

# **WINCOR**

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# **NIXDORF**

**Group Interim Report  
according to  
International Financial Reporting Standards (IFRS)  
as at March 31, 2004**

**WINCOR NIXDORF Holding GmbH, Paderborn**

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### Consolidated Statement of Income

	<u>Oct. 01, 2003 – Mar. 31, 2004</u>	<u>Oct. 01, 2002 – Mar. 31, 2003</u>
	€k	€k
1. Net sales	733,371	685,204
2. Cost of sales	<u>-525,553</u>	<u>-488,200</u>
3. Gross profit	207,818	197,004
4. Research and development expenses	-34,524	-32,852
5. Selling and administration expenses	-137,394	-135,140
6. Other operating income	14	1,563
7. Other operating expenses	-655	-9,487
8. Investment result from equity consolidation	<u>413</u>	<u>524</u>
9. Net profit on operating activities	35,672	21,612
10. Financial result	<u>-8,886</u>	<u>-13,193</u>
11. Net profit on ordinary activities	26,786	8,419
12. Taxes	<u>-3,907</u>	<u>-1,999</u>
13. Profit after taxes	22,879	6,420
14. Minority interests	<u>-343</u>	<u>-426</u>
15. Net profit for the period	<u><u>22,536</u></u>	<u><u>5,994</u></u>
<b>EBITA</b>	<u>48,498</u>	<u>42,961</u>
<b>EBITDA</b>	<u><u>60,434</u></u>	<u><u>53,530</u></u>

## Changes in Equity

	Subscribed capital	Add paid in capital	Other retained earnings	Revaluation reserve	Reserve for own shares	Other consolidation Reserves	Consolidated loss	Currency translation adjustments	IAS reserve	Total
	€k	€k	€k	€k	€k	€k	€k	€k	€k	€k
<b>As at October 01, 2002</b>	14,061	267,435	6,839	41	-4,376	-17,884	-56,637	1,105	-1,633	208,951
Profit (after minority interests)	0	0	0	0	0	0	5,994	0	0	5,994
Other changes	0	0	1,696	0	0	0	-3,679	0	100	-1,883
Exchange rate changes	0	0	0	0	0	0	0	-5,058	0	-5,058
<b>As at March 31, 2003</b>	<u>14,061</u>	<u>267,435</u>	<u>8,535</u>	<u>41</u>	<u>-4,376</u>	<u>-17,884</u>	<u>-54,322</u>	<u>-3,953</u>	<u>-1,533</u>	<u>208,004</u>
<b>As at September 30, 2003</b>	<u>14,061</u>	<u>269,143</u>	<u>8,595</u>	<u>57</u>	<u>-1,011</u>	<u>-28,195</u>	<u>-39,364</u>	<u>-5,488</u>	<u>-1,533</u>	<u>216,265</u>
Adjustment arising from first-time application of IFRS 3	0	0	0	0	0	193	0	0	0	193
<b>As at October 01, 2003</b>	<u>14,061</u>	<u>269,143</u>	<u>8,595</u>	<u>57</u>	<u>-1,011</u>	<u>-28,002</u>	<u>-39,364</u>	<u>-5,488</u>	<u>-1,533</u>	<u>216,458</u>
Profit (after minority interests)	0	0	0	0	0	0	22,536	0	0	22,536
Other changes	0	-1,994	1,580	0	1,011	0	-1,594	0	0	-997
Distributions	0	-160,000	0	0	0	0	0	0	0	-160,000
Exchange rate changes	0	0	0	0	0	0	0	-884	0	-884
<b>As at March 31, 2004</b>	<u>14,061</u>	<u>107,149</u>	<u>10,175</u>	<u>57</u>	<u>0</u>	<u>-28,002</u>	<u>-18,422</u>	<u>-6,372</u>	<u>-1,533</u>	<u>77,113</u>

## Group Cash Flow Statement

	Oct. 01, 2003 – Mar. 31, 2004	Oct. 01, 2002 – Mar. 31, 2003
	€k	€k
<b>Cash flow from operating activities</b>	108,569	92,181
<b>Cash flow from investment activities</b>	-22,787	-12,601
<b>Cash flow from financing activities</b>	-20,802	-32,898
<b>Change in liquidity</b>	<u>64,980</u>	<u>46,682</u>
<b>Change in cash funds arising from exchange rate movements and changes to consolidation group</b>	-324	-1,418
<b>Cash funds as at October 01</b>	-2,103	32,657
<b>Cash funds as at March 31</b>	62,553	77,921

## **Selected Explanatory Notes**

### **General**

WINCOR NIXDORF was demerged from the Siemens Group by means of a leveraged buy-out on October 01, 1999. The ultimate parent company is WINCOR NIXDORF Holding GmbH, with registered office in Paderborn, Germany. The company is entered in the Commercial Register of the District Court of Paderborn. The Group's fiscal year commences on October 01 and ends on September 30 of the subsequent calendar year.

The Group specializes in IT products, solutions and associated services to the retail and banking industries.

WINCOR NIXDORF is represented in over 90 countries around the world and has its own subsidiary companies in 30 of these.

Major business geographies are Germany and Europe, however the Company also operates in America, Africa and Asia.

