# Annual Report 2015

JDC GROUP

BEST ADVICE. BETTER TECHNOLOGY.

# Inhalt

# JDC Group
# Leader in Advisortech.

## The future of financial sales is personal and digital.

JDC GROUP

BEST ADVICE. BETTER TECHNOLOGY.

# JDC Group AG

## At a glance

### P&L in kEUR*

| | 31/12/2015 kEUR | Pro forma 31/12/2014 kEUR | Pro forma Changes compared to previous year in % | 31/12/2014 kEUR | Changes compared to previous year in % |
|---|---|---|---|---|---|
| Revenues | 75,362 | 70,568 | 6.8 | 74,542 | 1.1 |
| Gross margin | 22,512 | 19,025 | 18.3 | 20,484 | 9.9 |
| Gross margin in % | 29.9 | 27.0 | 10.7 | 27.5 | 8.7 |
| Total operational costs | 22,780 | 22,489 | 1.3 | 23,540 | –3.2 |
| EBITDA | 1,279 | –1,868 | > 100 | –1,432 | >100 |
| EBITDA margin in % | 1.7 | –2.6 | > 100 | –1.9 | >100 |
| EBITDA adjusted** | 1,771 | | | | |
| EBIT | –268 | –3,464 | 92.3 | –3,056 | 91.2 |
| EBIT margin in % | –0.4 | –4.9 | 91.8 | –4.1 | 90.2 |
| EBIT adjusted** | 224 | | | | |
| Net profit from continuing operations (after shares without dominating influence) | –1,728 | –4,236 | 59.2 | –3,901 | 55.7 |
| Number of shares in thousands (end of period) | 10,850 | 10,850 | 0.0 | 10,850 | 0.0 |
| Earnings per share in EUR | –0.16 | –0.39 | 59.0 | –0.36 | 55.6 |

### Cash flow/Balance in kEUR

| | 31/12/2015 kEUR | | | 31/12/2014 kEUR | Changes compared to previous year in % |
|---|---|---|---|---|---|
| Cash flow from operating activities | –647 | | | –4,066 | 84.1 |
| Total equity and liabilities | 65,802 | | | 60,336 | 9.1 |
| Equity | 24,678 | | | 26,406 | –6.5 |
| Equity ratio in % | 37.5 | | | 43.8 | –14.4 |

### Key Performance Indicators

| | 31/12/2015 | | | 31/12/2014 | Changes compared to previous year in % |
|---|---|---|---|---|---|
| Number of customers (in thousands) | 936 | | | 916 | 2.2 |
| Assets under administration in EUR bn | 4.3 | | | 4.2 | 2.4 |
| Sales volume in EUR bn | 1.3 | | | 1.1 | 15.7 |
| Average number of employees | 212 | | | 201 | 5.5 |

* from continuing operations; previous years figures partly adjusted

**excluding downstream costs for past company sales

# JDC Group AG

## Business units and brands

| Broker Pools | Financial Consulting | Holding |
| --- | --- | --- |
| Placement of financial products via financial intermediaries (independent financial advisers and brokers) to end-costumers<br><br>Investment funds, closed-end-funds, insurances etc. | Placement of financial products to end-customers<br><br>Insurances, investment funds, financing etc. | Holding services<br><br>IT and Management consulting<br><br>Project management, prozess modeling and -optimization |
| **Jung, DMS & Cie. AG**<br>Shareholding 100.0 % | **FiNUM.Private Finance AG, Wien**<br>Shareholding 100.0 % | **JDC Group AG** |
| | **FiNUM.Private Finance AG, Berlin**<br>Shareholding 100.0 % | **Fine IT Solutions GmbH**<br>Shareholding 100.0 % |
| | **FiNUM.Finanzhaus AG, Wiesbaden**<br>Shareholding 100.0 % | |

**About 16,000 Independent financial advisors …**

**Diversified asset classes via different sales channels …**

**With over 900,000 customers …**

**Assets under administration of about EUR 4.3 BN …**

**Total product sales in excess of EUR 1.3 BN 2015 …**

# Highlights 2015

Realignment
in the Group

**Aragon AG changes to JDC Group AG – the new JDC Group concentrates in future on its two sales organisations Jung, DMS & Cie. and FiNUM. plus Advisortech-solutions for the free finance sales**

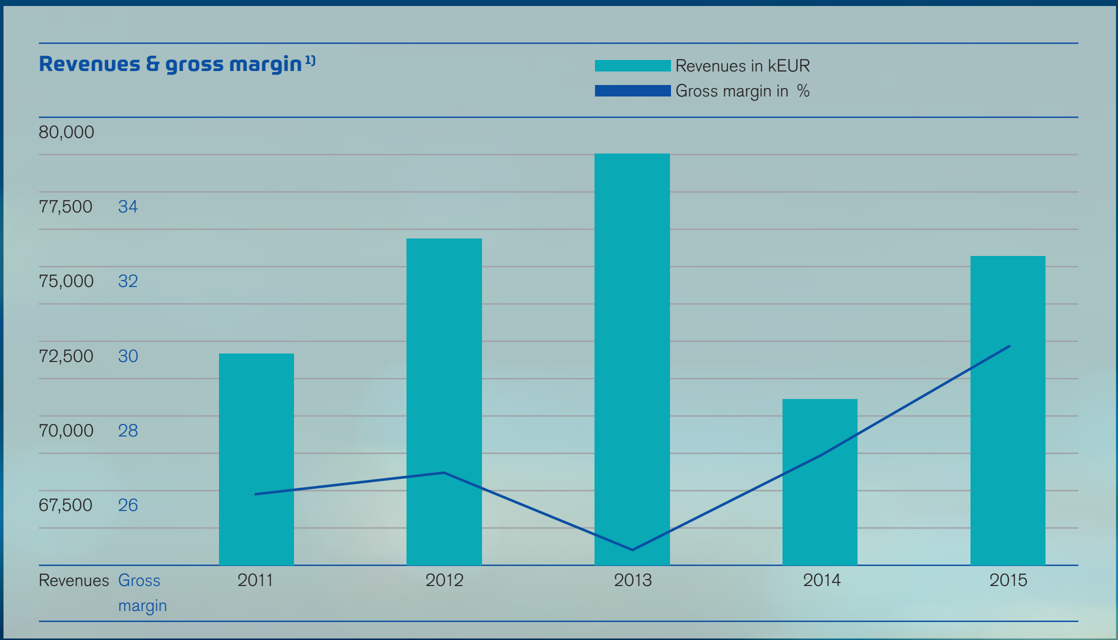
Stock acquisition

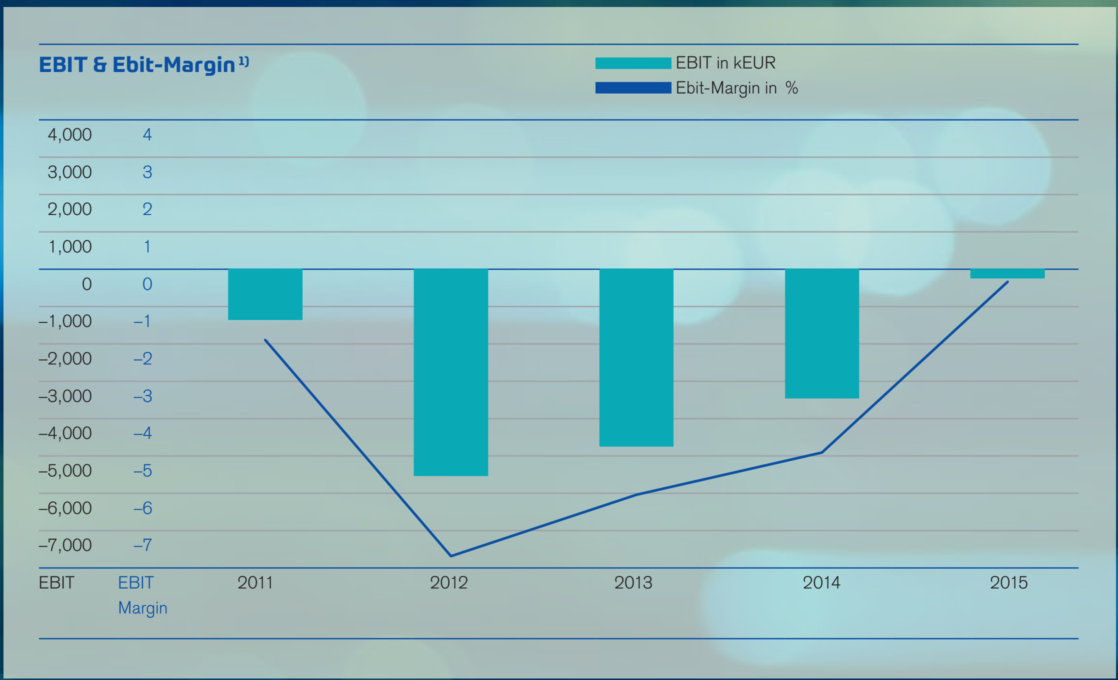
**JDC Group daughter Jung, DMS & Cie. Pool GmbH placed a corporate bond with a volume of 15 million Euro mainly for acquisition of broker stock**

Smart fintech for consultants

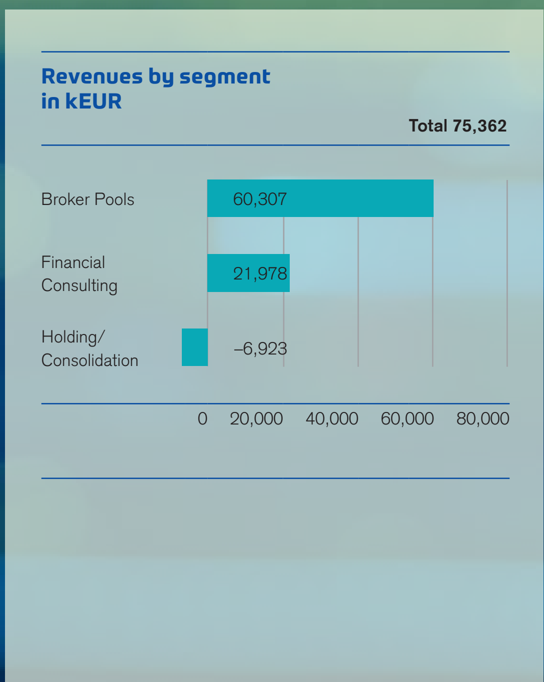
**JDC Group starts with "allesmeins" its first innovative Customer-App for a hybrid consultancy model – technique plus advisory**

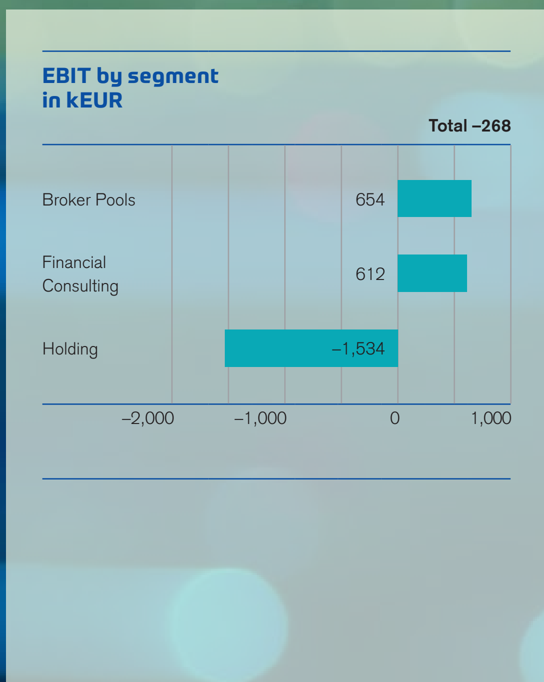
# Highlights 2015




1) from continuing operations; previous years figures adjusted

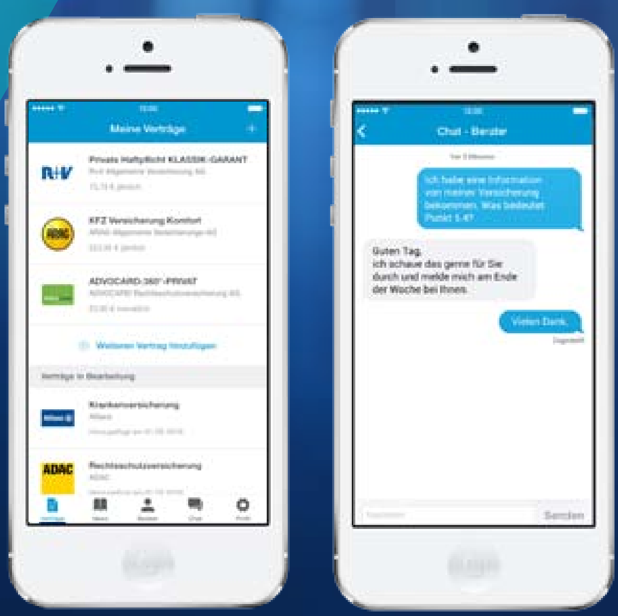

[1)] previous years figures adjusted

# Highlights 2015

## The future of financial sales is personal AND digital.

Ever more fintech apps are coming onto the market.  In most cases, customers have to find their own way through the online information.

**JDC Group AG is taking a different approach. Its finance app "allesmeins" combines state-of-the-art financial technology with competent, personal advice from customer's trusted brokers.**

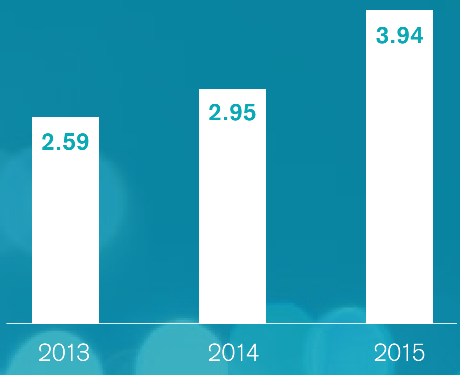


**allesmeins – financial technology for advisors and their customers**

Ever more "basic" financial products are being sold online and the trend is now irreversible. For "complicated" solutions, however, customers still need personal assistance.

That is where JDC Group is positioned. By working with the allesmeins app, JDC brokers generate significantly higher numbers of contracts per customer. Basic financial products are serviced via allesmeins. Brokers can thus focus on more profitable business fields. This leads to a win-win-win situation. Customers receive more comprehensive advice and brokers, and thus JDC as well, can boost their customer revenues.

**Number of Germans, which do insurances via internet**
(in millions; source: Statista)




**allesmeins – marketing material for advisors and their customers**

To optimally support sales partners of JDC Group AG in circulating "allesmeins", numerous sales and marketing materials are available to advisors and brokers at the "World of Finance" broker portal.

As well as customer message templates, advisors and brokers can also find individualised flyers and posters about allesmeins and video material that can be integrated into advisors' homepages or mailed to customers.


Dr. Sebastian Grabmaier
CEO
Ralph Konrad
CFO

# Management board letter

## DEAR SHAREHOLDERS, DEAR BUSINESS PARTNERS,

We are pleased to inform you that JDC Group AG (formerly: Aragon AG) pressed consistently ahead with its realignment in 2015 and that its process of focusing on the operative development of its broker pools subsidiary Jung, DMS & Cie. (JDC) and the FiNUM Group is already showing initial success. Although the market climate remained challenging, JDC Group AG achieved substantial year-on-year improvements in its earnings and concluded the year with positive EBITDA.

In operating terms, i.e. excluding downstream costs for past company sales, JDC Group AG generated positive EBIT for the first time once again – a clear indication that despite the high volume of investment in boosting its future earnings JDC Group AG is well on track to regain sustainable profitability.

### Aragon AG becomes JDC Group AG

We have significantly streamlined our group structure in recent months. By focusing on the broker pools subsidiary Jung, DMS & Cie. and its sales subsidiaries in the FiNUM. Group and launching our new “Advisor Technology” (Advisortech) business, we have now achieved the target structure we were aiming for. To document this realignment to the outside world, the Annual General Meeting held at the end of July granted 100 percent approval to rename the company as “JDC Group AG”.

### Advisortech: a change that offers opportunities

As previously communicated, the financial services market is undergoing the greatest transformation in its history. Alongside changing customer behavior, pressure on costs, and regulation, a further driver of change has increasingly come to the foreground – the megatrend of “digitization” has reached the financial services market. As one of the last industries, financial services is now discovering the enormous potential harbored by internet-based business models. Numerous newly founded companies whose business model is based on digitizing customer interfaces and processes are now entering the market. These so-called financial technology start-ups, or “fintechs” for short, have in some cases collected millions of euros of investment funds and brought various technological innovations to a market that was long inflexible.

For JDC Group AG, the new fintech megatrend offers great market opportunities. Today already, JDC companies offer market-leading IT and process solutions to financial intermediaries. While customer acquisition costs are often so high as to represent a threat to the continued existence of most fintech players, with more than 900,000 customers and around 16,000 brokers JDC has a superior basis when it comes to introducing technological innovations into the market. In its future “Advisortech” segment, JDC Group AG therefore aims to rapidly develop state-of-the-art applications and tools to deliberately simplify the advisory and administrative tasks involved for both advisors and customers.

Using these applications should further boost customer retention for the company' 16,000 financial services brokers. By providing novel services to end customers, the applications should also open up interesting new business potential.

The "allesmeins" advisory technology app announced by JDC at the end of 2015 and now launched is paving the way here. This end customer smartphone application offers customers a complete overview of all their existing insurance contracts, including all relevant documents, on their own smartphones. JDC's new market-leading app service is supplemented by optimization and transaction functionalities, as well as state-of-the-art communications between customers and their advisors via an app chat function. JDC's brokers and advisors stand to benefit because the app aggregates customer contracts they previously did not manage and thus triggers potential additional revenue flows. At JDC, we expect the app to lead in the longer term to a significant increase in the number of contracts, and thus also to equally substantial growth in ongoing revenues.

As well as offering in-house solutions, JDC Group AG also intends to acquire established fintech players in future. To this end, JDC's management team has closely examined the fintech market and is confident that it will possible before the end of 2016 to implement an initial transaction. This should enable the range of online services for advisory customers to be expanded.

Alongside these pleasing developments in the Advisortech business field, we recently also informed you about our growth strategy in our traditional advisory business. Here, we intend to generate growth in particular by further developing our large customer model, i.e. the outsourcing to us of all back office operations at sales/broker businesses, as well as by acquiring broker portfolios.

## Outsourcing model successfully launched

In 2015, we took over the back office services for two major customers, namely the large-scale broker Assekuranz Herrmann and the medium-sized sales operation NWF Finanz Consulting. These transactions led to revenue growth of more than Euro 3 million at our broker pools company Jung, DMS & Cie. from our Troisdorf location, we now act as outsourcing partner to these companies and offer all processes involved in customer and broker management, a full range of contract handling and documentation services, and proprietary IT operations. We aim to achieve revenue growth on a similar scale from our outsourcing model in the current financial year and in subsequent years as well.

## Jung, DMS & Cie. places corporate bond of Euro 15 billion

To implement our strategy for generating profitable growth by acquiring broker portfolios on a relevant scale, we first needed to acquire financing funds. To this end, our broker pools company Jung, DMS & Cie. Pool GmbH (JDC Pool) successfully placed a corporate bond with a volume of 15.0 million in a private placement with institutional investors in spring 2015. The corporate bond has a five-year term and an annual coupon of 6.0 percent.

We now aim to put the funds received from the corporate bond issue rapidly to use by acquiring broker portfolios. To achieve this objective, Jung, DMS & Cie. began by creating the innovative product "DMR – German Brokers' Pension". This offers brokers wishing to retire from their active business an ideal opportunity to cash in on their life's work. Although the brokers thereby retiring receive a good sale price for their life's work, the purchase of their portfolios also promises to generate a high return for JDC Pool GmbH in the longer run. We plan to execute the first transactions, and make full use of the bond investment total, in the first half of 2016. As announced, we will thus be using the additional capital funds within just 12 months of taking them up. We expect the complete investment of these funds to boost EBITDA by at least Euro 3 million in the first full calendar year.

Our Group can also report successful results for 2015 on an operating level:

## Results for the 2015 financial year

For the first time in several years, we can afford to be satisfied with our figures for the financial year under report. Even though underlying conditions remained difficult, JDC Group AG substantially improved its most important key figures compared with the previous year.

Turnover-based key figures at the JDC Group AG developed very positively. Product turnover rose to Euro 1,3 billion in 2015, up 15.7 percent on the previous year's figure of Euro 1,1 billion. Compared with the overall market, this is an excellent result.

The volume of assets under administration at JDC Group AG also developed well. At Euro 4.3 billion, this key figure was around 2 percent up on the previous year's figure of Euro 4.2 billion.

Excluding revenues at compexx Finanz AG, which were still included for five months in the previous year, revenues grew by 6.8 percent to Euro 75.4 million (2014 excluding compexx: Euro 70.6 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved significantly to Euro 1,279k (previous year: Euro –1,432k; excluding compexx: Euro –1,868k).

At Euro –268k, earnings before interest and taxes (EBIT) showed a substantial year-on-year improvement of Euro 2,788k, and excluding compexx even of Euro 3,196k (previous year: Euro –3,056k; excluding compexx Finanz AG: Euro –3,464k).

At Euro –1,728k, the result from continuing operations after taxes (EAT) was significantly ahead of the previous year's figure of Euro –3,901k.

Consolidated net income improved sharply, rising by Euro 4,893k from Euro –6,621k to Euro –1,728k.

JDC Group AG can report the following developments in its relevant balance sheet key figures:

Shareholders' equity amounted to Euro 24.7 million as of December 31, 2015. The equity ratio therefore came to 37.5 percent (December 31, 2014: Euro 26.4 million and 43.8 percent).

Due to the bond issue referred to above at Jung, DMS & Cie. Pool GmbH, cash and cash equivalents, including a time deposit, grew to Euro 11.3 million (December 31, 2014: Euro 4.2 million).

### THE INDIVIDUAL SEGMENTS PERFORMED AS FOLLOWS:

### Broker Pools

The Broker Pools segment increased its revenues year-on-year by 7.2 percent to Euro 60.3 million (previous year: Euro 56.2 million). At Euro 1.2 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were significantly ahead of the previous year's figure (Euro 0.9 million). At Euro 0.7 million, earnings before interest and taxes (EBIT) were also significantly up on the previous year's figure (Euro 0.2 million).

