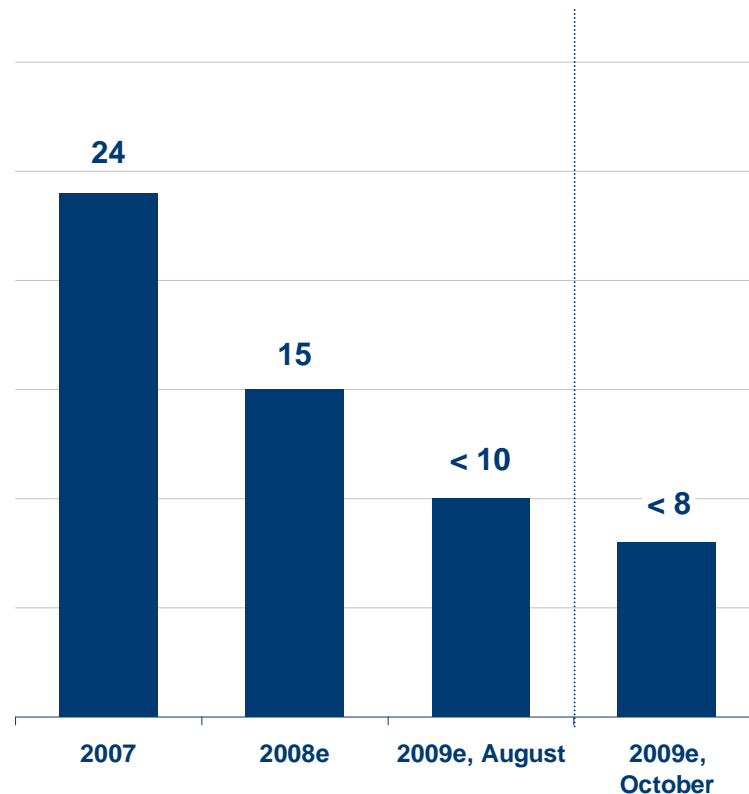
[m €]





Operating costs guidance 2009e (before broker commissions) more ambitious

[m €]



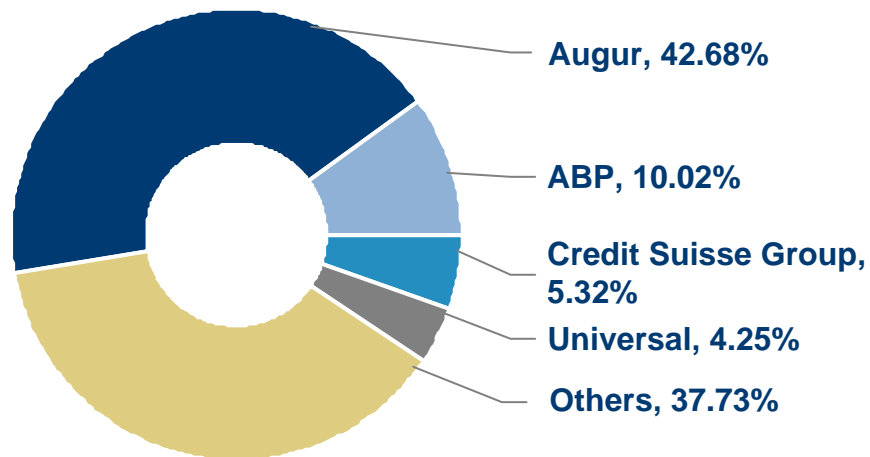
We have increased our cost saving target and want to start FY 2009 with a cost base of below 8m € - this target is subject to upcoming strategic discussions with Augur