### Financial Consulting

Revenues at the Financial Consulting segment also increased compared with the previous year. Excluding revenues at compexx Finanz AG, which were still included for five months in the previous year, revenues grew by 7 percent to Euro 22.0 million (adjusted previous year's figure: Euro 20.5 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved significantly to Euro 1.1 million (adjusted previous year's figure: Euro –0.4 million). Earnings before interest and taxes (EBIT) also showed a marked increase to Euro 0.6 million (adjusted previous year's figure: Euro –0.8 million).

## Outlook

Our assessment of the course of business in 2016 is as follows:

The 2016 financial year will be dominated by three topics: firstly, the purchase of insurance portfolios in order to invest the funds received from the bond; secondly, the acquisition of further brokers as outsourcing customers; and thirdly, marketing JDC Group AG's fintech strategies, and above all its "allesmeins" app. The market will remain challenging in 2016, especially in view of the volatility seen on stock markets in the first months of the year.

For 2016 as a whole, we nevertheless expect to generate substantial revenue growth and this to be accompanied by a further significant improvement in our profitability.

## Thanks to employees and shareholders

Last, but by no means last, we would like to offer our special thanks once again to our employees and to the sales partners of JDC Group AG and our subsidiaries. Their commitment and their motivation form the basis for our success.

We would also like to thank our shareholders, who believe in our business model and support and affirm the work of the Management and Supervisory Boards.

We would be delighted if you would continue to accompany us on this course.

Yours faithfully,

Dr. Sebastian Grabmaier　　　　Ralph Konrad

# The group

The group



# Business concept and structure

JDC Group AG is a financial services company that advises customers and brokers financial products via its subsidiaries. These subsidiaries operate with their own strategies and under their own brands in Germany and Austria. They support more than 16,000 independent financial brokers, of which around 3,900 tied intermediaries, and more than 900,000 end customers. JDC Group generates most of its revenues in the form of commission income from mediating financial products. Revenues from fee agreements (commission-free mediation) are nevertheless playing an increasingly major role.

With its integrated sales platform, JDC Group AG offers financial intermediaries and their end customers a broadly diversified range of products covering assets classes such as investment funds, alternative investment funds (AIF), structured products, insurance, (mortgage) financing, and real estate. JDC Group AG brokers and markets a total of around 12,000 products from more than 1,000 product companies. In the 2015 financial year, JDC Group AG generated record product sales of around Euro 1.3 billion. The volume of assets under administration came to around Euro 4.3 billion at the end of 2015.

In 2015, JDC Group AG continued to focus on its core businesses. Those involve brokering financial products via independent brokers (broker pool – Jung, DMS & Cie. AG) and mediating financial products via sales representatives (financial sales – FiNUM.Private Finance AG and FiNUM.Finanzhaus AG). These core businesses should generate further organic growth.

Activities at JDC Group AG are broken down by target group and service and pooled in two operating sales business segments – “Broker Pools” and “Financial Consulting” – and a “Holding” segment.

In the existing business segments, the individual subsidiaries of JDC Group AG operate with a multi-brand strategy, i.e. the individual subsidiaries act with their own identities in their target markets and address their target groups with suitably customized marketing and sales strategies.

JDC Group AG and holding companies perform central management functions such as product procurement, finance, capital market communications, information technology and administration. Centralizing these functions and activities enables JDC Group AG to exploit cost synergies.

JDC GROUP

BEST ADVICE. BETTER TECHNOLOGY.

Advice on and mediation of financial products in return for commission from product providers or fees from the customers advised.

## BROKER POOLS

Placement of financial products via financial intermediaries (independent financial advisers and brokers) to end-costumers pursuant to § 93 (HGB) as trade brokers

Investment funds, closed-end-funds, insurances etc.

JUNG, DMS & CIE.
AKTIENGESELLSCHAFT

## FINANCIAL CONSULTING

Mediation of financial products to end customers as sales representatives pursuant to § 84 (HGB).

Insurances, securitites, material values, financing

FiNUM. Private Finance

FiNUM. Finanzhaus

Dr. Sebastian Grabmaier

**“We took our first step into the digital age with “allesmeins”. After all, if truth be told it is not about digitizing the financial service in itself, but rather about the future of financial services in a digital world.”**

# Business Units

## BROKER POOLS – BROKERAGE OF FINANCIAL PRODUCTS TO PRIVATE END CLIENTS THROUGH FINANCIAL INTERMEDIARIES

The company presents its “B2B” activities in its broker pool and platform business in its “Broker Pools” segment. The Broker Pools segment comprises the mediation of financial products to private end customers via financial intermediaries in the broker and liability umbrella sales channels. Drawing on a bancassurance approach, the product portfolio includes investment funds, closed funds, certificates, insurances (especially life, inability to work and healthcare insurance) and further products such as construction financing and savings products. In all, the broad product range offers around 12,000 products from more than 1,000 product companies.

JDC Group AG is a market leader in the broker pool market with its subsidiary **Jung, DMS & Cie. AG** (JDC), Munich.

JDC is one of the largest, highest-commission broker pools in German-speaking countries. At its locations in Munich, Wiesbaden, Troisdorf, and Vienna (Austria), JDC supports its customers, which include leading financial sales operations and a large number of independent brokers.

Jung, DMS & Cie. offers brokers and advisors the assumption of liability vis-a-vis end clients. The around 3,900 tied agents also have access to securities and structured bank products, through one of the largest bank-independent liability umbrellas in the German-speaking world and they can also offer their clients unrestricted investment advice in connection with financial instruments.

## FINANCIAL CONSULTING – INDEPENDENT PENSION AND INVESTMENT CONSULTING FOR PRIVATE CUSTOMERS

The company pools its "B2C" activities, i. e. advising on and selling financial products directly to end customers, in its "Financial Consulting" segment. These activities also comprise our shareholdings in **FiNUM.Private Finance AG** (FPF D), Berlin, **FiNUM.Private Finance AG** (FPF A), Vienna, and **FiNUM.Finanzhaus AG** (FFH), Wiesbaden.

FiNUM.Private Finance AG, Berlin, FiNUM.Private Finance AG, Vienna, and FiNUM.Finanzhaus AG act as independent financial and asset advisors for sophisticated, higher net worth customers. FiNUM.Private Finance can look back on a track record of nearly 16 years in Germany and Austria and is currently represented by more than 230 experienced and registered advisors nationwide in the two countries. These advisors provide a current total of more than 70,000 customers with all-round independent advice covering all financial matters and all asset classes. FiNUM.Finanzhaus AG supplements the two other FiNUM companies. It focuses on providing all-round, product-independent advice backed up by scientific research. Furthermore, it is closely aligned to consumer protection criteria and has its main focus in the insurance business.

## HOLDING – HOLDING MANAGEMENT AND CROSS-SEGMENTED FUNCTIONS

Alongside the holding company **JDC Group AG**, the Holding segment also includes **Fine IT Solutions GmbH**.

Fine IT Solutions GmbH performs IT and management consultancy services aimed at optimizing infrastructure and processes on behalf of companies within the JDC Group and third parties and also supports companies by taking over entire business processes (outsourcing).

# History

## 2012

**03/2012**
Aragon acquires 100 percent stake in SRQ FinanzPartner AG, Berlin, and merges SRQ with FiNUM. FINANZHAUS GmbH to form new company FiNUM.Private Finance AG.

**06/2012**
Aragon acts anti-cyclically and increases its stake in BIT – Beteiligungs- & Investitions-Treuhand AG to 73.3 percent by acquiring the shares held by HSH Nordbank.

**08/2012**
Dr. Herbert Walter is elected to the Supervisory Board.

**09/2012**
Aragon successfully sells its subsidiary CLARUS AG, Wiesbaden.

**10/2012**
Management buyout (MBO) at Aragon: Management Board members Dr. Sebastian Grabmaier and Ralph Konrad wish to take over more than 20 percent of the share capital each. The selling party is Angermayer, Brumm & Lange Unternehmensgruppe GmbH (ABL Group).

**11/2012**
Dr. Herbert Walter assumes position as Supervisory Board Chairman.

**12/2012**
Aragon sells its subsidiary inpunkto AG and focuses on its remaining sales-based shareholdings: Jung, DMS & Cie., BIT, FiNUM.Private Finance and compexx.

## 2013

**05/2013**
Aragon AG successfully executes 9 million capital increase.

**07/2013**
Successful completion of Management buyout (MBO). Shareholding held by two Management Board members rises to 46 percent. Hamburg businessman Jörn Reinecke becomes major shareholder and acquires 9 percent of Aragon's shares via his company Superior Finanzbeteiligungen GmbH.

**08/2013**
Aragon founds FiNUM.Finanzhaus AG as a financial planning advisory company for sophisticated private customers.

Aragon subsidiaries Jung, DMS & Cie. and FiNUM.Finanzhaus cooperate with DEFINO Deutsche Finanz-Norm. This cooperation enables affiliate partners to offer all-round customer advice based on scientific approach.

Anne Connelly, Marketing Director at Morningstar Europe, Jens Harig, CEO of Seven Principles AG and Hamburg-based auditor Emmerich Kretzenbacher are newly elected to the Supervisory Board of Aragon AG.

**12/2013**
More than 18,000 finance brokers and asset advisors now support around 975,000 end customers.

## 2014

**06/2014**
Aragon AG sells equity stake in compexx Finanz AG. Focus on core shareholdings: Jung, DMS & Cie. and FiNUM.-Group.

**07/2014**
Management buyout (MBO) at BIT AG. Aragon AG sells its shares to the Management Board of BIT. Streamlining process now complete.

**08/2014**
Share package held by AXA Lebensversicherung AG, at one time amounting to more than 25 percent of Aragon AG shares, is successfully replaced with institutional investors. New shareholder base reflects absolute product autonomy.

**10/2014**
Aragon AG in future to offer proprietary asset management solutions for securities-based pension provision. Strategic investment in asset manager BB Wertpapier-Verwaltungs-GmbH and resultant influence on product design and fee structure.

**12/2014**
Around 19,000 finance brokers and asset advisors support more than 916,000 end customers.

## 2015

**05/2015**
JDC Group subsidiary Jung, DMS & Cie. Pool GmbH places a corporate bond of €10.0 million.

**06/2015**
JDC Group subsidiary Jung, DMS & Cie. Pool GmbH stocks up corporate bond to 15.0 million.

**07/2015**
Aragon AG is renamed as JDC Group AG: "new" JDC Group to focus in future on its two sales subsidiaries Jung, DMS & Cie. and FiNUM and on offering Advisortech solutions for standalone financial sales operations.

**10/2015**
Smart fintech for advisors: launch of "allesmeins", JDC's Advisortech app. With this, JDC Group AG offers its first innovative customer app for its hybrid advisory model – technology PLUS advice.

**12/2015**
More than 16,000 finance brokers and asset advisors support more than 900,000 end customers.

Ralph Konrad

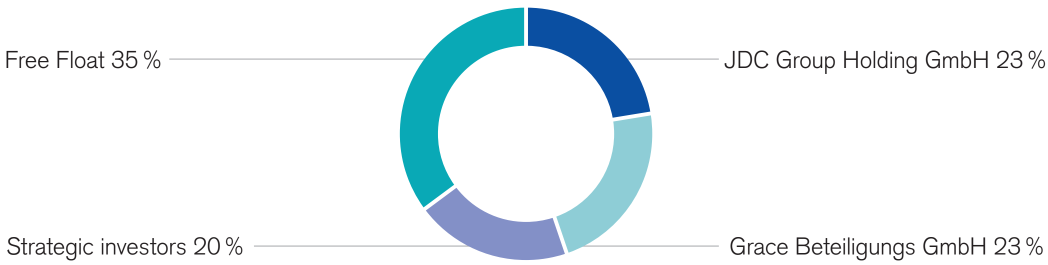
**"Digitization is the key megatrend in the financial industry. Advisortech, i.e. financial technology for advisors, is the most important strategic driver for the future at JDC Group AG, and one we expect will generate substantial growth."**

# Shareholder structure

The stable shareholder structure is still the basis for long-term and continuous growth of JDC Group AG and its subsidiaries.

The management members Dr. Sebastian Grabmaier (Grace Beteiligungs GmbH) and Ralph Konrad (Aragon Holding GmbH) each hold 23 percent from JDC Group AG. Besides 20 percent from JDC Group AG are held by strategic investors.

The current free float of 10,849,974 shares is approximately 35 percent.




Overall, JDC Group AG has subscribed capital represented by 10,849,974 shares with a market capitalisation of EUR 62.17 million*.

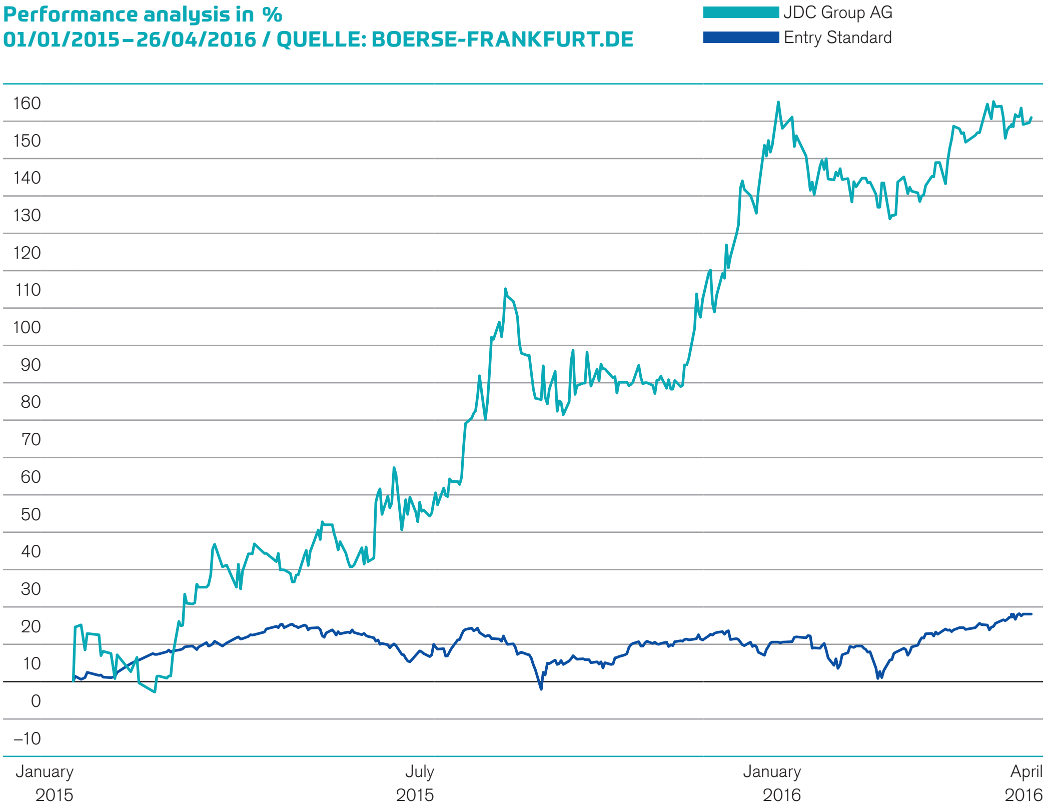
* Status April 26th 2016

# Share price performance

JDC Group AG's share price performance is characterised by a steady disproportionately high upward trend in 2015. The share price increased by 200 percent at year-end (5.7 Euro) in relation to the beginning of the year (1.9 Euro), in comparison to the index Entry Standard, which increased by 10 percent in the reference period. The share price performance was clearly above the reference index.

The present share price is at 5.7 Euro*. Currently the JDC Group share continues its upward trend from the previous year and continously outperforms the comparable index Entry Standard by far in the first quarter 2016. We are confident, that die share price development in 2016 will continously improve und will proceed the trend of 2015.

**Performance analysis in %**
**01/01/2015–26/04/2016 / QUELLE: BOERSE-FRANKFURT.DE**




* Status April 26th 2016

# Group management report

# Group management report

## BUSINESS AND GENERAL CONDITIONS

### The Group's Business modell

JDC Group AG is an independent financial services provider with several subsidiaries, each having its own profile, its own strategy and its own brand in Germany and Austria is successfully engaged in providing advice and brokering financial products by around 16,000 independent financial advisors to over 900,000 end customers. JDC Group AG's activities are divided based on target groups and services into two operative segments "Broker Pools" and "Financial Consulting". In addition, in the "Holding" segment are combined JDC Group AG, Wiesbaden, and Fine IT Solutions GmbH, Troisdorf.

The diagram on the next page shows the segment structure of JDC Group AG and the relevant subsidiaries.

## ECONOMIC REPORT

### Macroeconomic framework

Global growth weakened in 2015. This was due to the slowdown seen in emerging economies, whose growth was held back above all by structural weaknesses and the weak oil price. Industrialized economies, by contrast, benefited overall from the low oil price and expansive monetary policies, leading growth to accelerate slightly. Having said this, their growth was nevertheless restrained by high levels of debt and generally weak global trade. Expressed in figures, the global economic growth of 3.1 percent in 2015 was 0.3 percent lower than in 2014. The euro area economy grew by 1.5 percent, up from 0.9 percent in the previous year. This growth was supported by low oil prices and extremely expansive monetary policy. The German economy grew by 1.7 percent, as against 1.6 percent one year earlier. The marked increase in consumer spending was countered by external factors, such as the refugee crisis, thus impeding growth in capital expenditure. According to the IMF, the global economy is set to grow by 3.4 percent in 2016. Risks include weaker economic growth in many emerging and developing economies, the sharp drop in the oil price, and the turnaround in interest rate policies initiated in the United States. For Germany, the IMF has forecast economic growth of 1.7 percent in 2016. Supported by falling oil prices, private consumer spending currently remains high.

The following diagram shows the segment structure of JDC Group AG and the relevant shareholdings:

**Broker Pools**

**Jung, DMS & Cie. AG**
(100.0 %) *

- Broker pool, primarily the brokering of financial products via intermediaries (IFSs, independent brokers etc.)
- Investment funds, closed-end funds, insurance products
- Currently about 16,000 brokers, thereof more than 3,900 tied agents (liability umbrella)

**Financial Consulting**

**FiNUM.Private Finance AG, Wien**
(100.0 %) *

- Brokering of financial products to end customers
- Life insurance policies, pension schemes, financing
- Currently approx. 40 consultants

**FiNUM.Private Finance AG, Berlin**
(100.0%) *

- Brokering of financial products to end customers
- Insurance, investment funds, closed-end funds, financing
- Currently approx. 85 consultants

**FiNUM.Finanzhaus AG, Wiesbaden**
(100.0%) *

- Brokering of financial products to end customers
- Insurance, investment funds, closed-end funds, financing
- Currently approx. 103 consultants

**Holding**

**JDC Group AG**

- Holding activities

**Fine IT Solutions GmbH**
(100.0 %) *

- IT and management consulting plus transaction services for finance providers

* Ownership interest held by JDC Group AG to 31 December 2015

## Sector-specific framework

### THE MARKET FOR INVESTMENT PRODUCTS [1)]

The German investment fund industry managed assets totaling Euro 2,601 billion as of December 31, 2015, equivalent to an increase of 9.2 percent compared with December 31, 2014.

As of December 31, 2015 (figures as of December 31, 2014 in brackets), a total of Euro 883.0 billion was invested in retail funds (Euro 788.0 billion), while Euro 1,339.0 billion was invested in specialist funds (Euro 1,231.4 billion). An amount of Euro 378.0 billion was invested on behalf of institutional investors in assets outside investment funds (Euro 362.6 billion).

1) All data of the following description of investment product's markets – if not elsewise indicated – is taken from BVI year press conference on 11 February 2016

Retail funds were allocated to individual asset classes as follows as of December 31, 2015 (figures as of December 31, 2014 in brackets):

— Equity funds: Euro 322.8 billion (Euro 278.4 billion)
— Pension funds: Euro 190.9 billion (Euro 188.6 billion)
— Money market funds: Euro 12.3 billion (Euro 10.7 billion)
— Open real estate funds: Euro 83.7 billion (Euro 81.0 billion)
— Mixed and other funds: Euro 273.4 billion (Euro 229.3 billion)

Persistently low interest rates present challenges for many investors. That is true for all groups of investors, whether institutional investors such as pension providers and insurance companies, or private savers. Particularly strong growth rates were therefore reported in 2015 for equity, pension and mixed funds.

The Federal Government expects to see further economic growth of 1.7 percent in 2016. The latest developments in Germany show stable private consumer spending and a strong labor market with the highest rates of employment ever seen.

Despite all uncertainties surrounding developments on capital markets, the market climate for investment funds can therefore be expected to remain positive in 2016, also when compared with previous years.

## THE MARKET FOR INSURANCE PRODUCTS [2)]

The insurance market defied the difficult market climate in 2015. Revenues in the damages and accident insurance markets increased, while life insurance premiums showed a slight decline compared with the strong previous year. Overall, insurers posted growth of 0.5 percent to Euro 193.6 billion. The industry expects to see moderate growth in 2016 as well.

Premiums at life insurers and pension funds decreased by around 1.3 percent in 2015. Given the strong performance in the previous year, this reduction turned out less severe than expected. While ongoing premiums remained stable, one-off contributions declined by around 4.5 percent. New business performed more weakly.

## COMPETITIVE POSITION

JDC Group AG competes with different companies in its individual business segments.

### Competitors in the Broker Pools segment

In its Broker Pools segment, the JDC Group acts via its subsidiaries of JDC AG and that company's independent financial brokers to broker financial products such as investment funds, closed funds, structured products, insurances, and financing products to end customers (B2B).

2) All data of the following description of the insurance markets – if not elsewise indicated – is taken from the internet page of the Gesamtverbands der deutschen Versicherungswirtschaft e. V. (GDV)

As a broker pool, JDC is in competition with all companies brokering the aforementioned financial products via independent brokers to downstream brokers or end customers. These include broker networks/pools, such as Fonds Finanz Maklerservice GmbH and BCA AG, as well as commercial banks, savings banks, cooperative banks, and financial sales companies focusing on end customers.

Based on the JDC Group's assessment, regulatory and IT technology requirements mean that barriers to entry are now very high in the broker pool business. Due to past developments, there are large numbers of brokerages, especially broker networks/pools, that are characterized by a widely varying sizes and degrees of professionalism. Having said this, the broker pools market has nevertheless seen substantial consolidation in recent years. During this period, JDC has grown and acquired smaller competitors leaving the market and/or continually integrated their customers. This trend towards further consolidation can be expected to continue in the years ahead as well.

### Competitors in the Financial Consulting segment

In its Financial Consulting segment, JDC Group AG offers advice on and brokers financial products to end customers (B2C) via its subsidiaries FiNUM.Private Finance Deutschland, FiNUM.Finanzhaus, and FiNUM.Private Finance Österreich. In general, all companies are in competition with numerous market players, i.e. alongside financial sales operations and standalone brokers the companies also compete with exclusivity-bound organizations at insurers and banks, as well as with direct sales, such as internet-based operations. Based on the assessment of JDC Group AG, the companies' main competitors can be identified by reference to the different business models and target groups as follows:

FiNUM.Private Finance Deutschland, FiNUM Finanzhaus, and FiNUM.Private Finance Österreich focus on advising sophisticated private customers (the so-called “mass affluent market”) in Germany and Austria. The business mix consists almost equally of wealth accumulation and wealth protection (insurance). The main competitors are thus commercial and private banks, as well as financial advisory companies focusing on sophisticated customers, such as MLP AG and Horbach Wirtschaftsberatung AG.

## BUSINESS PERFORMANCE OF THE GROUP AND ITS SEGMENTS

Given the strength of its turnover figures, its increasing market relevance, and its reliability for product initiators from both insurance and investment industries, JDC Group AG is a highly attractive partner. At the same time, JDC Group AG is also attractive as an institutional partner for financial sales operations and financial brokers on the lookout for a strong partner in the rapidly changing regulatory climate.

JDC Group's total revenues significantly increased by 7 percent to Euro 75.4 million (previous year: Euro 70.6 million – adjusted by compexx Finanz AG revenues). EBIT figures of all segments have improved clearly and EBITDA closes positively the reporting year. Nevertheless is the group profit negative. The management board overall assesses the 2015 business development positively and sees the previous year prognosis as confirmed. For further comments we refer to the following diagrams to the JDC Group's situation.

# COMPANY SITUATION

## Major key figures

From 2013 to 2015 the major key figures of JDC Group developed as follows:

| Key performance indicators of JDC Group | 2013* kEUR | 2014* kEUR | 2015 kEUR | Changes 2015 to 2014 kEUR |
|---|---|---|---|---|
| Total non-current assets | 51,546 | 37,766 | 36,988 | –778 |
| Total current assets | 26,616 | 22,570 | 28,814 | 6,244 |
| Equity | 34,981 | 26,406 | 24,678 | –1,728 |
| Non-current liabilities | 18,544 | 13,069 | 25,526 | 12,457 |
| Current liabilities | 24,637 | 20,861 | 15,598 | –5,263 |
| Total assets | 78,162 | 60,336 | 65,802 | 5,466 |
| Revenues | 88,598 | 74,542 | 75,362 | 820 |
| Commission expenses | 68,911 | 57,697 | 56,679 | –1,018 |
| Personnel expenses | 14,013 | 12,659 | 12,139 | –520 |
| Other operating expenses | 12,487 | 10,881 | 10,641 | –240 |
| Result of ordinary operations | –5,468 | –3,600 | –977 | 2,623 |

*figures for 2013 and 2014 partly adjusted

## Net asset position

Of the Group's non-current assets, amounting to Euro 37.0 million as of December 31, 2015 (previous year: Euro 37.8 million), around Euro 31.2 million involved intangible assets (previous year: Euro 31.7 million). The slight decrease in the Group's non-current assets was chiefly due to the Euro 0.5 million reduction in deferred tax assets.

Current assets rose to Euro 28.8 million (previous year: Euro 22.6 million). This was mainly due to the significant increase in other assets by Euro 5.4 million due to a cash investment. Credit balances at banks rose by Euro 1.1 million to Euro 5.3 million.

Due to the issue of a bond, total assets grew to Euro 65.8 million in 2015, up from Euro 60.3 million in 2014.

Shareholders' equity decreased from Euro 26.4 million to Euro 24.7 million due to year-end results.

Overall, non-current debt grew from Euro 13.1 million in the previous year to Euro 25.5 million in the year under report. This increase chiefly resulted from the bond liability of Euro 12.7 million. Current debt fell from Euro 20.9 million to Euro 15.6 million. This figure includes trade payables of Euro 9.7 million and other liabilities of Euro 5.4 million.

The equity ratio of the JDC Group decreased to 37.5 percent of total assets as of the balance sheet date (previous year: 43.8 percent). This year-on-year reduction in the equity ratio was the result of consolidated net income and the growth in total assets upon the bond issue.

### Financial Position

The cash flow statement shows how the cash flow developed as a result of inflows and outflows of funds during the period under report.

The cash flow from operating activities increased substantially by Euro 3,419k from Euro –4,066k in the previous year to Euro –647k in the financial year under report. This was mainly due to the improvement in net income for the period by Euro 4,847k.

At Euro –5,233k, the cash flow from investing activities was negative. Outgoing payments of Euro 1,101k for investments in intangible assets and property, plant and equipment and outgoing payments of cash and cash equivalents of Euro 6,000k.

Financing activities resulted in a positive cash flow of Euro 7,248k which was mainly attributable to the incoming payment received upon the bond issue. This factor was opposed in particular by outgoing payments for the redemption of liabilities.

Cash and cash equivalents amounted to Euro 5,317k at the end of the financial year.

The Group's financial resources were adequate during the year under report. The company safeguards its short-term liquidity by working with monthly liquidity planning.

### Earnings performance

The shareholdings made progress in terms of their operating performance, thus enabling the Group to post a marked year-on-year improvement in its earnings. Having said this, consolidated net income is still negative.

Consolidated revenues rose by 6.8 percent to Euro 75.4 million (previous year: Euro 70.6 million, adjusted by compexx Finanz AG revenues). Without adjustments of compexx Finanz AG the consolidated revenues increased by 1.1 percent to Euro 75.4 million (previous year: Euro 74.5 million).

Commission expenses fell to Euro 56.7 million, down 1.8 percent on the previous year (Euro 57.7 million).

Of other expenses, Euro 12.1 million related to personnel expenses (previous year: Euro 12.7 million) and Euro 9.1 million to other operating expenses (previous year: Euro 9.3 million). As an annual average, the Group had a total of 212 employees (previous year: 201).

Depreciation of the business year amounted to Euro 1.5 million (previous year: Euro 1.6 million).

The largest items within other operating expenses were occupancy costs at Euro 1.3 million (previous year: Euro 1.4 million), advertising expenses at Euro 0.9 million (previous year: Euro 1.0 million), IT expenses at Euro 1.5 million (previous year: Euro 1.5 million), legal and advisory expenses at Euro 1.9 million (previous year: Euro 1.9 million), and other expenses at Euro 1.8 million (previous year: Euro 1.7 million).

EBITDA rose overall to Euro 1.3 million (previous year: Euro –1.4 million) and EBIT to Euro –0.3 million (previous year: Euro –3.1 million). Overall, the result of ordinary operations improved by around Euro 2.6 million from Euro –3.6 million to Euro –1.0 million.

## SEGMENT REPORTING

### Broker Pools segment

Revenues in the Broker Pools segment improved slightly to Euro 60.3 million, as against Euro 56.2 million in the previous year. EBIT showed a substantial improvement from Euro 0.2 million in the previous year to Euro 0.7 million.

### Segment Financial Consulting

Revenues in the Financial Consulting segment developed negatively, dropping from Euro 24.5 million in the previous year to Euro 22.0 million. However, EBIT improved from Euro –0.4 million in the previous year to Euro 0.6 million.

### Segment Holding

The Holding segment generated positive results, Segment income increased to Euro 2.5 million, down from Euro 2.1 million in the previous year, while EBIT rose from Euro –2.9 million in the previous year to Euro –1.5 million.

## EVENTS AFTER THE BALANCE SHEET DATE

No events requiring disclosure in this section have occurred since the balance sheet date.

## OPPORTUNITIES AND RISK REPORT

The Group's future business performance involves all opportunities and risks associated with the sale of financial products and the purchase, management and sale of companies. The risk management system at JDC Group AG is structured to facilitate the early detection of risks and the derivation of suitable measures to minimize such risks. To facilitate the early detection of potential problems at associate companies and their investments, the most important key figures are collected and evaluated on a monthly basis.

JDC Group AG is managed by means of a monthly reporting system which includes the most important key figures and takes particular account of the liquidity situation. Furthermore, the Management Board is kept informed of the current liquidity status on a daily basis.

Relevant company-related risks are as follows:

- When brokering financial products and insurance policies, the possibility cannot be excluded that cancellations will give rise to expenses that are not covered by corresponding recourse claims towards brokers. The recovery of this kind of recourse claim is set to play a more important role. In the context of its sales arrangements with insurance companies, JDC Group AG in some cases issues letters of comfort for its subsidiaries.
- Claims may be asserted against the JDC Group in connection with incorrect information or incorrect advice provided by its sales partners. Whether the risks involved are covered by existing insurance cover or by recourse claims towards brokers then depends on the details of the individual case.
- Ongoing volatility on the capital markets and difficulty in forecasting product turnover place high requirements in liquidity management. Any lack of liquidity could pose a threat to the Group's continued existence.
- Seller guarantees customary to the market were granted upon the execution of company sales. Any infringement of these seller guarantees may lead to unscheduled expenses for the JDC Group.

Relevant market-related risks are as follows:

- The company's business success is basically dependent on macroeconomic developments.
- Developments in national and global financial and capital markets are of significant relevance for the success of the JDC Group and the consolidated group. Persistent volatility or negative developments could impact negatively on the earnings strength of JDC Group AG.
- The stability of the legal and regulatory framework in Germany and Austria is a factor of great importance. Any changes in the underlying framework for financial services companies, brokers, or financial products, especially any changes made at short notice, could impact negatively on the business model of JDC Group AG.

Relevant regulatory risks are as follows:

- The implementation of the MiFID II Directive in Germany may still lead to a (gradual) ban on securities commissions. This would necessitate substantial changes or conversions in the business model at JDC Group companies.

The Management Board currently cannot detect any further risks to the Group's continued existence or development and they believe that the identified risks are manageable and do not jeopardise the continuance of the group.

The Management Board sees the Group's opportunities as resulting on the one hand from market developments and on the other from the JDC Group itself. Many financial sales operations are currently in a weak financial position. In parallel with poor sales results in recent years, regulatory requirements have also become considerably stricter. As a result, many competitors have now exhausted their financial resources and the pressure to consolidate has intensified – a process from which large market players, including JDC Group subsidiaries, stand to benefit.

On the other hand, the JDC Group acted in 2015 to lay key foundations for the years ahead. Having sold loss-making investments and implemented a far-reaching cost-cutting program in 2014, the JDC Group repositioned itself in 2015 to focus more closely on financial technology (fintech). In this context, the company worked together with its subsidiaries to develop the new “allesmeins” technology – a digital insurance organization app which harbors substantial revenue opportunities for the coming years.

The Management Board believes that all these factors will lead to positive overall developments at JDC Group AG shareholdings and thus also at JDC Group AG itself once again in the 2016 financial year.

## OUTLOOK

### Macroeconomic outlook

Global economic growth is expected to amount to 3.0 percent in 2016 and thus to fall short of the long-term trend for the fifth year in succession. The global inflation rate is expected to pick up to 3.7 percent, with this mainly due to the negative impact of commodity prices on inflation turning out lower than in the previous year. In the industrialized economies, we expect growth to slow slightly to 1.3 percent and consumer prices to show a slight increase of 0.8 percent. By contrast, we expect the rate of growth in emerging economies to accelerate to 4.3 percent. The inflation rate in these economies is expected to come to 5.7 percent. Assisted by the oil price and a slow improvement in the labor market, GDP in the euro area should grow by 1.4 percent in 2016. Economic developments in the euro area will receive further support from the expansive monetary policy at the European Central Bank (ECB), which is likely to become even more expansive as the year progresses. Developments will nevertheless also be held back by geopolitical risks, delays in structural reforms, and high levels of private and public debt. Consumer prices are expected to rise by 0.2 percent. Driven by the development in the domestic economy alone, the German economy is expected to grow by 1.7 percent in 2016.

We expect the US economy to show growth of 1.2 percent in 2016. While international developments will be restrained by the strength of the US dollar, subdued levels of global demand, and the negative impact on the energy sector due to the oil price, positive momentum should nevertheless come from solid developments on the labor market and in the housing market. Consumer prices are likely to rise by 1.2 percent. Overall, the monetary policy adopted by the Federal Reserve can be expected to support the further overall development in the US economy. We expect to see a US base rate of 0.6 percent by the end of 2016.

Numerous risks have currently increased the uncertainty involved in our global forecast to a greater extent than usual. Global financial markets could react far more negatively than assumed to the normalization in US monetary policy. That in turn could impact negatively on household and corporate spending around the world and lead to a far more marked outflow of capital from emerging economies. The decline in the oil price is intensifying problems in the producer countries and exacerbating financing problems for energy investments. Furthermore, geopolitical risks may lead to an escalation in conflicts, particularly in the

Middle East. A hard landing in the Chinese economy could also lead to global turbulence. In Europe, any intensification in the debate concerning the further course of monetary policy and the future of the euro area, any failure to consolidate finances in the public and private sectors, any halt to the implementation of structural reforms, and any increase in the popularity of populist parties could have substantial negative implications for our forecasts. Further risks result from the UK referendum, regional independence movements, and the ongoing difficulty of negotiations with Greece. Not only that, the refugee crisis could further intensify political discord in the European Union.

## Markets and sector outlook

The ECB has further extended its high-volume purchase program for bonds issued by central governments of EMU member states, issuers with a corresponding mandate, and European Institutions. This has a monthly volume of Euro 60 billion. This program is therefore set to reach a total volume of Euro 1.5 trillion. According to the ECB, inflation has not developed as expected. Due to the fall in the oil price, inflation has rather fluctuated around 0 percent. The ECB has therefore extended its purchase program not least to stimulate inflation. The volume of liquidity on the market can therefore be expected to remain very high, thus lending yet further momentum to the stock and real estate markets.

The oil price will also remain low overall. This too would indicate that inflation is likely to remain low and consumer confidence high. The various crises around the world are the only factor that could place a damper on the capital market developments.

For the JDC Group, the key focus in 2016 will be on substantially and sustainably improving its operating business. In 2016, the Group will be focusing on acquiring broker portfolios and generating additional revenues with its “allesmeins” app.

## OUTLOOK FOR THE JDC GROUP

### Expected business performance

The following assessment of the expected business performance of the JDC Group for 2016 is based on the macroeconomic assumptions presented in the group management report. Any further intensification in the refugee crisis in Europe or deepening political crises may have significant implications for the financial, net asset, and earnings position of the JDC Group. The company bases its planning on highly detailed data and on assumptions that are realistic from the perspective of JDC Group AG.

Specifically, we expect consolidated revenues in 2016 to exceed the 2015 figures by around 10 percent. All in all, the Management Board therefore expects the overall Group to post a positive business performance.

Wiesbaden, 18. April 2016

Dr. Sebastian Grabmaier　　　　Ralph Konrad

# Supervisory Board and Management Board



# Report of the Supervisory Board

## DEAR SHAREHOLDERS,

The Supervisory Board dealt with the company's development in great detail in the 2015 financial year. In doing so, it met all of the obligations incumbent on it by law and under the company's Articles of Association.

### Report on activities

The Supervisory Board advised the Management Board in its management of the company and supervised the management of the business on the basis of both oral and written reports. The Supervisory Board held six scheduled meetings in the 2015 financial year and, following in-depth discussions, adopted the necessary resolutions.

The Supervisory Board was kept regularly informed by the Management Board in quarterly written reports on the course of business and the situation of the company and the Group. Reporting was provided on the latest budget and expected figures for the company and the Group as a whole, as well as for individual business fields. The half-year financial report and regular management reports represented further major sources of information for the Supervisory Board. The Management Board also submitted the earnings expectations for 2015 and the operating budget for 2016 to the Supervisory Board.

Further key focuses of reporting included the issue of a bond by the group company Jung, DMS & Cie. Pool GmbH, as well as the associated use of funds, and the adaptation in the business model along the lines of a "fintech" service provider. Other focuses of discussion at the meetings held in 2015 were the consolidation and enhancement of IT systems to support business processes and the development of an end customer app. Furthermore, the Management Board reported on the contents and expected implications of legislative and regulatory developments on federal and EU levels, such as implementation of the MiFID II Directive. A further object of discussion involved exploring additional opportunities to boost the company's organic growth.

Since his appointment, the Supervisory Board Chairman was kept informed on an ongoing basis by the Management Board with regard to major developments and forthcoming decisions, as well as to the risk situation at the company and within the Group. Overall, the Supervisory Board was involved in Management Board decisions to the extent required by law and the Articles of Association and convinced itself of the lawfulness, correctness and economic expediency of the management of the company. No audit measures pursuant to § 111 (2) Sentence 1 of the German Stock Corporation Act (AktG) were required in the 2015 financial year.

All meetings were attended by all members in the 2015 financial year. The Supervisory Board did not form any committees in the period under report.

## Changes in the composition of the Supervisory and Management Boards

Consistent with the Articles of Association, the Supervisory Board comprised three members as of December 31, 2015: Jens Harig (Chairman), Stefan Schütze (Deputy Chairman), and Emmerich G. Kretzenbacher.

Ms. Anne Connelly and Dr. Christian Waigel retired from their positions on the Supervisory Board. Ms. Anne Connelly stood down from the company's Supervisory Board for professional reasons as of February 28, 2015. Dr. Christian Waigel now holds Supervisory Board positions at operating subsidiaries of JDC Group AG. He stood down from his position at the holding company as of April 22, 2015.

Stefan Schütze since stood down from the Supervisory Board as of March 9, 2016. As his successor on the Supervisory Board, Wiesbaden District Court appointed Alexander Schütz by resolution dated March 30, 2016.

There were no changes in the composition of the Management Board.

## Annual and consolidated financial statements for 2015

The company's accounts, annual financial statements, consolidated financial statements, and accompanying management reports were audited by the auditors appointed by the Annual General Meeting on July 15, 2015, A.A.S. Assurance & Advisory Services GmbH, Wirtschaftsprüfungsgesellschaft, Haus Sentmaring 9, 48151 Münster. The Supervisory Board Chairman issue the audit assignment.

As the audits gave no grounds for objection, A. A. S. Assurance & Advisory Services GmbH, Wirtschaftsprüfungsgesellschaft, Haus Sentmaring 9, 48151 Münster, granted unqualified audit opinions to each of the aforementioned documents. The audit reports were forwarded to all Supervisory Board members and discussed in detail in the presence of the auditors at the meeting held to approve the financial statements on April 25, 2016. The auditors will also attend the Annual General Meeting.

The Supervisory Board itself reviewed the
a. annual financial statements of the company, together with the management report prepared by the Management Board, and the
b. consolidated financial statements of the JDC Group consolidated group, together with the group management report prepared by the Management Board,
all of which as of December 31, 2015, and raised no objections.

The Supervisory Board endorsed the assessment by the auditors and approved the annual and consolidated financial statements. The annual financial statements are thus adopted.

## Thanks to Management Board and employees

The Supervisory Board would like to thank the Management Board and all employees of JDC Group AG and the overall Group for the great commitment they showed and for their achievements in the past financial year.

On behalf of the Supervisory Board
Wiesbaden, April 25, 2016

Jens Harig
Supervisory Board Chairman

## MANAGEMENT BOARD

### Dr. Sebastian Grabmaier
### Grünwald
### Management Board Chairman – CEO

Dr. Sebastian Grabmaier is chairman of the JDC Group AG Management Board and is responsible for the business units Corporate Strategy, Corporate Communications and Markting, Legal/Compliance, Procurement and Sales. Dr. Sebastian Grabmaier is additionally the CEO of Jung, DMS & Cie. AG.

He studied law at the Ludwig Maximilian University, Munich, and the University of Chicago, receiving a doctorate in law (Dr. jur.) in 2001. Having worked in law firms in Munich and Sydney from 1992 onwards, he joined the Allianz Group in 1999, succeeding in various positions up to 2001 including that of assistant to the Management Board and branch manager at Allianz Private Krankenversicherung AG.

In parallel, he continued to study at the University of St. Gallen in Switzerland, the Vlerick-Leuven Business School in Belgium and the University of Nyenrode in the Netherlands, graduating with an MBA in Financial Services & Insurance in 2002.

### Ralph Konrad
### Mainz
### Management Board – CFO

Ralph Konrad has a degree in business studies (Dipl.-Kfm.) and his Management Board responsibility covers Accounting, Controlling, Investors Relations, Internal Audit, HR, IT, Mergers & Acquisitions and Corporate Investment Management. Ralph Konrad is also managing director of the JDC Group subsidiary Jung, DMS & Cie. AG and Fine IT Service GmbH.

After two years of corporate consultancy work in the SME sector (studying in parallel for some of the time), Ralph Konrad worked for three years at a venture capital company of the savings banks, initially as a project assistant and subsequently as project manager. In these roles, he implemented growth and venture financing projects. Ralph Konrad then set up a holding company based in Cologne as a partnership, where he was the sole Management Board member for a period of four years. Ralph Konrad has been a member of the JDC Group Management Board since September 2005. He has more than 15 years of experience in the private equity industry and has played an active role in IPOs, mergers and acquisitions and company restructuring projects.