Our expectation is that we will be profitable in 2009

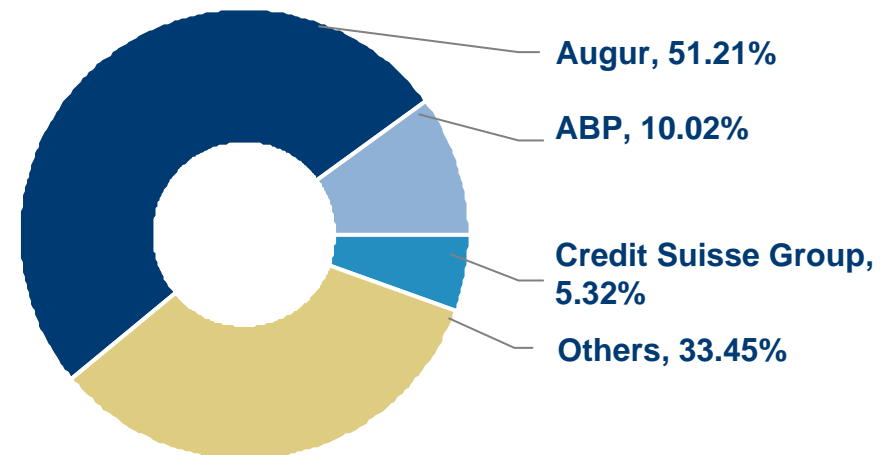


Augur currently holds a cash.life stake of 51.2% – offer runs until November 12th

Shareholders structure
(begin of voluntary take-over bid)



Shareholder structure
(as of 6 November 2008)





Augur - cash.life's new majority shareholder

We welcome Augur which, according to the offer document, will examine the development and support of new business areas

It is still unclear whether and to what extent cash.life AG will be supported by Augur to develop new profitable business areas

Based on the offer document and the talks with Augur to date, no concrete business opportunities have arisen. We expect, that more extensive discussions in the next month will clarify the feasibility of various concepts and the extent of Augur's support potential

Pending this conclusion, we will further reduce our cost base to the level required to secure operative processes and quality as well as retain resources to leave strategic options open

Management would propose a reduction of corporate capital should the discussions not lead to the identification of viable fields or in case the capital is not needed to the current extent



Augur - adequacy of takeover offer

Management board and supervisory board came to the conclusion that the consideration offered to cash.life shareholders by Augur can be considered fair

This takes into account the quoted market price trend and analyst ratings and, in particular, acknowledges the fairness opinions obtained (O&R Oppenhoff&Rädler AG, DZ Bank) as well as the uncertain development of the business model operated by cash.life

However this ascertainment of the consideration as fair does not constitute a recommended course of action

All board members of cash.life have accepted the offer and have tendered all of their shares to Augur



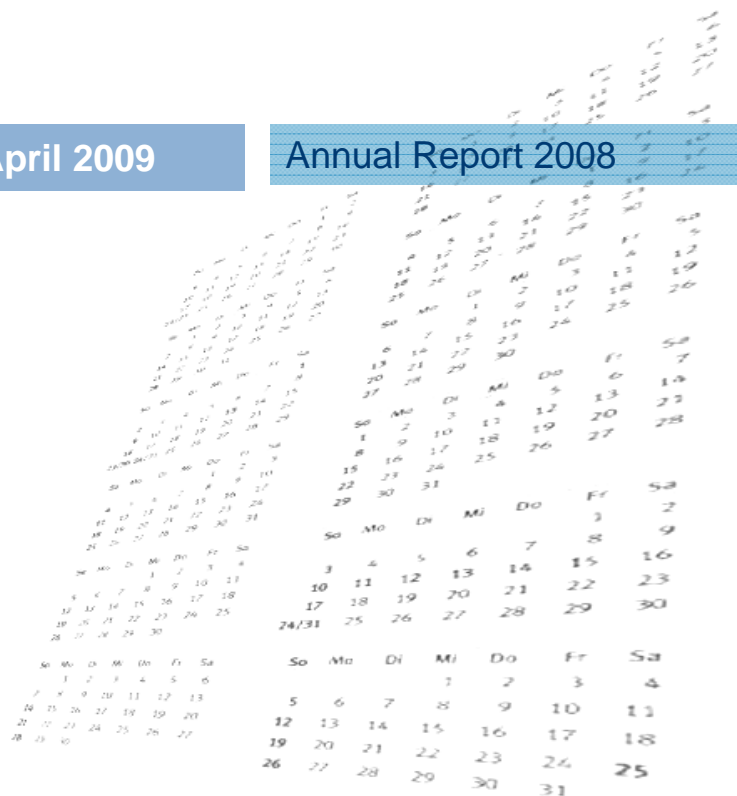
C | Financial calendar



Financial calendar

April 2009

Annual Report 2008



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