## SUPERVISORY BOARD

### Jens Harig
Kerpen
Independent entrepreneur
Chairman

### Emmerich Kretzenbacher
Hamburg
Graduated Certified Accountant
Deputy Chairman

### Alexander Schütz
Vienna
Independent entrepreneur (since March 30, 2016)

### Stefan Schütze
Frankfurt am Main
Attorney (until March 09, 2016)

### Dr. Christian Waigel
Munich
Attorney
Deputy Chairman (until April 22, 2015)

### Anne Connelly
Erding
Marketing Director (until February 28, 2015)

# Consolidated financial statements



# Consolidated income statement

| | Notes | 01/01/ – 31/12/2015 kEUR | 01/01/ – 31/12/2014* kEUR |
|---|---|---|---|
| 1. Commission income | [1] | 75,362 | 74,542 |
| 2. Capitalised services | [2] | 665 | 490 |
| 3. Other operating income | [3] | 3,164 | 3,149 |
| 4. Commission expenses | [4] | –56,679 | –57,697 |
| 5. Personnel expenses | [5] | –12,139 | –12,659 |
| 6. Depreciation and amortisation of tangible and intangible assets | [6] | –1,547 | –1,624 |
| 7. Other operating expenses | [7] | –9,094 | –9,257 |
| 8. Income from closed-end fund investments | [8] | 0 | 0 |
| 9. Other interest and similar income | [8] | 0 | 0 |
| 10. Yields on other securities | [8] | 66 | 96 |
| 11. Depreciation of financial assets | [8] | 0 | 0 |
| 12. Interest and similar expenses | [8] | –775 | –640 |
| **13. Operating profit/loss** | | **–977** | –3,600 |
| | | | |
| 14. Income tax expenses | [9] | –729 | –245 |
| 15. Other tax expenses | [9] | –22 | –56 |
| **16. Earnings from continuing operations after taxes** | | **–1,728** | –3,901 |
| **17. Earnings from discontinued operations after taxes** | | **0** | –2,674 |
| | | | |
| **18. Net profit (total)** | | **–1,728** | –6,575 |
| attributable to parent company | | **–1,728** | –6,621 |
| attributable to shares without controlling interests | | **0** | 46 |
| | | | |
| **19. Earnings per share in EUR** | [10] | **–0.16** | –0.61 |
| from continuing operations | | –0.16 | –0.36 |
| from continuing and discontinued operations | | –0.16 | –0.61 |

*Previous year partly adjusted

# Consolidated statement of comprehensive income

| | 01/01/ – 31/12/2015 kEUR | 01/01/ – 31/12/2014 kEUR |
|---|---|---|
| **Profit or loss for the period** | **–1,728** | –6,575 |
| | | |
| **Other income** | | |
| Net gain from hedging of net investment | 0 | 0 |
| Income tax effect | 0 | 0 |
| | 0 | 0 |
| | | |
| Currency translation of foreign operations | 0 | 0 |
| | | |
| Net gain/loss from hedging of cash flows | 0 | 0 |
| Income tax effect | 0 | 0 |
| | 0 | 0 |
| | | |
| Net gain/loss from available-for-sale financial assets | 0 | 0 |
| Income tax effect | 0 | 0 |
| | 0 | 0 |
| | | |
| **Other income after taxes** | **–1,728** | –6,575 |
| | | |
| **Total income after taxes** | **–1,728** | –6,575 |
| **Attributable to:** | | |
| **– Parent company's shareholders** | **–1,728** | –6,621 |
| **– Shares without controlling interests** | **0** | 46 |

# Segment reporting

| | Broker Pools | | Financial Consulting | | |
|---|---|---|---|---|---|
| | **2015 kEUR** | 2014* kEUR | **2015 kEUR** | 2014* kEUR | |
| **Segment income** | | | | | |
| Commission income | 60,307 | 56,245 | 21,978 | 24,522 | |
| of which with other segments | 1,093 | 1,219 | 6,022 | 5,037 | |
| **Total segment income** | **60,307** | 56,245 | **21,978** | 24,522 | |
| Capitalised services | 390 | 212 | 0 | 0 | |
| Other income | 901 | 1,701 | 1,588 | 781 | |
| **Segment expenses** | | | | | |
| Commission expenses | –47,015 | –44,423 | –15,689 | –17,813 | |
| Personnel expenses | –7,752 | –7,720 | –2,697 | –3,299 | |
| Depreciation and amortisation | –571 | –659 | –450 | –461 | |
| Other | –5,606 | –5,146 | –4,118 | –4,124 | |
| **Total segment expenses** | **–60,944** | –57,948 | **–22,954** | –25,697 | |
| **EBIT** | **654** | 210 | **612** | –393 | |
| **EBITDA** | **1,225** | 869 | **1,062** | 68 | |
| Income from investments | 0 | 0 | 0 | 0 | |
| Other interest and similar income | 754 | 1,323 | 203 | 431 | |
| Yield on other securities | 0 | 0 | 0 | 0 | |
| Depreciation of financial assets | 0 | 0 | 0 | 0 | |
| Other interest and similar expenses | –671 | –826 | –1,112 | –1,314 | |
| **Financial result** | **83** | 497 | **–909** | –883 | |
| **Segment earnings before tax (EBT)** | **737** | 707 | **–297** | –1,276 | |
| Tax expenses | –576 | –230 | –236 | –107 | |
| **Segment net profit from continuing operations** | **161** | 477 | **–533** | –1,383 | |
| Segment net profit from discontinued operations | 0 | 0 | 0 | 0 | |
| Minority interests | 0 | 0 | 0 | –47 | |
| Segment net profit after minority interests | 161 | 477 | –533 | –1,430 | |
| **Additional information** | | | | | |
| Investments in tangible and intangible assets | 676 | 322 | 73 | 347 | |
| Shares in companies accounted for using the equity method | 0 | 0 | 0 | 0 | |
| Other non-cash itemised expenses except for scheduled depreciation | 0 | 0 | 0 | 0 | |
| Scheduled depreciation | –571 | –659 | –450 | –461 | |
| Unscheduled depreciation | 0 | 0 | 0 | 0 | |
| Segment assets (plus tax receivables / tax provisions) | 59,141 (+17) | 46,811 (+57) | 25,369 (+10) | 23,206 (+47) | |
| **Total segment assets** | **59,158** | 46,868 | **25,379** | 23,253 | |
| Segment liabilities (plus tax liabilities / tax provisions) | 34,252 (+525) | 23,598 (+517) | 23,418 (+77) | 21,713 (+111) | |
| **Total segment liabilities** | **34,777** | 24,115 | **23,495** | 21,824 | |

*Previous year partly adjusted

| | Holding | | Total reportable segments | | Transfer | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2015 kEUR** | 2014* kEUR | **2015 kEUR** | 2014* kEUR | **2015 kEUR** | 2014* kEUR | **2015 kEUR** | 2014* kEUR |
| | | | | | | | | |
| | 2,488 | 2,087 | 84,773 | 82,854 | –9,411 | –8,311 | 75,362 | 74,543 |
| | 2,296 | 2,054 | 9,411 | 8,311 | –9,411 | –8,311 | 0 | 0 |
| | **2,488** | 2,087 | **84,773** | 82,854 | **–9,411** | –8,311 | **75,362** | 74,543 |
| | 275 | 278 | 665 | 490 | 0 | 0 | 665 | 490 |
| | 795 | 877 | 3,284 | 3,359 | –120 | –211 | 3,164 | 3,148 |
| | | | | | | | | |
| | 3 | –500 | –62,701 | –62,736 | 6,022 | 5,039 | –56,679 | –57,697 |
| | –1,690 | –1,640 | –12,139 | –12,659 | 0 | 0 | –12,139 | –12,659 |
| | –526 | –504 | –1,547 | –1,624 | 0 | 0 | –1,547 | –1,624 |
| | –2,879 | –3,470 | –12,603 | –12,740 | 3,509 | 3,483 | –9,094 | –9,257 |
| | **–5,092** | –6,114 | **–88,990** | –89,759 | **9,531** | 8,522 | **–79,459** | –81,237 |
| | **–1,534** | –2,871 | **–268** | –3,056 | **0** | 0 | **–268** | –3,056 |
| | **–1,008** | –2,367 | **1,279** | –1,432 | **0** | 0 | **1,279** | –1,432 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 1,184 | 1,256 | 2,141 | 3,010 | –2,075 | –2,915 | 66 | 96 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | –1,067 | –1,415 | –2,850 | –3,555 | 2,075 | 2,915 | –775 | –640 |
| | **117** | –159 | **–709** | –544 | **0** | 0 | **–708** | –543 |
| | **–1,417** | –3,031 | **–977** | –3,600 | **0** | 0 | **–977** | –3,600 |
| | 61 | 37 | –751 | –301 | 0 | 0 | –751 | –301 |
| | **–1,356** | –2,994 | **–1,728** | –3,901 | **0** | 0 | **–1,728** | –3,901 |
| | 0 | –2,674 | 0 | –2,674 | 0 | 0 | 0 | –2,674 |
| | 0 | 0 | 0 | –46 | 0 | 0 | 0 | –46 |
| | –1,356 | –5,668 | –1,728 | –6,621 | 0 | 0 | –1,728 | –6,621 |
| | | | | | | | | |
| | | | | | | | | |
| | 352 | 369 | 1,101 | 1,038 | 0 | 0 | 1,101 | 1,038 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | –526 | –504 | –1,547 | –1,624 | 0 | 0 | –1,547 | –1,624 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 30,417 (+19) | 23,621 (+135) | 114,927 (+46) | 93,638 (+239) | –49,171 (+0) | –33,541 (+0) | 65,756 (+46) | 60,097 (+239) |
| | **30,436** | 23,756 | **114,973** | 93,877 | **–49,171** | –33,541 | **65,802** | 60,336 |
| | 16,785 (+226) | 21,291 (+242) | 74,455 (+828) | 66,602 (+870) | –34,158 (+0) | –33,541 (+0) | 40,297 (+827) | 33,061 (+870) |
| | **17,011** | 21,533 | **75,283** | 67,472 | **–34,158** | –33,541 | **41,124** | 33,931 |

# Consolidated balance sheet

## Assets

| | Notes | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | [11] | 31,248 | 31,661 |
| Fixed assets | [12] | 411 | 455 |
| Financial assets | [13] | 149 | 45 |
| | | **31,808** | 32,161 |
| | | | |
| Deferred taxes | [9] | 4,389 | 4,863 |
| | | | |
| Long-term non-current assets | | | |
| Accounts receivable | [14] | 791 | 742 |
| | | | |
| | | | |
| | | | |
| | | | |
| **Total non-current assets** | | **36,988** | 37,766 |
| | | | |
| **Current assets** | [15] | | |
| Accounts receivable | [15] | 11,623 | 11,901 |
| Other assets | [15] | 11,518 | 6,090 |
| Other securities | [15] | 0 | 0 |
| Cash and cash equivalents | [16] | 5,320 | 4,176 |
| Deferred charges | | 353 | 403 |
| **Total current assets** | | **28,814** | 22,570 |
| | | | |
| | | | |
| **Total assets** | | **65,802** | 60,336 |

## Liabilities

| | Notes | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|---|
| **Equity** | | | |
| Subscribed capital | [17] | 10,850 | 10,850 |
| Capital reserves | [17] | 40,686 | 40,686 |
| Other retained earnings | [18] | 283 | 283 |
| Other equity components | [18] | –27,141 | –25,413 |
| Minority interests | | 0 | 0 |
| **Total equity** | | **24,678** | 26,406 |
| | | | |
| **Non-current liabilities** | [19] | | |
| Deferred taxes | [9] | 1,481 | 1,454 |
| Bonds | [19] | 12,688 | 0 |
| Liabilities due to banks | [19] | 0 | 7 |
| Accounts payable | [19] | 7,478 | 7,078 |
| Other liabilities | [19] | 1,664 | 3,054 |
| Provisions | [20] | 2,215 | 1,476 |
| **Total non-current liabilities** | | **25,526** | 13,069 |
| | | | |
| **Current liabilities** | [21] | | |
| Accrued taxes | | 362 | 618 |
| Liabilities due to banks | | 3 | 227 |
| Accounts payable | | 9,745 | 11,291 |
| Other liabilites | | 5,412 | 8,706 |
| Deferred income | | 76 | 19 |
| **Total current liabilities** | | **15,598** | 20,861 |
| | | | |
| **Total equity and liabilities** | | **65,802** | 60,336 |

# Consolidated cash flow statement

| | | | 01/01/–31/12/2015 kEUR | 01/01/–31/12/2014* kEUR | Changes compared to previous year kEUR |
|---|---|---|---|---|---|
| 1. | | Result for the period | –1,728 | –6,575 | 4,847 |
| 2. | + | Depreciation and amortisation of fixed assets | 1,547 | 1,624 | –77 |
| 3. | –/+ | Decrease/increase of provisions | 483 | –1,197 | 1,680 |
| 4. | –/+ | Other non-cash itemised income/expenses | 501 | 2,074 | –1,573 |
| 5. | –/+ | Increase/decrease of inventories, accounts receivable as well as other assets | –28 | 4,775 | –4,803 |
| 6. | –/+ | Decrease/increase of accounts payable as well as other liabilities | –1,422 | –4,767 | 3,345 |
| **7.** | **=** | **Cash flow from operating activities** | **–647** | –4,066 | 3,419 |
| | | **of which from discontinued operations** | 0 | –279 | 279 |
| 8. | + | Cash receipts from disposals of intangible assets | 0 | 335 | –335 |
| 9. | – | Cash payments for investments in intangible assets | –960 | –937 | –23 |
| 10. | + | Cash receipts from disposals of fixed assets | 11 | 99 | –88 |
| 11. | – | Cash payments for investments in intangible assets | –141 | –101 | –40 |
| 12. | + | Cash receipts from disposals of financial assets | 0 | 5 | –5 |
| 13. | – | Cash payments for investments in financial assets | –104 | 0 | –104 |
| 14. | + | Cash receipts from the disposal of consolidated companies | 1,961 | 3,497 | –1,536 |
| 15. | – | Cash payments for investments funds within the borders of short-term finance disposition | –6,000 | 0 | –6,000 |
| **16.** | **=** | **Cash flow from investment activities** | **–5,233** | 2,898 | –8,131 |
| | | **of which from discontinued operations** | 0 | 0 | 0 |
| 17. | + | Cash receipts for the issuance of bonds | 12,631 | 0 | 12,631 |
| 18. | – | Cash payments from loan redemptions | –5,154 | –2,469 | –2,685 |
| 19. | – | Paid interests | –229 | –484 | 255 |
| **20.** | **=** | **Cash flow from financing activities** | **7,248** | –2,953 | 10,201 |
| | | **of which from discontinued operations** | 0 | 0 | 0 |
| 21. | | Changes in cash and cash equivalents (total of pos. 7, 16, 20) | 1,368 | –4,121 | 5,489 |
| 22. | + | Cash and Cash equivalents at the beginning of the period | 3,949 | 8,070 | –4,121 |
| **23.** | **=** | **Cash and Cash equivalents at the end of the period** | **5,317** | 3,949 | 1,368 |

## Breakdown of cash and cash equivalents

| | 31/12/2015 kEUR | 31/12/2014 kEUR | Change kEUR |
|---|---|---|---|
| Cash and cash in banks | 5,320 | 4,176 | 1,144 |
| Current liabilities due to banks | –3 | –227 | 224 |
| | **5,317** | 3,949 | 1,368 |

* Previous year partly adjusted

# Consolidated statement of changes in equity

| | Number of shares | Subscribed capital kEUR | Capital reserve kEUR | Other retained earnings kEUR | Cash flow hedge marked to market kEUR | Securities marked to market kEUR | Other equity components kEUR | Shares without dominating influence | **Total equity kEUR** |
|---|---|---|---|---|---|---|---|---|---|
| **As of 01/01/2014** | **10,849,974** | **10,850** | **40,686** | **283** | **0** | **25** | **–17,957** | **1,094** | **34,981** |
| Result as of 31/12/2014 | | | | | | | –6,575 | | **–6,575** |
| Other additions/disposals | | | | | | | –835 | | **–835** |
| Retained earnings | | | | | | | | | |
| – Allocation from earnings | | | | | | –25 | | | **–25** |
| Shares without dominating influence | | | | | | | | | **0** |
| – Additions | | | | | | | | | **0** |
| – Disposals | | | | | | | | –1,140 | **–1,140** |
| – Changes due to the results as of 31/12/2014 | | | | | | | –46 | 46 | **0** |
| **As of 31/12/2014** | **10,849,974** | **10,850** | **40,686** | **283** | **0** | **0** | **–25,413** | **0** | **26,406** |
| | | | | | | | | | |
| **As of 01/01/2015** | **10,849,974** | **10,850** | **40,686** | **283** | **0** | **0** | **–25,413** | **0** | **26,406** |
| Result as of 31/12/2015 | | | | | | | –1,728 | | **–1,728** |
| Other additions/disposals | | | | | | | | | **0** |
| Retained earnings | | | | | | | | | |
| – Allocation from earnings | | | | | | | | | **0** |
| Shares without dominating influence | | | | | | | | | **0** |
| – Additions | | | | | | | | | **0** |
| – Disposals | | | | | | | | | **0** |
| – Changes due to the results as of 31/12/2015 | | | | | | | | | **0** |
| **As of 31/12/2015** | **10,849,974** | **10,850** | **40,686** | **283** | **0** | **0** | **–27,141** | **0** | **24,678** |

# Notes to the consolidated financial statements



# 1 GENERAL INFORMATION

The JDC Group Enterprise (JDC Group) is a diversified financial services company with the operating segments Broker Pools and Financial Consulting plus Holding. The company was registered on 6 October 2005 under the name Aragon Aktiengesellschaft in the commercial register of the Wiesbaden district court (HRB 22030). The annual shareholders' meeting decided the change of name into JDC Group AG on 24 July 2015, this was fulfilled with the entry into the commercial register on 31 July 2015.

The company's registered office is located in Wiesbaden. The address is:

Kormoranweg 1
65201 Wiesbaden
Federal Republic of Germany

JDC Group shares are admitted for the open market (Entry Standard).

The Management Board prepared consolidated financial statements on 18 April 2016 and will release them for publication on 28 April 2016.

The consolidated financial statements for financial year 2011 are for the parent company and its subsidiaries on a consolidated basis.

1.1 Declaration of Compliance by the Management Board

JDC Group's consolidated financial statements for financial year 2015 as well as the previous year have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), application of which is mandatory in the European Union (EU). The term IFRS also encompasses the International Accounting Standards (IAS) which are still in effect. All interpretations binding for financial year 2015 by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), as applicable in the EU have likewise been applied. In what follows, the term IFRS has been used throughout.

JDC Group AG is not a parent company within the meaning of Section 315a (1) and (2) of the German Commercial Code (HGB) that is required to prepare consolidated financial statements in accordance with IFRS. JDC Group AG voluntarily prepares its consolidated financial statements under IFRS in accordance with Section 315a (3) of the German Commercial Code (HGB). The supplemental provisions of commercial law which are to be taken into account under Section 315a (1) HGB have been complied with.

The 2015 financial year of the companies in the Group comprises the period from 1 January to 31 December 2015.

# 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## 2.1 PRINCIPLES OF FINANCIAL-STATEMENT PREPARATION

The consolidated financial statements comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes to the consolidated financial statements. The financial statements of JDC Group AG and its subsidiaries have been included in the consolidated financial statements on the basis of the accounting policies uniformly applicable to the Group. The consolidated financial statements have been prepared in euros (EUR), which is the functional currency of the Group. Unless otherwise stated, all figures have been rounded up or down to the nearest thousand euros (EUR 000s). The Group's income statement has been prepared using the total cost method. The consolidated financial statements have been uniformly prepared for the periods presented in accordance with the consolidation principles and accounting policies set out below.

The consolidated financial statements have been prepared on the basis of cost with the exception of

— Derivative financial instruments and
— Available-for-sale financial assets

which have been recognized at fair value.

### 2.1.1 Standards, interpretations and changes to standards and interpretations applicable for the first time during the financial year

The accounting policies applied are basically consistent with those applied in the previous year with the exceptions listed below.

JDC Group AG applied the following new and revised requirements of the IASB for the first time in the financial year beginning on January 1, 2015:

#### AMENDMENT TO IAS 19 DEFINED BENEFIT PLANS: EMPLOYEE CONTRIBUTIONS

Under IAS 19, when recognizing defined benefit pension plans a company is obliged to account for any contributions made by employees or third parties. Where these contributions are linked to the number of years of service, they have to be allocated as negative income to the periods of service. The amendments specify that when the amount of contributions is independent of the number of years of service, a company may recognize these contributions as a reduction in service cost in the period in which the service is performed rather than allocating them over the whole period of service. This amendment requires first-time application in financial years beginning on or after July 1, 2014. This amendment is not relevant for the Group, as none of the group companies have defined benefit pension plans to which employees or third parties make contributions.

### IMPROVEMENTS TO IFRS – 2010–2012 CYCLE

The amendments resulting from this project require first-time application in financial years beginning on or after July 1, 2014. The Group has applied these improvements for the first time in these consolidated financial statements. Specifically, the improvements involve:

#### IFRS 2 Share-based Payment

The amendment clarifies the definitions of "vesting conditions" and "market conditions" and adds definitions for "performance conditions" and "service conditions"; the latter previously formed part of the definition of "vesting conditions". The Group has not granted any compensation instruments. As a result, these amendments did not have any implications for the consolidated financial statements or for the accounting policies applied by the Group.

#### IFRS 3 Business Combinations

This amendment has been applied prospectively. It specifies that any contingent consideration classified as an asset or liability requires measurement at fair value at each balance sheet date, irrespective of whether the contingent consideration is a financial instrument within the scope of IAS 39 or IFRS 9 or a non-financial asset or liability. Changes in fair value must be credited or charged to profit or loss (except for adjustments in the measurement period). This amendment has no implications for the consolidated financial statements.

#### IFRS 8 Operating Segments

This amendment requires companies to disclose those discretionary decisions made by the management when applying aggregation criteria to operating segments. This involves a brief description of the operating segments that have been aggregated and of the indicators referred to when deciding that aggregated operating segments have similar economic characteristics. The amendment further clarifies that reconciliation of the total assets of reporting segments with the assets of the company is only required when the assets of the reporting segment are regularly presented to the chief operating decision maker (as defined in IFRS ). This amendment has no implications for the consolidated financial statements.

### IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment specifies for IAS 16 and IAS 38 that the asset may be remeasured on the basis of observable market data either by adjusting the gross carrying amount of the asset to the market value or by determining the market value of the asset and making a prorated adjustment to the gross carrying amount so that the resultant carrying amount corresponds to the market value. Furthermore, accumulated depreciation or amortization correspond to the difference between the gross carrying amount and the carrying amount of the asset. This amendment has no implications for the consolidated financial statements.

### IAS 24 Related Party Disclosures

This amendment has been applied retrospectively. It clarifies that a management entity (a company performing management services) is a related party to which the corresponding related party disclosure obligations apply. Furthermore, any company that has a management entity is obliged to disclose the expenses incurred for drawing on management services. This amendment is not relevant for the Group as it does not draw on management services from other companies.

### IMPROVEMENTS TO IFRS – 2011–2013 CYCLE

The amendments resulting from this project require first-time application in financial years beginning on or after July 1, 2014. Specifically, the improvements comprise:

### IFRS 1 First-time Adoption of International Financial Reporting Standards

Clarification that a company that has discontinued IFRS accounting and decides or is obliged to restart IFRS accounting has the option of applying IFRS 1 once again. Should the company not apply IFRS 1 once again, then it is obliged to retrospectively adjust its financial statements as if it had never discontinued IFRS accounting. This amendment has no implications for the consolidated financial statements.

### IFRS 3 Business Combinations

This amendment specifies the exceptions to the scope of IFRS 3 in order to clarify that not only joint operations, but also joint arrangements are not within the scope of IFRS 3. This scope exception applies in respect of the recognition of the joint arrangement in the financial statements. As it does not present any joint arrangements, the Group and its subsidiaries is not affected by this amendment.

### IFRS 13 Fair Value Measurement

This amendment clarifies that the portfolio exception provided for in IFRS 13, Paragraph 52 can be applied not only to financial assets and financial liabilities, but also to other arrangements within the scope of IAS 39. The Group makes no application of the portfolio exception provided for in IFRS 13.

### IAS 40 Investment Property

In the description of ancillary services in IAS 40, a distinction is made between "investment properties" and "owner-occupied properties" (i.e. property, plant and equipment). The amendment clarifies that IFRS 3, rather than the description of ancillary services in IAS 40, should be referred to when determining whether a transaction involves the acquisition of an asset or a business combination. This amendment does not have any implications for the accounting policies applied by the Group.

## 2.1.2 Standards, interpretations, and amendments already published, but not yet applied

Those standards published but not yet requiring mandatory application upon the publication of the consolidated financial standards are listed below. The Group intends to apply these standards when they become effective.

### IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments contains regulations governing the recognition, measurement, and derecognition of hedges. The IASB published the final version of this standard upon completing the various phases of its extensive financial instrument project on July 24, 2014. The existing accounting treatment of financial instruments pursuant to IAS 39 Financial Instruments: Recognition and Measurement can now therefore be fully replaced by the accounting treatment pursuant to IFRS 9. The version of IFRS 9 now published supersedes all previous versions. The principal requirements of the final version of IFRS 9 can be summarized as follows:

- The requirements of IFRS 9 in respect of the scope of application and recognition and derecognition are largely unchanged on its predecessor IAS 39 Financial Instruments: Recognition and Measurement.
- Compared with IAS 39, however, the IFRS 9 requirements provide for a new classification model for financial assets.
- In future, subsequent measurement of financial assets will be based on three categories with different measurement standards and different recognition of changes in value. Categorization will be dependent both on the contractual cash flows for the instrument and on the business model within which the instrument is held. As a general rule, these therefore constitute mandatory categories. Alongside these requirements, companies will nevertheless be provided with options in individual cases.

- For financial liabilities, by contrast, the existing requirements have largely been taken over in IFRS 9. The only material change relates to financial liabilities in the fair value option. For these liabilities, fair value fluctuations resulting from changes in own credit risk must be recognized under other comprehensive income.
- IFRS 9 provides for three levels to determine the amount of losses and effective interest in future. Accordingly, any losses already expected upon initial recognition must be recognized at the present value of the expected 12-month loss (Stage 1). Should the default risk increase significantly, the risk provision must be stocked up to the amount of the losses expected over the lifetime of the instrument (Stage 2). As soon as any objective indication of impairment arises, the effective interest must be based on the net carrying amount (carrying amount less risk provision) (Level 3).
- As well as extensive transitional guidelines, IFRS 9 also involves extensive disclosure requirements both upon transition and during ongoing application. The changes compared with IFRS 7 Financial Instruments: Note Disclosures relate above all to impairment requirements.

The standard requires first-time application in financial years beginning on or after January 1, 2018. The company will only be able to reliably assess the implications of applying IFRS 9 once a detailed analysis has been performed.

## IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

According to IFRS 15, the recognition of revenue should depict the transfer of promised goods and services to the customer at the amount that reflects the consideration to which the company expects to be entitled in exchange for those goods and services. IFRS 15 provides for a uniform five-step revenue recognition model that is basically applicable to all contracts with customers. Revenue is recognized when the customer gains the power to dispose over (control) the goods and services. Furthermore, IFRS 15 includes requirements governing the recognition of any performance surpluses or obligations existing on contract level. These are assets and liabilities for customer contracts that arise in connection with the relationship of the service performed by the company and the payment by the customer. Moreover, the new standard calls for the disclosure of numerous items of quantitative and qualitative information intended to enable readers of the consolidated financial statements to understand the nature, amount, timing, and uncertainties involved in revenues and cash flows resulting from contracts with customers. IFRS 15 will replace IAS 11, Construction Contracts, and IAS 18, Revenue, and the associated interpretations. This standard requires application in financial years beginning on or after January 1, 2018. The company will only be able to reliably assess the implications of applying IFRS 15 once a detailed analysis has been performed.

## AMENDMENTS TO IFRS 11 – ACCOUNTING FOR ACQUISITIONS OF INTERESTS IN JOINT OPERATIONS

The amendments to IFRS 11 contain guidelines as to how acquisitions of interests in joint operations should be accounted for when these constitute a business as defined in IFRS 3. In this case, application must be made of all principles governing the accounting treatment of business combinations pursuant to IFRS 3 and other IFRSs, provided that these do not contradict the guidelines set out in IFRS 11. The amendments apply to the acquisition of an interest in an existing joint operation and also to the acquisition of an interest in a joint operation on its formation, unless the formation of the joint operation coincides with the formation of the business. This standard requires application in financial years beginning on or after January 1, 2016. The amendments are not expected to have any implications for the consolidated financial statements.

## AMENDMENTS TO IAS 16 AND IAS 38 – CLARIFICATION OF ACCEPTABLE METHODS OF DEPRECIATION AND AMORTISATION

The amendment to IAS 16 clarifies that revenue-based methods of depreciation are not appropriate for property, plant and equipment. The amendment to IAS 38 introduces the rebuttable presumption that revenue does not represent a suitable basis for amortizing intangible assets. This presumption can only be rebutted in the following two cases:

a) When the intangible asset can be expressed as a measurement for revenue. This would be the case, for example, when the contractual term for a concession to extract mineral resources were not linked to a specific period, but rather to a total revenue figure generated by extracting the mineral resources.
b) When the revenue and consumption of the economic benefit of the asset are highly correlated.

This standard requires application in financial years beginning on or after January 1, 2016. The company believes that straight-line methods of depreciation and amortization best reflect the consumption of economic benefits. The company is therefore not expected to be affected by the amendments to IAS 16 and IAS 38.

## AMENDMENTS TO IAS 27 – EQUITY METHOD IN SEPARATE FINANCIAL STATEMENTS

This amendment permits companies to apply the equity method to recognize investments in associates, joint ventures and associates in its separate financial statements. Companies that already based their accounting on IFRS and that decide to convert to the equity method in their separate financial statements are required to make retrospective application of this amendment. First-time IFRS adopters deciding to apply the equity method in their separate financial statements are required to apply this method from their IFRS conversion date. The amendment requires application in financial years beginning on or after January 1, 2016. Premature application is permitted. This amendment will not have any implications for the consolidated financial statements.

## IMPROVEMENTS TO IFRS – 2012–2014 CYCLE

The amendments resulting from this project require first-time application in financial years beginning on or after January 1, 2016. Specifically, the improvements comprise:

### IFRS 5 Non-Current Assets Held for Sale and Discontinued Business Operations

As a general rule, assets (or disposal groups) are disposed of by way of sale or distribution to owners. The amendment clarifies that any change from one of these disposal methods to another is not to be viewed as a new disposal plan, but rather as the continuation of the original plan. Application of IFRS 5 requirements is therefore not interrupted. This amendment requires prospective application.

### IFRS 7 Financial Instruments: Disclosures

Servicing contracts: Inclusion of additional guidelines to clarify whether a servicing contract constitutes continuing involvement in respect of a transferred asset (for the purpose of determining the disclosures required).

### IAS 19 Employee Benefits

This amendment clarifies that the assessment of the market depth for high quality fixed-interest corporate bonds is performed on the level of the currency in which the bond is denominated, while the country of issue is not relevant. If no liquid market exists for high-quality fixed-interest corporate bonds in this currency, then reference should be made to the market yields on government bonds. This amendment requires prospective application.

### IAS 34 INTERIM FINANCIAL REPORTING

This amendment clarifies that mandatory disclosures in the interim financial statements may be made either in the interim financial statements themselves or by inclusion of a cross-reference to the place within the interim financial report in which the corresponding disclosures are made (e.g. management or risk report). These other sources of information within the interim report must be accessible to readers in the same way and at the same time as the interim financial statements. This amendment requires retrospective application. The amendment is not expected to have any implications for the consolidated financial statements.

### Amendment to IAS 1 – Disclosure Initiative

The amendments made to IAS 1 Presentation of Financial Statements represent more of a clarification than any material change in the existing requirements of IAS 1. The amendments specify the following aspects:

- Materiality requirements in IAS 1.
- Specified items in the income statement, the statement of comprehensive income and the balance sheet can be broken down.
- Companies are free to determine the order in which they present note disclosures.
- The share of other comprehensive income attributable to associates and joint ventures recognized using the equity method should in each case be reported in an individual line item and broken down to show whether or not these items will be recycled to the income statement in subsequent periods.

Furthermore, the amendments clarify which requirements apply when presenting additional subtotals in the balance sheet, the income statement, and under other comprehensive income. These amendments require application in financial years beginning on or after January 1, 2016. The amendments are not expected to have any implications for the consolidated financial statements.

### New standard IFRS 16 – Leases

The new standard IFRS 16 – Leases is set to supersede IAS 17 and associated interpretations. For lessees, the new standard calls for a completely new approach to the accounting presentation of leases. Under IAS 17, the decisive criterion governing the accounting presentation of leases at the lessee involved the transfer of material risks and rewards of the leased item. In future, lessees will be required to recognize basically all leases as financing transactions in the balance sheet. The accounting requirements for lessors have remained largely unchanged. This standard requires application in financial years beginning on or after January 1, 2019. The Group is currently reviewing the implications of applying IFRS 16 for its consolidated financial statements.

## 2.2 INFORMATION REGARDING CONSOLIDATION

### 2.2.1 Reporting entity

In addition to JDC Group AG the consolidated financial statements in principle include all subsidiaries under IFRS 10, in which JDC Group AG holds a majority of voting rights or which it can control by other means.

With the exception of Jung, DMS & Cie. GmbH, Vienna/Austria, Jung, DMS & Cie. Maklerservice GmbH, Vienna/Austria, FiNUM.Private Finance AG, Vienna/Austria, FiNUM.Private Finance Holding GmbH, Vienna/Austria all of the subsidiaries are registered in Germany. In addition to the parent company, the consolidated financial statements also include the direct subsidiaries and sub-groups Jung, DMS & Cie. Aktiengesellschaft, FiNUM.Private Finance Holding GmbH, Wiesbaden, and FiNUM.Private Finance Holding GmbH, Wien/Österreich. Due to the merger of C.E.H. Verwaltungs GmbH into FiNUM.Private Finance Holding GmbH, Wiesbaden, there is no need of preparation for sub-group of C.E.H. Verwaltungs GmbH and the amounts are fully included in the sub-group FiNUM.Private Finance Holding GmbH, Wiesbaden. During financial year 2015, no further subsidiaries were included in the consolidation group of JDC Group AG (previous year: four domestic subsidiaries).

MEG AG, Kassel, is not included in the consolidated financial statements due to a lack of control. FVV GmbH, Wiesbaden is due to negligibleness not included in the consolidated financial statements.

A complete list of the shareholdings of JDC Group AG is available in Appendix 3 to these notes and is filed with the electronic company register.

The following table provides an overview of the JDC Group AG reporting entity:

| **Subsidiaries** | Capital share in % | Date of first-time consolidation |
|---|---|---|
| **1. JDC Group-Konzern** | | |
| Jung, DMS & Cie Aktiengesellschaft, München | 100.0 | 31/03/2004 |
| FiNUM.Private Finance Holding GmbH, Wien | 100.0 | 01/10/2009 |
| Fine IT Solutions GmbH, Troisdorf | 100.0 | 01/09/2010 |
| FiNUM.Private Finance Holding GmbH, Wiesbaden | 100.0 | 01/10/2011 |
| **2. Sub-group Jung, DMS & Cie. Aktiengesellschaft, Wiesbaden** | | |
| Jung, DMS & Cie. GmbH, Wien/Österreich | 100.0 | 31/03/2004 |
| Jung, DMS & Cie. Pool GmbH, Wiesbaden | 100.0 | 07/05/2004 |
| Jung, DMS & Cie. Fundmatrix AG, Wiesbaden | 100.0 | 30/09/2007 |
| Jung, DMS & Cie. Pro GmbH, Wiesbaden | 100.0 | 17/01/2008 |
| Jung, DMS & Cie. Maklerservice GmbH, Wien/Österreich | 100.0 | 01/09/2011 |
| FiNUM.Pension Consulting GmbH, Wiesbaden, vorm. JDC Financial Training GmbH | 100.0 | 01/09/2012 |
| JDC plus GmbH, Wiesbaden, vorm. JDC Finanz GmbH | 100.0 | 01/10/2013 |
| Aragon Media GmbH, Wiesbaden | 100.0 | 01/10/2012 |
| **3. Sub-group FiNUM.Private Finance Holding GmbH** | | |
| FiNUM.Private Finance AG, Wien/Österreich | 100.0 | 31/12/2009 |
| **4. Sub-group FiNUM.Private Finance Holding GmbH** | | |
| FiNUM.Private Finance AG, Berlin | 100.0 | 31/12/2011 |
| FiNUM.Finanzhaus AG | 100.0 | 12/07/2013 |

## 2.2.2 Principles of consolidation

Subsidiaries are companies in which JDC Group AG holds more than half of the voting rights, either directly or indirectly. Control in the sense of IFRS 10 is present if JDC Group AG is in a position to influence the level of return.

Under IFRS rules, all business combinations must be represented in accordance with the purchase method. The consolidation of capital was carried out at the time of acquisition in line with the purchase method. The time of acquisition represents the time when the ability to control the acquired company in terms of decisions about financial and operational actions passes to the buyer. Under the acquisition method, the purchase price of the purchased shares is offset by the proportional fair value of the purchased assets and liabilities and contingent liabilities of the subsidiary at the time of acquisition. What is dispositive are the value ratios at the time when control over the subsidiary was achieved. Any positive difference arising from the offsetting is capitalised as derivative goodwill. Any negative difference is recognised directly in the income statement following revaluation of the identifiable assets, liabilities and contingent liabilities.

When acquiring additional shares of companies which are already included as subsidiaries in the consolidated financial statements, the difference between the purchase price and the proportionally acquired equity capital is reported as goodwill. With regard to investments where less than 100 percent of the equity in the subsidiary is held, minority interests need to be taken into account. Where consolidation is based on the revaluation method, the equity attributable to minority shareholders is increased pro rata by hidden reserves. Hidden reserves and charges identified on valuation of the assets and liabilities at fair value as part of first-time consolidation are amortised, written down or released in subsequent periods, depending on the development of the assets and liabilities. Derivative goodwill is attributed to the relevant cash generating unit and is subject to regular impairment tests in the subsequent periods. If an impairment is ascertained, derivative goodwill is written down on an unscheduled basis to the lower recoverable amount.

A subsidiary's income and expenses are included in the consolidated financial statements from the time of acquisition. Income and expenses of a subsidiary remain included in the consolidated financial statements until the control by the parent company comes to an end. The difference between the proceeds from the sale of the subsidiary and its carrying value is reported at the time of the sale in the consolidated income statement as a profit or loss resulting from the divestment of the subsidiary. Inter-company expenses and income, receivables and liabilities, and earnings between companies included in the consolidated financial statements are eliminated.

Associates are companies where JDC Group AG or one of its subsidiaries has a substantial influence on financial and business policy without being in a position to control decisions. The consolidated financial statements contain the Group's share, calculated using the equity method, in the profit or loss of associates, from the date on which a substantial influence exists until such time as it is relinquished. Investments in associated companies are recorded pro rata at the time of acquisition with their re-valued assets (plus any goodwill), liabilities and contingent liabilities. The goodwill from applying the equity method is not subject to regular depreciation. The carrying value resulting from applying the equity method is tested for impairment if there are indications for a loss of value. Unrealised profits and losses from business transactions with these companies are eliminated pro rata. Where the Group's share of losses exceeds the carrying value of the investment in the associate, it is reported as zero. Additional losses are included by reporting a liability to the extent that JDC Group AG has assumed economic and legal obligations or made payments in the name of the associate.

Balances and transactions within the Group and any unrealised profits from Group-internal transactions are eliminated when the consolidated financial statements are prepared. Unrealised profits from transactions with associates are eliminated to the extent of the stake in the relevant company. Unrealised losses are treated in the same way as unrealised profits. However, this applies only if no impairment of the carrying value of the investment is discernible. Deferred taxes are accrued in accordance with IFRS rules against consolidation processes realised through profit or loss.

## 2.3 Currency translation

Foreign currency transactions are converted into euros at the exchange rate applicable on the date of the transaction. Monetary assets and liabilities in foreign currencies existing on the balance-sheet reporting date are translated into euros at the exchange rate applicable on the reporting date. Currency differences resulting from currency translation are recognised in profit and loss.

Non-monetary assets and liabilities in foreign currencies existing on the reporting date which are valued at fair value are translated into euros at the exchange rate applicable at the time when the fair value was determined.

## 2.4 INTANGIBLE ASSETS

### 2.4.1 Goodwill

Goodwill may arise, in principle, as a result of the purchase of business units, the acquisition of subsidiaries, associates and joint ventures. The goodwill from mergers results, on application of the provisions of IFRS 3, as the surplus cost of acquisition of the investment above the acquired share in the revalued equity of the purchased company.

The value of goodwill is tested at least annually on the basis of the recoverable amount of the cash-generating unit and, when an impairment is present, is written down, on an unscheduled basis, to the amount recoverable ("impairment only" approach). Impairment testing must also be carried out whenever there are indications that the cash-generating unit has been impaired in value.

For the purposes of impairment testing, goodwill acquired through mergers must be allocated as of the date of acquisition to each cash-generating unit or group of cash-generating units of the Group that are to benefit from the synergies resulting from the merger. This applies irrespective of whether other assets and liabilities of the acquired company have already been allocated to these units or groups of units.

If the carrying value of the cash-generating unit to which the goodwill has been allocated exceeds the recoverable amount, the goodwill allocated to this cash-generating unit must be reduced and written down by the difference. Reductions in the value of goodwill may not be reversed. If the impairment in value of the cash-generating unit exceeds the carrying value of its allocated goodwill, any additional reduction in value must be recorded by a pro rata reduction of carrying values of the assets allocated to the cash-generating unit. The re-coverable amount of a cash-generating unit is calculated on the basis of its fair value minus the disposal costs. The fair value minus the disposal costs is usually calculated using the Discounted Cash Flow method (DCF). Underlying these DCF calculations are forecasts based on the financial plans approved by the Management Board which are also used for internal purposes. The planning horizon chosen reflects the assumptions regarding short- and medium-term market developments.

Cash flows beyond a forecast period of generally 3 years are calculated using suitable growth rates. The key assumptions on which the calculation of fair value minus disposal costs is based include assumptions about the number of agreements brokered, gross margin, payments for operating business activities, growth rates and the discount rate. External information is also included in the cash flow calculations.

Every unit or group of units to which goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes and is not larger than an operative segment pursuant to IAS 8. Under IAS 36, the operative segments prior to aggregation are considered the highest level of a group.

### 2.4.2 Other intangible assets

Other intangible assets acquired by Group companies, such as software and licences or a customer base, are reported at cost plus incidental acquisition costs (e. g. software customisation), less accumulated amortisation and impairment (cf. Section 3.1.6).

Internally developed software is capitalised at cost, provided that it is possible to clearly allocate costs and both the technical viability of project completion and usefulness to the company (or commercialisation) of the intangible asset are ensured, and there is sufficient likelihood that development activities will result in a future economic benefit. Capitalised development costs comprise all costs directly attributable to specific software development and pro rata overhead costs. Internally generated intangible assets are reported less accumulated amortisation and impairment (cf. ref. 3.1.6). Research expenditure and costs of debt are not capitalised. In accordance with the causation principle, they are booked as expenses on the date they arise.

Scheduled amortisation of other intangible assets with a definite useful life is carried out on a straight-line basis over the expected useful life. Amortisation starts from the moment the intangible asset becomes useful.

The expected useful life is as follows:

| | |
|---|---|
| Internally developed software | 6 years |
| „Compass“, „World of Finance“, and „iCRM“ | |
| Purchased software | 3 years |
| Licenses | 1 to 10 years |
| Customer base | 5 – 15 years |

The useful life and depreciation methods are reviewed, at a minimum, as of each annual financial-statement reporting date. If the expectations differ from the preceding estimates, the corresponding changes are recorded, in accordance with IAS 8, as amended estimates.

Intangible assets are impaired in value if the recoverable amount – the higher value of fair value minus the disposal costs and the utilisation value of the asset – is lower than the carrying value.

## 2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported at their purchase or production costs minus the accumulated scheduled depreciations and impairment in value (Impairment Test) in accordance with the cost model.

Purchase or production costs also include, in addition to the purchase price and the directly allocable costs for putting the asset into the intended operational condition, the estimated costs for the breaking up and removal of the object.

Subsequent expenses are only capitalised if it is probable that the economic benefit associated with these expenses will flow to the asset concerned and the costs can be determined reliably. All other expenses such as maintenance costs are recorded as expenses. Borrowing costs are not capitalised.

The scheduled depreciation for tangible assets follows the linear method over the expected useful life of the objects. In the year of accession, assets values within property, plant and equipment are depreciated prorated over time.

The expected useful life is as follows:

| | |
|---|---|
| IT hardware/equipment | 2 to 5 years |
| Office equipment | 5 to 13 years |
| Trade fair stands | 6 years |
| Cars | 6 years |
| Office furniture | 12 to 13 years |
| Tenant's improvements | 4 to 25 years |

Tenant improvements are either depreciated over the respective useful life or the shorter duration of the leasehold.

If an asset falling within property, plant and equipment consists of several components having different useful lives, the major individual components are depreciated over their individual useful lives.

If an item of property, plant and equipment is disposed of or no further benefit is expected from its use or disposal, the carrying value of the item is removed from the books. Profit or loss from the write off of property, plant and equipment is the difference between the net proceeds of sale and the carrying value of the item and is recorded in other operating earnings or other operating expenses.

The remaining carrying values, useful lives and the depreciation method for assets are reviewed at a minimum as of each annual financial-statement reporting date. If the expectations differ from the existing estimates, the corresponding changes are recorded, in accordance with IAS 8, as amended estimates.

## 2.6 LEASED ITEMS

Leasing agreements are classified as "finance leases" if all risks and opportunities related to the economic ownership of the leased item pass mainly to the lessee. All other lease transactions are classified as "operating leases".

Assets to be capitalised as finance leases are reported in the amount of the fair value at the start of the lease relationship or at the amount, if lower, of the present value of the future minimum lease payments. This figure is reduced by accumulated amortisation and impairment. The corresponding liabilities due to the lessor are reported as current and non-current liabilities under leases. The lease payment to be made is divided into the repayment and interest component using the effective interest method. The repayment component reduces lease liabilities, whereas the interest component is reported as interest expense. Repayment of lease liabilities takes place over the term of the lease. The difference between total leasing liabilities and the fair value of the leased item corresponds to the financing costs, which are distributed over the term of the lease agreement and realised through profit or loss, so that a constant interest rate on the outstanding debt emerges over the
term of the agreement.

The depreciation of the leased item over the estimated useful life is realised through profit or loss.

The lessor under a finance lease issues a claim corresponding to the net investment value from the lease agreement. Leasing agreements are divided into repayments of the leasing claim and financial earnings. The claim from the lease is repaid and updated using the effective interest method.

If the lessor bears the key opportunities and risks (operating lease), the leased item is recorded by the lessor in the balance sheet. The rental and lease payments made by JDC Group itself as part of operating leases are recorded over the contract term and realised in profit and loss.

## 2.7 NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Long-term assets and sales groups held for sale are classified as such if the corresponding carrying value is realised mainly by a sale transaction and not by continued use. These assets are valued at the lower of the carrying value and fair value minus the disposal costs. These assets are no longer subject to regular depreciation. In principle, an impairment for these assets is only recorded if the fair value minus the disposal costs is below the carrying value. Should the fair value minus the disposal costs subsequently rise, the previously recorded value impairment must be reversed. An appreciation in value is limited to the value impairment previously recorded for the assets concerned.

## 2.8 IMPAIRMENT IN VALUE OF INTANGIBLE ASSET ITEMS AND PROPERTY, PLANT AND EQUIPMENT

The intrinsic value is calculated by comparison of the carrying value and the recoverable amount. The recoverable amount of assets is the higher of the fair value minus the disposal costs and the utility value. For assets to which no cash flows can be directly allocated, the amount recoverable by the cash-generating unit to which the asset is allocated must be established.

At every reporting date a check is made whether there are indications that an asset might be impaired in value. If such indications are present the recoverable amount of the asset or cash-generating unit must be calculated. The corresponding impairment requirement is recognised as an expense.

If the reasons for a previously recorded value impairment have been eliminated, these assets are written up. However, a write-up only takes place to the extent that the carrying value of an asset, which would have resulted minus the scheduled depreciation and without taking impairments into account, is not exceeded. No write-ups are made to goodwill.

The recoverable amount of the cash-generating units is normally calculated using the discounted cash flow method. Here, forecasts are made on the basis of financial schedules with respect to cash flows to be achieved over the estimated useful life of the asset or the cash-generating unit. The applied discount interest rate is an interest rate before taxes that reflects current market assessments regarding the interest effect and the specific risks of the asset or cash-generating unit. The internal pretax interest rate has been set at 6.0 percent (previous year 2.9 percent).

The calculated cash flows reflect the assumptions by the management and are supported by external information sources.

## 2.9 FINANCIAL INSTRUMENTS

A financial instrument is an agreement which simultaneously causes the creation of a financial asset at one company and the creation of a financial obligation or equity capital instrument at another company.

Financial assets include in particular financial investments held to maturity, original and derivative financial assets held for commercial purposes, trade receivables and other loans and receivables originated by the company as well as cash and cash equivalents.

Financial obligations regularly generate a return claim in cash or in another financial asset. This includes, in particular, bonds, trade payables, liabilities due to banks, obligations from finance leaseholds and derivative financial obligations.

Financial instruments are in principle recorded once JDC Group becomes a contractual party to the rules of a financial instrument.

When first recorded, financial instruments are valued at fair value. For all financial assets subsequently not valued at fair value through profit or loss, the transaction costs directly allocable to the acquisition must be taken into account. If market prices are not immediately available, they are calculated using accepted valuation models and references to current market parameters.

The Group's financial assets comprise closed-end fund investments, securities and loans. Investments also include subsidiaries not consolidated for materiality reasons and have been classified as "available-for-sale".

Financial instruments in this category are not derivative financial assets. They are valued at fair value, provided it can be reliably assessed. Fluctuations in value on the different reporting dates are essentially stated under the revaluation reserve with no impact on the income statement. The reserve is released with impact on the income statement either upon disposal or in the event of impairment.

Financial investments are categorised as **"held to maturity"** if they are financial assets with fixed or identifiable payments that the company intends to hold to maturity and is in a position to do so.

Financial assets in the held-to-maturity category are valued at amortised cost on the reporting date on the basis of the effective interest rate method. If the recoverable amount falls below the carrying value for a sustained period, unscheduled impairment is applied and realised through profit or loss.

Financial assets held for commercial purposes are valued at fair value. This includes primarily derivative financial instruments not integrated in an effective hedging relationship according to IAS 39 which therefore must be classified as "**held for commercial purposes".** Any profit or loss resulting from the subsequent valuation is realised through profit or loss.

To date, JDC Group AG has not made use of the option to designate financial assets during their first recording as financial assets to be valued at their fair value through profit or loss (**Financial Assets at Fair Value Through Profit or Loss**).

The other original financial assets are categorised as **"available-for-sale"** and are always valued at the fair value. The profits and losses resulting from the valuation are recorded in the equity capital without impacting the income statement. This does not apply to permanent or material impairments of value or currency-related value changes of loan capital instruments, which are recorded with impact on the income statement. Only after disposal of the financial assets are accumulated profits and losses from valuation at fair value recorded in equity capital realised through profit or loss on the income statement.

If, in individual cases, a current market value cannot be reliably determined for equity capital instruments not traded on a stock exchange, the value can alternatively be stated at its acquisition costs, unless a lower fair value is to be recognised (IAS 39.46 letter c).

Other **long-term receivables** are measured using the effective interest method at amortised cost.

## 2.10 OTHER FINANCIAL INSTRUMENTS

### 2.10.1 Trade receivables

Trade receivables and other short-term receivables are, where necessary, shown using the effective interest method at amortised costs, minus any necessary impairment in value. Impairments in value carried out in the form of individual valuation adjustments are sufficient to protect against expected default risks. Actual defaults lead to the receivables concerned being removed from the books. Receivables from services not invoiced represent commission receivables under brokerage agreements. The income is realised when the contract is entered into. All identifiable risks are here taken into account.

### 2.10.2 Derivative financial instruments

Derivative financial instruments are exclusively used for hedging purposes to hedge against interest rate risks arising from operational activities and financing and investment activities. Derivative financial instruments are neither held nor issued for speculation purposes. Derivative financial instruments not meeting the requirements of a hedging tool (Hedge Accounting in accordance with IAS 39), must be categorised as "financial assets and obligations held for commercial purposes". Derivative financial instruments with positive market values are recorded at fair value when they are added and reported under the "securities" item under current assets. Derivative financial instruments with a negative market value are reported under other current liabilities. If no market values exist, fair values must be calculated using accepted methods of financial mathematics. In subsequent periods, these are reported at fair value as of the reporting date, with gains and losses reflected on the income statement.

For derivative financial instruments, fair value corresponds to the amount which JDC Group AG would either receive or have to pay upon termination of the financial instrument at the reporting date. This is calculated using the relevant interest rates, exchange rates and credit quality of the contractual partners on the reporting date. Average rates are used for the calculations. For interest-bearing derivative financial instruments, a distinction is made between “Clean Price” and “Dirty Price”. Unlike the “Clean Price”, the “Dirty Price” also includes accrued interest. The fair values to be recorded correspond to the full fair value or the “Dirty Price”.

For the recording of changes in fair values – realisation through profit or loss or realisation directly in equity without affecting income – the decisive factor is whether the derivative financial instrument is integrated in an effective hedging relationship in accordance with IAS 39 or not. If no Hedge Accounting exists, the changes in the fair values of the derivative financial instruments must be immediately realised through profit and loss. If, on the other hand, there is an effective hedging relationship in accordance with IAS 39, the hedging context is recorded as such.

Depending on the hedged item type, a distinction is made between **“Fair Value Hedge”**, **“Cash-Flow Hedge”** and **“Hedge of a Net Investment in a Foreign Operation”**.

JDC Group currently uses derivative financial instruments only to hedge interest risks resulting from operational activities, financial transactions and investments (interest swap). The principles of accounting for this **“Cash Flow Hedge”** are described below.

Using a cash flow hedge, future cash flows from assets and liabilities recorded in the balance sheet or from highly probable scheduled transactions are hedged against fluctuations. If a cash flow hedge exists, the effective portion of the change in value of the hedging tool is recorded in equity capital without being realised in profit and loss (hedging reserve) until the result from the hedged underlying business is available; the ineffective part of the value change of the hedging tool is realised through profit and loss.

IAS 39 places strict requirements on the use of hedge accounting. JDC Group meets these as follows: At the start of a hedging measure both the relationship between the financial instrument used as hedging tool and the underlying transaction as well as the aim and strategy of hedging are documented. This includes both the concrete allocation of the hedging tools to corresponding assets or liabilities or (fixed) future transactions as well as an estimate of the degree of effectiveness of the hedging tools used. Existing hedging measures are continually monitored for their effectiveness. If a hedge becomes ineffective, it is immediately dissolved.

### 2.10.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits which have a remaining term of up to three months when received. This inventory will be valued at amortised cost.

### 2.10.4 Financial obligations

When first recorded, **financial obligations** are valued at fair value. The transaction costs directly allocable to the acquisition are also recorded for all financial obligations subsequently recorded at fair value without being realised in profit and loss.

**Trade payables and other original financial obligations** are, in principle, recorded using the effective interest rate method with amortised costs.

To date, JDC Group has not made use of the right to elect to designate financial obligations upon their initial recognition as financial obligations to be recorded at fair value through profit or loss (**Financial Liabilities at Fair Value Through Profit or Loss**).

## 2.11 IMPAIRMENT OF FINANCIAL ASSETS

On every reporting date the carrying values of financial assets which are not to be recorded at fair value through profit and loss are examined as to whether objective indications, such as significant financial difficulties of the debtor, a high probability of insolvency proceedings against the debtor, the disappearance of an active market or significant changes in the economic or legal climate, point to an impairment in value.

Any impairment expenses justified by a fair value lower than the comparable carrying value are recorded through profit or loss. If impairments of value of the fair values of financial assets available for sale were hitherto recorded in the equity capital without being realised through profit or loss, they must be eliminated from equity capital up to the level of the calculated impairment in value and rebooked for realisation through profit and loss.

If at later valuation dates it transpires that the fair value has objectively risen due to events after the date of recording the impairment in value, the impairments are reversed to a corresponding level and realised through profit or loss. Impairments relating to unlisted equity capital instruments which are available for sale which have been recorded at their acquisition costs may not be reversed. The fair value of held-to-maturity securities to be calculated in connection with impairment testing and the fair value of loans and receivables recorded at their acquisition costs correspond to the present value of the estimated future cash flow discounted using the original effective interest rate. The fair value of unlisted equity capital instruments that were recorded at their acquisition costs is equal to the present value of the expected future cash flows discounted using the current interest rate that corresponds to the special risk of the investment.

## 2.12 LIABILITIES

### 2.12.1 Other provisions

Other provisions are recorded in the consolidated balance sheet if a legal or fact-based obligation has arisen to a third party as a result of a past event and it is probable that an outflow of resources with economic benefit will be necessary to honour this commitment, and the level of the expected provisioning amount can be reliably estimated. These provisions are evaluated taking all recognisable risks to the prospective performance amount into account and must not be offset with reimbursements. The performance amount is calculated on the basis of the best possible estimate.

Other non-current provisions are stated at their performance amount discounted to the reporting date insofar as the interest rate effect is material.

Changes in the estimated amounts or estimated timing of cash payments or changes in the interest rate for measuring the provisions for disposal, repair and other obligations are recorded in accordance with the change of the carrying value of the corresponding asset. If a reduction of the provision exceeds the corresponding asset, the excess amount must be immediately recorded as income.

### 2.12.2 Income tax liabilities

Income tax liabilities correspond to the expected tax liabilities which result from the taxable income during the period under review. The tax rates applicable on the reporting date or applicable shortly thereafter and the adjustments to taxes owed for previous periods are taken into account.

### 2.12.3 Contingent liabilities and receivables

Contingent liabilities and receivables are potential obligations or assets resulting from past events and whose existence is conditional on the occurrence or non-occurrence of uncertain future events. Contingent liabilities are also current obligations resulting from past events where the outflow of resources representing a commercial benefit is unlikely or where the scope of the obligation cannot be reliably estimated.

Contingent liabilities are recorded at their fair value if they were accepted as part of a company acquisition. Contingent receivables are not recorded. If the outflow of commercial benefit is unlikely, information on the contingent liabilities is provided in the notes to the consolidated financial statements. The same applies to contingent receivables where the inflow is unlikely.

### 2.12.4 Equity options

Equity options (share-based payment transactions compensated by equity capital instruments) are recorded at the time of issue at their fair value. The fair value of the obligation is recorded over the option period as personnel expenses. Exercise conditions not tied to market situations are taken into account in the assumptions regarding the number of options which are expected to be exercised. The obligations from share-based compensation transactions with cash settlement are recorded as liabilities and recorded on the reporting date at fair value. The expenses are recorded over the option period. Fair value is calculated both for share-based compensation transactions with settlement through equity capital instrument and the share-based compensation transactions using internationally accepted evaluation methods.

To date, JDC Group AG has not utilised the authorisation granted by the annual general meeting.

## 2.13 INCOME AND EXPENSES

### 2.13.1 Income

Income is recorded when it is probable that an economic benefit will flow to the Group, the amount of which can be determined reliably. For the Group's material types of income, this implies the following:

Income from services is recorded according to the percentage of completion of the transaction on the reporting date. If the result of a service cannot be reliably estimated, income is only recorded to the extent that the expenses incurred are recoverable.

Initial commissions from the brokerage of financial products are recorded if there is an entitlement to a fee on the basis of the underlying brokerage agreement. Portfolio commissions are only recorded after the legal entitlement arises. Income from other services is only recognised after the service has been rendered.

In accordance with the effective interest rate method, interest is recognised as income in the period in which the capital is provided and dividends are recognised at the time when the legal entitlement to payment arises.

### 2.13.2 Expenses under finance leases

Expenses under finance leases are divided into interest expenses and repayment of existing liabilities. Interest expenses are allocated in each period according to the term of the lease in such a way that the interest rate for the residual liability under the lease is constant.

### 2.13.3 Expenses under operating leases

Payments under operating lease agreements are recorded on a straight-line basis over the term of the lease agreement and realised through profit or loss.

### 2.13.4 Income taxes

Tax on income and earnings comprises current and deferred taxes. Current income tax corresponds to the expected tax liability resulting from the income subject to taxation in the period under review. Here, the tax rates applicable on the reporting date or shortly thereafter and adjustments to tax owed for previous periods are taken into account.

Active and passive deferred tax is recognised for all temporary taxable differences between the carrying value of an asset or a liability in the consolidated balance sheet and the tax balance sheet value. Deferred tax is measured on the basis of the regulations issued by lawmakers in the country in which the registered office is based as of the end of the relevant financial year for the financial years in which the differences are expected to be netted out. Deferred tax assets on temporary differences are only recognised if it seems sufficiently certain that they will be realised in the near future. Deferred tax liabilities arise as a result of temporary differences from shares in subsidiaries and associated companies, except where the Group is able to control the temporal course of the reversal and it is probable the temporary difference is not likely to be reversed soon. Deferred taxes are also not recorded if they result from the first recording of an asset or a liability during a transaction which is not a business merger and affects neither the commercial results for the period (prior to turnover tax) nor the tax results. Deferred tax is stated for temporary differences resulting from fair value reporting of assets and liabilities as part of company acquisitions. Deferred tax is only stated for temporary differences on derivative goodwill if the derivative goodwill can also be asserted under tax law.

Tax loss carryforwards result in the recognition of deferred tax assets if future taxable income is likely to be available for offsetting against the loss carryforwards.

### 2.13.5 Results from discontinued operations

IFRS 5 basically contains special measurement and disclosure rules for discontinued operations and for non-current assets held for sale.

Non-current assets and disposal groups classified as being held for sale are to be measured at the lower of carrying amount or fair value less costs to sell. Non-current assets or disposal groups are classified as being held for sale if the associated carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is the case only if the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Pursuant to IFRS 5.32a. [sic] a subsidiary acquired exclusively with a view to resale must be classified as a discontinued operation.

The income and expenses resulting from discontinued operations are to be disclosed separately from the income and expenses from continued operations in the income statement of the reporting period and the comparative period, and are to be reported separately as post-tax profit or loss of discontinued operations. Property, plant and equipment and intangible assets classified as being held for sale are not depreciated or amortised. For a subsidiary that was acquired exclusively with a view to resale, a breakdown of the results by income, expenses and taxes in the notes to the financial statements is not necessary.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are to be presented in the balance sheet separately from other assets. If the disposal group is a newly acquired subsidiary that fulfils the criteria for classification as being held for sale at the acquisition date, disclosure of the major classes of assets and liabilities is not required. These assets and liabilities may be offset and presented as a separate amount.

## 2.14 SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The presentation of the net asset, financial position and results of operations in the consolidated financial statements depends on the accounting and valuation methods and requires assumptions to be made and estimates to be used which impact the amount and reporting of the recognised assets and liabilities, the income and expenses as well as contingent liabilities. The following material estimates and corresponding assumptions and the uncertainties related to the accounting and valuation methods chosen are decisive for understanding the underlying risks of financial reporting and the effects these estimates, assumptions and uncertainties might have on the consolidated financial statements.

Actual values may deviate from the assumptions and estimates in individual cases. Changes are realised through profit or loss once the relevant information is available.

Material assumption and estimates relate to the following:

The valuation of **intangible assets and tangible fixed assets** is related to estimates for calculating fair value at the time of acquisition, if they were acquired during a merger. The expected useful life of the assets must also be estimated. The determination of the fair value of assets and liabilities and the useful lives of assets is based on management judgements. Internal development costs for internally developed software tools are capitalised when the development phase starts. Amortisation of capitalised expenses begins once the item is ready for use and is applied over an expected useful life of six years.

Share transfer agreements in connection with mergers sometimes contain purchase price adjustment clauses based on the future income of the purchased subsidiaries. A best estimate of the acquisition costs of these shares is made on the date of the first-time consolidation based on forecast figures. Actual purchase prices may differ from this estimate.

In calculating the **impairment of intangible assets and tangible assets**, estimates are also made, inter alia, that relate to the cause, date and level of the impairment. An impairment is based on a multitude of factors. In principle, the development of the economic environment, changes in the current competitive situation, expectations for the growth of the financial service industry, development of the gross margin, increase in capital costs, changes in the future availability of financing, current replacement costs, purchase prices paid in comparable transactions and other changes indicating impairment are taken into account. The recoverable amount and the fair value are normally calculated using the DCF method, in which the reasonable assumptions are included. The identification of indications suggesting an impairment, estimation of future cash flows as well as calculation of the fair values of assets (or asset groups) involve material estimates to be made by management with regard to identifying and verifying any indications of an impairment, the expected cash flows, the applicable discount rates, the respective useful lives and the residual values.

The calculation of the **recoverable amount for a cash-generating unit** involves estimates by management. The methods used to calculate the fair value minus the disposal costs include methods based on discounted cash flows and methods based on the use of quoted stock market prices. The material assumptions on which the calculation by management of fair value minus disposal costs is based include assumptions about the number of brokered financial products, development of the raw margin, cancellation quota and costs for broker retention. These estimates, including the methods used, can significantly affect the calculation of the value and ultimately the level of depreciation of the goodwill.

Minority shares are shown under financial assets. For the calculation of impairment, information from the associated company is used where available. Future negative changes in market conditions or the negative operating results of these associated companies may lead to losses or make realisation of the carrying value of the shares impossible.

Management carries out **adjustment to doubtful receivables** to take account of expected losses resulting from the insolvency of customers. The principles used for evaluating the appropriateness of the adjustment are based on past removal of receivables from the books, the credit quality of the customers and changes in payment terms. If the financial situation of customers worsens, the scope of actual losses on receivables may exceed the scope of the valuation adjustment carried out.

For every **taxable entity** of the Group, the expected actual income taxes must be calculated and temporary differences between the different treatment of specific balance sheet items in the IFRS consolidated financial statements and the annual tax statements must be evaluated. If there are temporary differences, these differences in principle lead to the recording of active and passive deferred taxes in the consolidated financial statements. Management must make judgments when calculating the actual and deferred taxes. To evaluate the probable future usability of deferred tax assets, different factors must be considered, such as the past income situation, operative planning, loss-carryforward periods and tax planning strategies. If the actual results deviate from these estimates or these estimates need to be adjusted during future periods, this could have negative effects on the net assets, financial situation and results of operations. If there is a change in the valuation assessment for deferred tax assets, a writing down must be done, to be realised through profit or loss.

The recognition and measurement of **provisions** and the level of **contingent liabilities** are significantly associated with estimates made by JDC Group. The evaluation of the probability of the claim and the quantification of the potential level of the payment obligation depends, for example, on an estimate of the respective situation. If losses from pending business are imminent, provisions are formed if a loss is likely and this loss can be reliably estimated. Because of the uncertainty related to this evaluation, actual losses might differ from the original estimates and thus from the amount of provisions. Furthermore, the calculation of provisions for taxes, legal risks and cancellation reserves involves material estimates. These estimates may change due to new information. In obtaining new information, JDC Group uses internal and external sources. Changes in the estimates may have considerable effects on future operating results.

Turnover realised from as yet uninvoiced brokerage services is calculated on the basis of the brokerage services performed or the brokerage income of the previous period. If the estimates change, differences in the amount and date of income may result for subsequent periods.

## 2.15 INFORMATION REGARDING MISTAKES OF PREVIOUS PERIODS

The consolidation amounts of Euro 3,925k ref. IAS 8 in the area of commission income were adjusted regarding the previous year. The reason herefore was the revaluation of the consolidation in order to establish comparability with the reporting period. Equally the commission expenses were reduced by Euro 3,925k.

# 3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 3.1 NOTES TO THE CONSOLIDATED INCOME STATEMENT

Income by segment is shown in the segment report.

### 3.1.1 Commission income [1]

Income relates essentially to initial and follow-up commission from brokerage services in the three segments insurance products, investment funds and investments/closed-end funds as well as other services and breaks down as follows:

| | 01/01/–31/12/2015 kEUR | 01/01/–31/12/2014 kEUR |
|---|---|---|
| Initial commission | | |
| Insurance products | 28,325 | 29,221 |
| Investment funds | 17,051 | 17,148 |
| Closed-end funds | 2,847 | 2,346 |
| | | |
| Follow-up commission | 19,657 | 18,657 |
| Overrides | 1,051 | 1,089 |
| Other income | 6,431 | 6,081 |
| **Total** | **75,362** | 74,542 |

Total revenues of the reporting year was with kEUR 75,362 6,8 percent over the previous year (kEUR 70,568), adjusted by compexx Finanz AG. In direct comparison revenues 2015 increased by 1.1 percent over the previous year (kEUR 74,542).

### 3.1.2 Other capitalised services [2]

Other own work services in the amount of kEUR 665 (previous year: kEUR 490) were mainly achieved by the development of in-house proprietary-use software solutions (Compass, World of Finance and iCRM) (cf. Ref. 3.2.1.1.1 Concessions and licences).

### 3.1.3 Other operating income [3]

The other operationg income of kEUR 3,164 (previous year: kEUR 3,149) relates essentially to redemption of indemnity obligation of lawsuits of kEUR 970, other income kEUR 1,542, reversals of provisions in the amount of kEUR 159 and earnings form Earnout-purchase price (compexx Finanz AG) kEUR 461.

### 3.1.4 Commission expenses [4]

The item contains mainly the commissions for independent brokers and trade representatives. The expenses decreased by kEUR 1,018 to kEUR 56,679 (previous year: kEUR 57,697) comparing to the previous although sales increased. The reason hereby is the optimized margin realization in the area of follow-up commission.

### 3.1.5 Personnel expenses [5]

| | 01/01/–31/12/2015 kEUR | 01/01/–31/12/2014 kEUR |
|---|---|---|
| Wages and salaries | 10,354 | 10,853 |
| Social security | 1,785 | 1,806 |
| **Total** | **12,139** | 12,659 |

Personnel expenses essentially comprise salaries, remuneration and other payments to the Management Board and employees of the JDC Group.

Social security includes the employer's statutory contributions (social security contributions).

The average number of staff employed during the financial year is 212 (previous year: 201).

### 3.1.6 Depreciation, amortisation and impairment [6]

| | 01/01/–31/12/2015 kEUR | 01/01/–31/12/2014 kEUR |
|---|---|---|
| Depreciation and amortisation | | |
| Intangible assets | –1,373 | –1,392 |
| Property, plant and equipment | –174 | –232 |
| **Total** | **–1,547** | –1,624 |

The changes in intangible assets and property, plant and equipment are explained in Appendices 1 and 2 of the notes.

As in the previous year, there were no impairments of property, plant and equipment.

## 3.1.7 Operating expenses [7]

| | 01/01/–31/12/2015 kEUR | 01/01/–31/12/2014 kEUR |
|---|---|---|
| Marketing costs | 906 | 1,029 |
| External services | 328 | 344 |
| IT costs | 1,550 | 1,498 |
| Occupancy costs | 1,275 | 1,439 |
| Vehicle costs | 347 | 391 |
| Fees, insurance premiums | 732 | 801 |
| Postage, telephone | 169 | 216 |
| Other | 3,787 | 3,539 |
| **Total** | **9,094** | 9,257 |

The remaining costs include legal and consulting costs of kEUR 1,945 (previous year: kEUR 1,874), lawsuit costs kEUR 309 (previous year: kEUR 0), bad debt losses kEUR 120 (previous year: kEUR 48), expenses for off-the-job training kEUR 139 (previous year: kEUR 68) plus non-deductible input VAT of kEUR 237 (previous year: kEUR 439).

## 3.1.9 Financial result [8]

| | 01/01/–31/12/2015 kEUR | 01/01/–31/12/2014 kEUR |
|---|---|---|
| Income from closed-end fund investments | 0 | 0 |
| Interest and similar income | 66 | 96 |
| Income from securities held as current assets | 0 | 0 |
| Depriciation of financial assets | 0 | 0 |
| Interest and similar expenses | –775 | –640 |
| **Total** | **–709** | –544 |

The increase in interest and similar expenses results mainly from the issuance of a bond from subsidiary company Jung, DMS & Cie. Pool GmbH.

### OF WHICH: FROM FINANCIAL INSTRUMENTS OF THE VALUATION CATEGORIES

The financial result is to be allocated to the following valuation categories in accordance with IAS 39:

| | 2015 kEUR | 2014 kEUR |
|---|---|---|
| Loans and receivables (LaR) | 66 | 96 |
| Held-to-maturity securities (HtM) | 0 | 0 |
| Financial assets (AfS) | 0 | 0 |
| Financial liabilities measured at amortised cost (FLAC) | –229 | –640 |
| Financial liabilities measured at amortised cost (HtM) | –546 | 0 |
| **Total** | **–709** | –544 |

## 3.1.10 Income and other taxes [9]

Tax income and expenses are structured as follows:

| | 01/01/–31/12/2015 kEUR | 01/01/–31/12/2014 kEUR |
|---|---|---|
| Current income tax | –228 | –328 |
| Deferred taxes | –501 | 83 |
| **Total income tax** | –729 | –245 |
| | | |
| Other taxes | –22 | –56 |
| **Total tax expenditure** | –751 | –301 |

For the financial years 2015 and 2014, using an expected tax rate of 31.23 percent (previous year: 31.23 percent), the tax expense deviates from the actual amounts as follows:

| | 01/01/–31/12/2015 kEUR | 01/01/–31/12/2014 kEUR |
|---|---|---|
| Earnings before income taxes | –999 | –5,468 |
| Arithmetical tax expense at expected tax rate (31.93 %, previous year: 31.93 %) | 0 | 0 |
| Non-deductible expenses | 0 | 0 |
| Tax-exempt income components | 0 | –4 |
| Tax refunds and subsequent tax payments for previous years | –90 | 0 |
| Deferred taxes from tax loss carry-forwards | –501 | –338 |
| Tax-rate based deviations (Austria) | 0 | 0 |
| Other | –138 | –51 |
| **Income tax as stated in the income statement** | **–729** | –393 |

The effective tax rate is 0.00 percent (previous year 0.00 percent).

The deferred tax assets and liabilities are attributable to the following accounts:

| | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|
| Deferred tax assets | | |
| Tax reimbursement claims from loss carry-forwards | 4,389 | 4,863 |
| Tax reimbursement claims from securities | 0 | 0 |
| Tax reimbursement claims from financial liabilities | 0 | 0 |
| | **4,389** | 4,863 |
| | | |
| Deferred tax liabilities | | |
| Intangible assets (software/customer base) | –851 | –766 |
| Securities | 0 | 0 |
| From other recognition differences | –630 | –688 |
| | **–1,481** | –1,454 |

The deferred taxes for the domestic companies were calculated using the corporate income tax rate of 15.0 percent plus solidarity surcharge of 5.5 percent and the trade tax local multiplier for the city of Wiesbaden of 440.0 percent (combined income tax rate: 31.23 percent).

For the Austrian companies, the corporate income tax rate of 25.0 percent in effect since 2005 has been applied.

The decrease in deferred tax assets is mainly the result of usage of loss carry forward.

### 3.1.12 Earnings per share [10]

No dividend was paid in financial year 2015.

| | 2015 kEUR | 2014 kEUR |
|---|---|---|
| Consolidated net income | –1,728 | –6,621 |
| Weighted average number of shares (number) | 10,849,974 | 10,849,974 |
| Own shares | 0 | 0 |
| **Earnings per share in EUR** | **–0,16** | –0,61 |

## 3.2 NOTES TO THE CONSOLIDATED BALANCE SHEET

### 3.2.1 Non-current assets

The composition of and changes to the various non-current asset items are shown in the consolidated statement of changes in fixed assets (Appendix 1).

The changes in the net carrying amounts of consolidated assets during the financial year under review are reported in Appendix 2 to the notes.

Amortisation of intangible assets and depreciation on property, plant and equipment are presented in ref. 3.1.6 of the notes.

#### 3.2.1.1 INTANGIBLE ASSETS [11]

##### 3.2.1.1.1 Concessions and licences

The item "concessions and licences" essentially comprises software licences for standard commercial software, customer bases and CRM data base with a carrying amount of kEUR 6,691 (previous year: kEUR 7,104). This software is amortised on a straight-line basis over a period of three to six years.

In the financial year under review, internally generated software tools totalling kEUR 886 (previous year: kEUR 490) were capitelised. These are essentially company-specific software applications (Compass, World of Finance and iCRM) to support financial products.

As of the reporting date, the carrying amount of internally generated software tools was kEUR 2,517 (previous year: kEUR 2,454).

##### 3.2.1.1.2 Goodwill

Goodwill results from the first-time consolidation at the time of the relevant business merger and is divided into segments as follows:

| | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|
| Broker Pools | 19,093 | 19,093 |
| Financial Consulting | 5,461 | 5,461 |
| Holding | 2 | 2 |
| | **24,557** | 24,557 |

### 3.2.1.1.3 Impairment losses

With regard to the impairment of intangible assets, we refer to the notes to 3.1.6. There are no indications of impairment for the other software and licences.

Goodwill was subjected to an impairment test as of 31 December 2015.

The achievable amount of the generating mediums of payment relevant entities Broker Pools and Financial Consulting are determined on basis of calculation of use value under applicaton of estimated cash flows before income taxes. The estimation are deviated from management and supervisory board approved detailed budgeting of the group companies for the financial year 2016. For the financial years 2017 and 2018 moderate growth ratse (phase I) are assumed. For the subsequent periods, the cash flow was forecasted as perpetual annuity (phase II).

6.0 percent (previous year: 2.9 percent) was calculated using a riskfree base interest rate of 0.37 percent (previous year: 0.65 percent) derived from the yield-curve, a market risk premium of 5.63 percent (previous year: 2.23 percent) and using a beta factor for comparable investments of 0.7 (previous year: 1.1). The discount rate used to determine the present value of the initial cash flows of the perpetual annuity included a growth discount of 1.0 percent (previous year: 1.0 percent).

The assumptions made with regard to the sales growth in the operating units are an additional factor influencing free cash flow.

The rise in the discount rate before taxes to 8.0 percent (viz. + 2 percent) does not mean a loss of value for the mediums of payment relevant entities. The decline of planned EBIT in the mediums of payment relevant entities by -15 percent does not require a loss of value. The market capitalisation as of 31 December 2015 of the group is above the equity's book value.

### 3.2.1.2 PROPERTY, PLANT AND EQUIPMENT [12]

The balance sheet item essentially comprises computer hardware including servers, note-books and printers, office equipment, cars, office furniture and improvements to third party buildings.

The changes in cost, depreciation and the carrying amounts are shown in the statement of changes in consolidated assets (Appendices 1 and 2).

As in the previous year, there was no indication of impairment of property, plant and equipment during the reporting year.

### 3.2.1.3 FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS [13]

The changes in financial assets and other non-current assets are shown in the statement of changes in consolidated assets (Appendices 1 and 2). The additional disclosures regarding financial instruments in accordance with IFRS 7 are presented in Appendix 4.

The breakdown of carrying amounts is as follows:

| | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|
| Available-for-sale | | |
| Shares in affiliated companies | 25 | 25 |
| Investments | 124 | 20 |
| Securities | 0 | 0 |
| **Total** | **149** | 45 |

Shares in affiliated companies pertains the shares of FVV GmbH.

Moreover, this item includes three (previous year: two) investments in companies with shareholdings ranging from 20.0 percent to 25.1 percent. As the impact of these investments on the Group's financial position, cash flows, and profit and loss is not significant, these investments have not been measured using the equity method.

#### 3.2.1.4 RECEIVABLES AND OTHER ASSETS [14]

| | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|
| Accounts receivable | 791 | 742 |
| **Total** | **791** | 742 |

Accounts receivable essentially relate to commissions receivable from cancellation reserves and long-term contract relationships.

### 3.2.2 Current other assets

#### 3.2.2.1 RECEIVABLES AND OTHER ASSETS [15]

| | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|
| Accounts receivable | 11,623 | 11,901 |
| Other assets | | |
| commission advances | 6,023 | 0 |
| Other securities | 0 | 0 |
| Prepaid expenses | 353 | 403 |
| Other | 5,495 | 6,090 |
| **Total** | **23,494** | 18,394 |

Accounts receivable essentially relate to commissions receivable from partner companies and broker pool partners from brokerage services as well as cancellation reserves.

The remaining other assets essentially relate to rent deposits, tax refund claims, short-term loans and advances of provisions.

Prepaid expenses relate to payments on account for advertising events in the subsequent year, insurance, contributions and vehicle tax.

### 3.2.2.2 CASH AND CASH EQUIVALENTS [16]

| | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|
| Kassenbestand und Guthaben bei Kreditinstituten | 5,320 | 4,176 |
| **Gesamt** | **5,320** | 4,176 |

The change in cash and cash equivalents during the financial year under review is shown in the consolidated cash flow statement under ref. 3.9.

## 3.2.3 Equity

The change in the Group equity of JDC Group AG is shown in the statement of changes in equity (cf. also ref. 3.8).

### 3.2.3.1 SUBSCRIBED CAPITAL AND CAPITAL RESERVES [17]

| | Subscribed capital kEUR | Capital reserves kEUR |
|---|---|---|
| As of 1 January 2011 | 10,850 | 40,686 |
| Other additions | 0 | 0 |
| As of 31 December 2011 | 10,850 | 40,686 |

**Subsribed capital and capital reserves**
The Company's share capital is divided into 10,849,974 no-par-value ordinary bearer shares (previous year: 10,849,974) each representing a notional amount in the share capital of EUR 1.00 per share. The shares of JDC Group AG are admitted for the open market (Entry Standard) on the Frankfurt stock exchange. Securities identification number: A0B9N3, ISIN: DE000A0B9N37.

**Contingent capital**
The share capital was contigently increased by EUR 5,000,000 through issuing of 5,000,000 new, owner registered no-par shares with entitlement to dividend from the beginning of the financial year of issuing (Contigent capital 2013/I).

The share capital was further contigently increased by up toEUR 420,000 through issuing of 420,000 new, owner registered no-par shares with a pro-rata amount of contigent capital of apiece EUR 1.0 (Contigent capital 2013/II).

#### Authorised capital

The Managment Board is authorised, with the consent of the Supervisory Board, to increase the share capital of the company during the period until 26 August 2018, once or severally, in exchange for cash or in-kind contributions up to a total of EUR 5,424,987.00 by issuing up to a total of 5,424,987 of new no-par-value ordinary bearer shares (Authorised capital 2013).

### 3.2.3.2 REVENUE RESERVES AND NET INCOME/LOSS BROUGHT FORWARD [18]

The revenue reserves include the undistributed past net income/loss generated by companies included in the consolidated financial statements.

The development of the revenue reserves including the net income/loss brought forward can be found in the consolidated statement of changes in equity.

The revenue reserves contain the subsidiaries' legal reserves of kEUR 61. The free reserve is kEUR 222.

As of the reporting date, the Company is not holding any of its own shares.

### Additional disclosures regarding financial instruments

For an overview of the carrying amounts, recognised amounts, and fair values by measure-ment category please see to Appendix 4.

## 3.2.4 Non-current liabilities [19]

| | **31/12/2015 kEUR** | 31/12/2014 kEUR |
|---|---|---|
| Bonds | 12,688 | 0 |
| Liabilities to banks | 0 | 7 |
| Accounts payable | 7,478 | 7,078 |
| Other liabilities | | |
| Purchase price liabilities | 0 | 0 |
| Others | 1,664 | 3,054 |
| **Total** | **9,142** | 10,139 |

Under the position bond is an issuance of debt displayed, from which the group received funds of kEUR 12,631 in the financial year. The difference between balance sheet disclosure of kEUR 57 results from balancing of continued costs of purchase under usage of effective interest method.

Non-current liabilities under accounts payable pertain to liabilities from broker's commissions retained until expiration of the cancellation reserve. The obligation to pay broker's provision usually has a residual term of one to five years. Other liabilities contain mainly  long-term part of loan obligation.

Under this balance sheet position are also deferred taxes displayed, unter the text figure 3.1.9.

### 3.2.5 Provisions [20]

| | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|
| Provisions with reversal liabilities | 1,427 | 1,252 |
| Asset Damage precaution | 788 | 224 |
| **Total** | **2,215** | 1,476 |

Under provisions for cancellation liability is determined on basis of estimation and therefore not on personell classifiable parts of cancellation risks from business parts displayed. Furthermore are here provisions for threatened claims from financial loss displayed.

### 3.2.6 Current liabilities [21]

| | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|
| Provisions for taxes | 362 | 618 |
| Liabilities to banks | 3 | 227 |
| Accounts payable | 9,745 | 11,291 |
| Other current liabilities | | |
| Puchase price liabilities | 0 | 2,086 |
| Interest-rate derivatives with a hedging purpose | 0 | 0 |
| loan liability | 0 | 1,678 |
| Other | 5,412 | 4,942 |
| Deferred income | 76 | 19 |
| **Total** | **15,598** | 20,861 |

Tax provisions essentially comprise the expected final payments for corporate income tax, solidarity surcharge and trade tax for the 2014 and 2015 plus threatening additional tax payments for past periods.

Other accounts payable also comprise obligations under the cancellation reserve with a term of up to one year.

The remaining other liabilities contain items such as purchase price liabilities and liabilities for services already received.

## 3.3 DISCLOSURES ON LEASES

Where a lease agreement may not be classified as a finance lease, it constitutes an operating lease under which the lessor is the economic beneficiary of the leased item.

With the exception of an agreement for the use of IT hardware, all lease agreements concluded by Group companies are pure tenancy agreements. Generally the risks and rewards associated with ownership are not transferred under these agreements.

The future minimum lease payments under operating leases are as follows:

| | 31/12/2015<br>kEUR | 31/12/2014<br>kEUR |
|---|---|---|
| Residual term | | |
| up to one year | 1,214 | 1,239 |
| between two and five years | 545 | 1,194 |
| longer than five years | 3 | 0 |
| **Total** | **1,762** | 2,433 |

There are lease agreements for office premises, office equipment, IT equipment and cars.

The agreements have remaining terms of between 2 and 61 months (previous year: 2 to 61 months), whereby some contain extension and price adjustment clauses. None of these lease agreements contains contingent lease payments. On the basis of the existing agreements, payments of kEUR 1,282 (previous year: kEUR 1,272) were recognised as expenses during the year under review.

## 3.4 CONTINGENCIES

### a) Liability for products on the “master list”

As business partners of the JDC Group Group companies, the independent brokers are liable for their investment recommendations regarding the products offered if they have not complied with all the legal checks and research obligations. For selected products Jung, DMS & Cie. AG arranges for these reviews, which result in an exemption from liability, to be carried out by its own staff and with recourse to external research firms.

For transactions in these reviewed products, which are indicated in the master lists, the pool automatically and voluntarily assumes liability when the transactions are processed by Group companies.

### b) Liability umbrella

Jung, DMS & Cie. GmbH, Vienna/Austria, FiNUM.Finanzhaus AG, Wiesbaden, and FiNUM.Private Finance AG, Berlin, assumes more extensive liability for financial brokers who become tied agents on the basis of an exclusive pool partner agreement. The companies are directly liable to the pool partners' customers for any consulting errors. In order to avoid charges resulting from this external liability where possible, the pool partner comprehensively indemnifies Jung, DMS & Cie., Vienna/Austria, against any such claims on the basis of the existing internal relationship.

### c) Letters of comfort

JDC Group AG has issued letters of comfort to various insurance companies for its subsidiaries.

Jung, DMS & Cie. AG has issued letters of comfort for its subsidiary Jung, DMS & Cie. Pool GmbH to various insurance companies.

### d) Other contingencies

There are no other contingencies as of the reporting date.

## 3.5 CONTINGENT LIABILITIES

By the time of publication of the annual financial report there were no contingent liabilities.

## 3.6 RELATED PARTIES

In accordance with IAS 24, persons or companies which control over JDC Group AG or are controlled by it must be disclosed unless they are included as consolidated companies in JDC Group's consolidated financial statements. Control exists if a shareholder holds more than 50 percent of the voting rights in JDC Group AG or has the power to govern the financial and operating policies of JDC Group AG on the basis of a contractual agreement.

In addition the disclosure requirement under IAS 24 applies to transactions with associated companies and transactions with persons who exercise significant influence on the financial and operating policies of JDC Group AG, including close family members and intermediary companies. A significant influence on the financial and operating policies of JDC Group AG may be based on a shareholding in JDC Group AG of 20 percent or more, a seat on the Management Board or Supervisory Board or another key management position in the company.

For JDC Group AG the following disclosure obligations arise for the financial year:

Both members of the managing board with their subsidiary companies Aragon Holding GmbH and Grace Beteiligungs GmbH are the biggest single shareholders each with 23 percent, 20 percent are held by strategic investors and further 35 percent are in the free-float.

Transactions with members of the Management Board and the Supervisory Board:

| | 31/12/2015 kEUR | 31/12/2014 kEUR |
|---|---|---|
| Supervisory Board | | |
| Total remuneration | 64 | 195 |
| Management Board | | |
| **Total remuneration*** | **736** | 736 |

* The total remuneration of the Boards of JDC Group AG is disclosed, even when the costs have been borne by subsidiaries.

## 3.7 SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No subject to report events took place after the reporting date.

## 3.8 STATEMENT OF CHANGES IN EQUITY

The movement in Group equity as of the reporting date is shown in the statement of changes in equity, which forms part of the consolidated financial statements.

The reduction of kEUR –1,728 for the group's equity capital (previous year: kEUR 6,575) resulted from the results for the reporting year.

## 3.9 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The Group's changes in financial position are reflected in the cash flow statement, which forms part of the consolidated financial statements in accordance with IFRS. At EUR –0.6 million, the cash flow from operating activities was negative.

In the cash flow statement, the changes in cash and cash equivalents within the JDC Group Group during the financial year are shown on the basis of the cash flows from operating activities, investment activities and financing activities. Non-cash transactions are combined into a total amount only under the cash flow from operating activities.

Deviating to the previous year are the payed interests from financing activities displayed, the previous year was therefore adjusted. The reason therefor is disclosure of a issued bond in the financing activities, which is also the main part of the interest expenses.

### Cash and cash equivalents

Cash and cash equivalents are broken down in the consolidated cash flow statement. Cash and cash equivalents with a residual term of a maximum of three months are pooled in this item. Cash equivalents are current investments that can be converted into cash at any time and which are only subject to minor fluctuations in value.

## 3.10 SEGMENT REPORTING

Pursuant to IFRS 8, reportable operating segments are identified based on the management approach. This means that the external segment reporting is based on the internal Group organisational and management structure and the internal financial reporting provided to the chief operating decision maker. In the JDC Group Group, the Management Board of JDC Group AG is responsible for measuring and managing the segments' business results and is the highest chief operating decision maker within the meaning of IFRS 8.

JDC Group AG reports on three segments which are managed independently by committees responsible for the segment in accordance with the type of products and services offered. The designation of company segments as business segments is based in particular on the existence of segment managers responsible for the results who report directly to the chief operating decision maker of the JDC Group Group.

The JDC Group Group divides into the following segments:
— Broker Pools
— Financial Consulting
— Holding

### Broker Pools

In the Broker Pools segment, the Group pools its activities involving independent financial advisers. The offering encompasses all asset classes (investment funds, closed-end funds, insurance products and certificates) provided by different product companies and including order processing and commission settlement as well as various other services relating to investment advice for retail customers.

### Financial Consulting

The Group's activities that focus on advisory and sales services for retail customers are bundled in the Financial Consulting segment. As an independent financial and investment adviser, we offer our customers holistic consultancy services for insurance, investment funds and financing products that are tailored to the customer's particular situation.

## Holding

The Holding Segment includes the investment in JDC Group IT Service GmbH and the JDC Group AG. Beginning of the fiscal year 2011 Fundmatrix AG, which was added to the segment holding because of materiality reasons, was merged into Jung, DMS & Cie. Pool GmbH.

The measurement principles for JDC Group's segment reporting are based on the IFRS standards used in the consolidated financial statements. JDC Group evaluates the performance of the segments using, among other things, the operating results (EBIT). The revenues and preliminary services between the segments are allocated on the basis of market prices.

Segment assets and liabilities comprise all assets and liabilities allocable to the operating arena and whose positive and negative results determine the operating results. The segment assets include in particular tangible and intangible assets, commission claims and other receivables. The segment liabilities relate in particular to accounts payable and other liabilities. The segment investments include the additions in tangible and intangible assets.

The number of employees in each of JDC Group Group's individual segments – excluding board members – is as follows:

| | 2015 | 2014 |
|---|---|---|
| Broker Pools | 150 | 146 |
| Financial Consulting | 36 | 35 |
| Holding | 26 | 20 |
| **Gesamt** | **212** | 201 |

## Geographical segment information

JDC Group Group is mainly acting in Germany and Austria, therefore the customer group forms a single geographic segment (German-speaking region of the European Union).

# 4 ADDITIONAL INFORMATION

## 4.1 OBJECT OF THE BUSINESS AND KEY ACTIVITIES

In accordance with the Articles of Association, the object of JDC Group AG is the acquisition, management and disposal of investments in companies, in particular in the financial services sector, as well as the provision of management, consultancy and general services, especially for the companies below.

The parent company is a holding company, which mainly acquires majority stakes in sales organisations whose activities focus on placing financial products and providing related services. The company provides consultancy and management services for its subsidiaries. The commercial strategy is long-term integration of investments in the Group to strengthen the earnings power of the relevant subsidiaries by leveraging synergies. As part of the holding structure developed, JDC Group AG is responsible for the strategic management of the Group's business and financial policy. Conversely, operational responsibility lies with the subsidiaries. The parent company also acts as an interface with the capital market.

Jung, DMS & Cie. AG acts as an operating investment holding company. The area of activity of this company and its subsidiaries consists of the operation of purchasing and settlement platforms for independent financial advisers, known as broker pools, which take over key functions for independent brokers, such as product purchasing, marketing, central transaction processing and training. In return for the above services, the broker pools retain a portion of the initial commission earned as well as a portion of the follow-up commission. The subsidiaries of Jung, DMS & Cie. AG maintain in excess of 16,000 pool partner relationships and currently have presences in Wiesbaden, Munich and Vienna.

In their consulting activities, the FiNUM.Private Finance AG, Vienna/Austria plus FiNUM.Private Finance AG, Berlin and FiNUM.FINANZHAUS GmbH, Wiesbaden focus on the interests of end customer. As independent financial advisors, they offer customised advisory services in the areas of insurance, investments and financing.

Jung, DMS & Cie. GmbH, Vienna/Austria, is a licensed securities service company and is subject to regulation by the Austrian Financial Markets Supervisory Authority (FMA). FiNUM.Private Finance AG, Berlin is concessionary securities-related services enterprises and is subject to regulation by German Federal Financial Supervisory Authority (BaFin).

## 4.2 RISK MANAGEMENT, FINANCIAL DERIVATIVES AND OTHER INFORMATION ON CAPITAL MANAGEMENT

The success of the JDC Group depends largely on the financial performance of its subsidiaries and associated companies. Their performance in turn is linked to financial and capital market developments. The success of JDC Group AG depends directly on the financial products offered in the market. It cannot therefore be excluded that the market may stagnate or develop negatively which could result in the Group not being able to perform in line with expectations.

Relevant company-related risks are as follows:
- When brokering financial products and insurance policies, the possibility cannot be excluded that cancellations will give rise to expenses that are not covered by corresponding recourse claims towards brokers. The recovery of this kind of recourse claim is set to play a more important role. In the context of its sales arrangements with insurance companies, JDC Group AG in some cases issues letters of comfort for its subsidiaries.
- Claims may be asserted against the JDC Group in connection with incorrect information or incorrect advice provided by its sales partners. Whether the risks involved are covered by existing insurance cover or by recourse claims towards brokers then depends on the details of the individual case.
- Ongoing volatility on the capital markets and difficulty in forecasting product turnover place high requirements in liquidity management. Any lack of liquidity could pose a threat to the Group's continued existence.
- Seller guarantees customary to the market were granted upon the execution of company sales. Any infringement of these seller guarantees may lead to unscheduled expenses for the JDC Group.

Relevant market-related risks are as follows:
- The company's business success is basically dependent on macroeconomic developments.
- Developments in national and global financial and capital markets are of significant relevance for the success of the JDC Group and the consolidated group. Persistent volatility or negative developments could impact negatively on the earnings strength of JDC Group AG.
- The stability of the legal and regulatory framework in Germany and Austria is a factor of great importance. Any changes in the underlying framework for financial services companies, brokers, or financial products, especially any changes made at short notice, could impact negatively on the business model of JDC Group AG.

Relevant regulatory risks are as follows:
- The implementation of the MiFID II Directive in Germany may still lead to an increased reporting and recording duties in the area of securities. This would necessitate substantial changes or conversions in the business processes at JDC Group companies.

At present, the Management Board has not discerned any other risks which may jeopardise the existence or growth of the company.

## 4.3 RISK MANAGEMENT OBJECTIVES AND METHODS

Risk management objectives and methods are determined and documented at the level of JDC Group AG. Risks have been structured systematically in the following four groups:

1. Strategic risks, relating to:
— Expertise
— Staff: recruitment, management and motivation
— Market prominence
— M&A measures
— Resource allocation and
— Communications
— Advisors and their qualification

2. Financial risks, relating to:
— Medium and long-term financing
— Short-term liquidity supply
— Financial instruments
— VAT-related risks and
— Fraud

3. Operating risks, relating to:
— Project and acquisition-related risks
— Contractual risks

4. External risks, relating to:
— IT security
— Financial market conditions as well as
— Legal, practical and social changes

The risk management of the Group companies includes, for each of the potential risk fields, the early detection of risks, information and communication, handling of risks by defining and executing corresponding countermeasures as well as the documentation of the risk management system.

## 4.4 ADDITIONAL DISCLOSURES PURSUANT TO SECTION 315A (1) HGB AND TO SECTION 314 (1) NO. 8 HBG

The list of shareholdings is attached to these notes in the Appendix 3, pages 107.

The auditor of the consolidated financial statements for the financial year calculated total fee is kEUR 160 for auditor’s services.

On average, the Group companies employed 212 staff – excluding Management Board members – throughout the year (previous year: 201).

## EXECUTIVE BODIES OF JDC GROUP AG

### Management Board

DR. SEBASTIAN GRABMAIER
Grünwald
Attorney
CEO

RALPH KONRAD
Mainz
Businessman (Dipl.-Kfm.)
CFO

### Supervisory Board

JENS HARIG
Kerpen
Independent entrepreneur
Chairman

EMMERICH KRETZENBACHER
Hamburg
Graduated Certified Accountant
Deputy Chairman

ALEXANDER SCHÜTZ
Vienna
Independent entrepreneur
(since March 30, 2016)

STEFAN SCHÜTZE
Frankfurt am Main
Attorney
(until March 09, 2016)

DR. CHRISTIAN WAIGEL
Munich
Attorney
Deputy Chairman
(until April 22, 2015)

ANNE CONNELLY
Erding
Marketing Director
(until February 28, 2015)

The remuneration of the Management Board and Supervisory Board is disclosed under ref. 3.6. There is no obligation to disclose the remuneration of individual members of the Management Board in accordance with Section 314 (1) No. 6a Clause 5 ff. of the German Commercial Code (HGB), as JDC Group AG is not a listed joint stock company within the meaning of Section 3 (2) of the German Stock Corporation Act (AktG).

# Appendix 1

## Statement of changes in consolidated fixed assets as of 31 December 2015

| | Cost of Acquisition/production | | | |
|---|---|---|---|---|
| | 01/01/2015 kEUR | Additions kEUR | Disposals kEUR | **31/12/2015 kEUR** |
| **I. Intangible assets** | | | | |
| 1. Concessions, industrial property rights and similar rights and values | 18,121 | 960 | 303 | 18,778 |
| a) internally generated industrial property rights and similar rights and values | 4,091 | 886 | 0 | 4,977 |
| b) for remuneration aquired concessions and similar values | 14,030 | 74 | 303 | 13,801 |
| 2. Goodwill | 24,557 | 0 | 0 | 24,557 |
| 3. Advances paid | 0 | 0 | 0 | 0 |
| | **42,678** | **960** | **303** | **43,335** |
| **II. Property, plant and equipment** | | | | |
| Other equipment, operating and business equipment | 3,704 | 141 | 713 | 3,132 |
| | **3,704** | **141** | **713** | **3,132** |
| **III. Financial assets** | | | | |
| 1. Shares in affiliated companies | 25 | 0 | 0 | 25 |
| 2. Closed-end fund investments | 20 | 104 | 0 | 124 |
| 3. Securities held as fixed assets | 50 | 0 | 0 | 50 |
| | **95** | **104** | **0** | **199** |
| | | | | |
| | **46,477** | **1,205** | **1,016** | **46,666** |

| Depreciation/amortisation | | | | Book value | |
|---|---|---|---|---|---|
| 01/01/2015 kEUR | Depreciation/ Amortisation in financial year kEUR | Disposals kEUR | **31/12/2015 kEUR** | 31/12/2014 kEUR | **31/12/2015 kEUR** |
| | | | | | |
| 11,017 | 1,373 | 303 | 12,087 | 7,104 | 6,691 |
| 1,437 | 823 | 0 | 2,260 | 2,654 | 2,717 |
| 9,580 | 549 | 303 | 9,827 | 4,450 | 3,974 |
| 0 | 0 | 0 | 0 | 24,557 | 24,557 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| **11,017** | **1,373** | **303** | **12,087** | **31,661** | **31,248** |
| | | | | | |
| 3,249 | 174 | 702 | 2,721 | 455 | 411 |
| **3,249** | **174** | **702** | **2,721** | **455** | **411** |
| | | | | | |
| 0 | 0 | 0 | 0 | 25 | 25 |
| 0 | 0 | 0 | 0 | 20 | 124 |
| 50 | 0 | 0 | 50 | 0 | 0 |
| **50** | **0** | **0** | **50** | **45** | **149** |
| | | | | | |
| **14,316** | **1,547** | **1,005** | **14,858** | **32,161** | **31,808** |

# Appendix 2

## Statement of changes in the net book values of consolidated fixed assets as of 31 December 2015

| | Book value 01/01/2015 kEUR | Additions/ Reclassifications kEUR | Disposals kEUR | Depreciation/ amortisation in the financial year kEUR | **Book value 31/12/2015 kEUR** |
|---|---|---|---|---|---|
| **I. Intangible assets** | | | | | |
| 1. Concessions, industrial property rights and similar rights and values | 7,104 | 960 | 0 | 1,373 | 6,691 |
| a) internally generated industrial property rights and similar rights and values | 2,454 | 886 | 0 | 823 | 2,517 |
| b) for remuneration aquired concessions and similar values | 4,650 | 74 | 0 | 549 | 4,174 |
| 2. Goodwill | 24,557 | 0 | 0 | 0 | 24,557 |
| 3. Advances paid | 0 | 0 | 0 | 0 | 0 |
| | **31,661** | **960** | **0** | **1,373** | **31,248** |
| **II. Property, plant and equipment** | | | | | |
| Other equipment, operating and business equipment | 455 | 141 | 11 | 174 | 411 |
| | **455** | **141** | **11** | **174** | **411** |
| **III. Financial assets** | | | | | |
| 1. Shares in affiliated companies | 25 | 0 | 0 | 0 | 25 |
| 2. Closed-end fund investments | 20 | 104 | 0 | 0 | 124 |
| 3. Securities held as fixed assets | 0 | 0 | 0 | 0 | 0 |
| | **45** | **104** | **0** | **0** | **149** |
| | | | | | |
| | **32,161** | **1,205** | **11** | **1,547** | **31,808** |

# Appendix 3

## List of shareholdings as of 31 December 2015

| Company name and registered office | Shareholding in % |
| --- | --- |
| **Subsidiaries included in the consolidated financial statements:** | |
| Jung, DMS & Cie. Aktiengesellschaft, München | 100,0 |
| FiNUM.Private Finance Holding GmbH, Wien/Österreich | 100,0 |
| FiNUM.Private Finance AG, Wien/Österreich[1] | 100,0 |
| Jung, DMS & Cie. GmbH, Wien/Österreich[1] | 100,0 |
| Jung, DMS & Cie. Pool GmbH, Wiesbaden[1] | 100,0 |
| Jung, DMS & Cie. Maklerservice GmbH, Wien/Österreich[1] | 100,0 |
| Jung, DMS & Cie. Pro GmbH, Wiesbaden[1] | 100,0 |
| FiNUM.Pension Consulting GmbH, vormals JDC Financial Training GmbH, Wiesbaden[1] | 100,0 |
| JDC plus GmbH, vormals JDC Finanz GmbH, Wiesbaden[1] | 100,0 |
| Jung, DMS & Cie. Fundmatrix AG, Wiesbaden[1] | 100,0 |
| Aragon Media GmbH, Wiesbaden[1] | 100,0 |
| Fine IT Solutions GmbH, Troisdorf | 100,0 |
| FiNUM.Private Finance Holding GmbH, Wiesbaden | 100,0 |
| FiNUM.Private Finance AG, Berlin[1] | 100,0 |
| FiNUM.Finanzhaus AG, Wiesbaden[1] | 100,0 |

[1] indirect shareholding, indication of the proportion of shares held by the subsidiary

| Company name and registered office<br>Non-consolidated subsidiaries and investments: | Shareholding in % | Equity 31/12/2015 kEUR | Net profit 2015 kEUR |
| --- | --- | --- | --- |
| 1. Non-consolidated subsidiaries | | | |
| MEG AG, Kassel | 100,0 | k. A. | k. A. |
| FVV GmbH, Wiesbaden [2] | 100,0 | –3 | –1 |
| | | | |
| 2. Other investments | | | |
| Dr. Jung & Richter GmbH, Steinigtwolmsdorf [1] | 20,0 | 6 | 94 |
| Dr. Jung & Partner GmbH Generalrepräsentanz, Essenbach [1] [3] | 30,0 | 149 | –59 |
| BB-Wertpapier-Verwaltungsgesellschaft mbH, Augsburg | 25,1 | 89 | –8 |

[1] indirect shareholdings via Jung, DMS & Cie. Pool GmbH
[2] indirect shareholdings via FiNUM.Private Finance AG, Berlin
[3] Data from 31 Dezember 2014
[4] Data from 30 September 2014

# Appendix 4

## Additional informations concerning Financial instruments IAS 39 as of 31 December 2015

| | Measurement categories as defined by IAS 39 | Book value 31/12/2015 kEUR | Continuing book kEUR | Cost of acquisition kEUR | Fair Value – not affecting net income kEUR |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| | | | | | |
| **Non-current assets** | | | | | |
| Financial assets | | | | | |
| Shares in affiliated companies | AfS | 25 | | 25 | |
| Closed-end fund investments | AfS | 124 | | 124 | |
| Accounts receivable | LaR | 791 | 791 | | |
| | | | | | |
| **Current assets** | | | | | |
| Accounts receivable | LaR | 11,623 | 11,623 | | |
| Other assets | LaR | | | | |
| Other | LaR | 11,518 | 11,518 | | |
| Cash and cash equivalents | LaR | 5,320 | 5,320 | | |
| | | | | | |
| **Liabilities** | | | | | |
| | | | | | |
| **Non-current liabilities** | | | | | |
| Bonds | HtM | 12,688 | 12,688 | | |
| Liabilities due to banks | FLAC | | | | |
| Accounts payable | FLAC | 7,478 | 7,478 | | |
| Other liabilities | FLAC | 1,664 | 1,664 | | |
| | | | | | |
| **Current liabilities** | | | | | |
| Liabilities due to banks | FLAC | 3 | 3 | | |
| Accounts payable | FLAC | 9,745 | 9,745 | | |
| Other liabilities | | | | | |
| Other liabilities | FLAC | 5,412 | 5,412 | | |
| Thereof measurement categories as defined by IAS 39 | | | | | |
| Loans and Receivables | LaR | 29,252 | 29,252 | | |
| Held-to-Maturity Investments | HtM | 12,688 | 12,688 | | |
| Available-for-Sale Financial Assets | AfS | 149 | | 149 | |
| Financial Liabilities Measured at Amortised Costs | FLAC | 24,302 | 24,302 | | |

* The management realised that the disclosed time values of all positions with exception of the issued bond mainly due to the short time span of these instruments meet their book value. The fair value of the bond liability was deviated from the bond's market price.

| | Fair Value – affecting net income kEUR | **Fair Value 31/12/2015 kEUR** | Book value 31/12/2014 kEUR | Continuing book value kEUR | Cost of acquisition kEUR | Fair Value – not affecting net income kEUR | Fair Value – affecting net income kEUR | Fair Value 31/12/2014 kEUR |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | 25 | 25 | | 25 | | | 25 |
| | | 124 | 20 | | 20 | | | 20 |
| | | 791 | 742 | 742 | | | | 742 |
| | | | | | | | | |
| | | | | | | | | |
| | | 11,623 | 11,901 | 11,901 | | | | 11,901 |
| | | | | | | | | |
| | | 11,518 | 6,090 | 6,090 | | | | 6,090 |
| | | 5,320 | 4,176 | 4,176 | | | | 4,176 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | 12,203 | | | | | | |
| | | | 7 | 7 | | | | 7 |
| | | 7,478 | 7,078 | 7,078 | | | | 7,078 |
| | | 1,664 | 3,054 | 3,054 | | | | 3,054 |
| | | | | | | | | |
| | | | | | | | | |
| | | 3 | 227 | 227 | | | | 227 |
| | | 9,745 | 11,291 | 11,291 | | | | 11,291 |
| | | | | | | | | |
| | | 5,412 | 8,706 | 8,706 | | | | 8,706 |
| | | | | | | | | |
| | | 29,252 | 22,909 | 22,909 | | | | 22,909 |
| | | 12,203 | | | | | | |
| | | 149 | 45 | | 45 | | | 45 |
| | | 24,302 | 30,363 | 30,363 | | | | 30,363 |

# Certification notation of independent auditor

We have audited the consolidated financial statements prepared by the JDC Group Aktiengesellschaft, Wiesbaden, comprising the balance sheet, consolidated statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January 2015 to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Article 315a Paragraph 1 Handelsgesetzbuch (German Commercial Code) and supplementary provisions of the articles of incorporation are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Article 317 Handelsgesetzbuch (German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable insurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of JDC Group Aktiengesellschaft, Wiesbaden, as of 31 December 2015 comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Article 315a Paragraph 1 Handelsgesetzbuch (German Commercial Code) and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Münster, 19 March 2016

A.A.S. Assurance & Advisory Services GmbH
Wirtschaftsprüfungsgesellschaft

Jäger
(Wirtschaftsprüfer)

Kortbuß
(Wirtschaftsprüfer)

# Contact

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**DISCLAIMER**

The Annual Report of JDC Group AG is available in German and English. The English translation of the Group Management Report and the consolidated financial statements has been provided for conveniance. The German version of the 2015 Annual Report (including the opinion of an independant auditor) is legally binding and can be viewed an the company's website: www.jdcgroup.de

We will provide you with additional information about JDC Group AG and its subsidiaries upon request.