The Group's production facilities are located in Paderborn and Singapore. Research and development locations are Paderborn, Berlin, Frankfurt and Jakarta.

The business is conducted in the Retail and Banking segments.

Through its Retail Division, WINCOR NIXDORF provides products, solutions and services covering the entire value added chain in the retail industry. Key elements of the Company's proposition include in-store solutions such as point-of-sale systems and electronic shelf labelling, consulting services and implementation of company-wide solutions covering the issues Enterprise Resource Planning, Category Management, Customer Relationship Management and eCommerce.

The Banking Division proposition includes automated teller machines, bank statement printers, services and multimedia information and service terminals for other service providers also. WINCOR NIXDORF is the world's only supplier of a universally applicable software package for self-service banking, based on worldwide standards.

Reported figures are shown in thousands of euros (€ k).

## **Principles of Consolidation, Accounting and Valuation**

This Group interim report was compiled in accordance with the requirements of the International Accounting Standards Board (IASB) and the bulletins of the International Financial Reporting Interpretations Committee (IFRIC).

On March 31, 2004 the IASB adopted the new standard IFRS 3 *Business Combinations* as well as revision of IAS 36 *Impairment of Assets* and IAS 38 *Intangible Assets*. The IASB allows these standards to be applied prior to this date. WINCOR NIXDORF has decided to apply these standards on October 1, 2003 for the first time.

The standards stipulate that goodwill is no longer to be amortized on a scheduled basis; instead, it must be amortized on a non-scheduled basis if valuation adjustments are required. An impairment test was carried out on March 31, 2004. There was no need to provide for depreciation. Due to the prohibition of scheduled amortization, expenses of € 9,430k that would have arisen otherwise and entered under Other operating expenses did not occur in the first half of the year.

Under the new regulations, negative goodwill arising from the capital consolidation in the past is no longer to be entered as income on a scheduled basis over the average useful life of the acquired assets. Instead, these amounts are to be dissolved and the retained earnings adjusted accordingly. In accordance with this regulation, the level of negative goodwill on October 1, 2003 in the amount of € 193k was offset against the other consolidation reserves. Due to the offsetting, income of € 86k, which had so far been netted with the scheduled amortization to goodwill and reported in Other operating expenses, was not realized.

For the rest, the same principles of consolidation, accounting and valuation and calculation methods apply to this interim report, which was compiled in accordance with the requirements of IAS 34 *Interim Financial Reporting*, as for the Group financial statements as at September 30, 2003. The methods of accounting and valuation that were applied are described in detail in the Notes to the Group financial statements as at September 30, 2003.

### **Consolidation Group**

In addition to the parent company WINCOR NIXDORF Holding GmbH, the Group financial statements to March 31, 2004 essentially include all domestic and foreign subsidiaries in which WINCOR NIXDORF Holding GmbH owns, either directly or indirectly, over 50% of the shares or voting rights.

The consolidation group has changed as follows during the past fiscal half-year:

- Wincor Autotell LLC, Tyngsboro, USA, was merged with its parent company, Wincor Nixdorf Inc., Austin, USA, effective October 1, 2003.

- The companies founded in the previous fiscal year, Pt. Wincor Nixdorf Indonesia, Jakarta, Selatan, Indonesia, and Wincor Nixdorf Soluções em Tecnologia da Informação Ltda., São Paulo, Brazil, were included in the Group financial statements on October 1, 2003 for the first time.
- WINCOR NIXDORF ENGINEERING GmbH, Großbeeren, was sold as at November 30, 2003.
- At midnight on December 31, 2003, the 49.99% interest in the company that has so far been included in the Group financial statements as an associated company using the equity method, Wincor Nixdorf Systemes Bancaires S.A.S., Plaisir, France (formerly THALES NIXDORF Systemes Bancaires S.A.S., Plaisir, France), was increased to 100%. The purchase price for 50.01% of the shares in this company was € 10.0 million. The company was included in the Group financial statements as per January 1, 2004, as part of full consolidation. In the course of this acquisition, the banking service business of the former majority shareholder was also acquired as per January 1, 2004 for a purchase price of € 10.4 million and incorporated into Wincor Nixdorf Systemes Bancaires S.A.S. The impact of these acquisitions on the net worth and profitability was as follows:

	€k
Goodwill	22,603
Other assets	8,780
Liabilities and accruals	28,256
Net sales	10,991

- Two companies were acquired in February 2004 in order to further develop the lottery business. These were: Partep AG, Baar, Switzerland, acquired for a purchase price of € 68k; and a German company, which was acquired for a purchase price of € 29k and renamed Wincor Nixdorf Lottery Solutions GmbH, Paderborn.

Including WINCOR NIXDORF Holding GmbH, Paderborn, the consolidated group therefore comprised 47 companies as at March 31, 2004.

### **Explanatory Notes on Equity**

On December 18, 2003, the shareholders' meeting resolved to repay € 160,000k from capital reserves to the shareholders. On March 30/31, 2004 WINCOR NIXDORF restructured the Management Equity Participation Plan, in relation to which a capital increase had taken place in August 2000.

### **Explanatory Notes on the Financial Result**

A one-off interest income item of € 3,752k was taken into account in the financial results in the 2nd quarter of the current fiscal year. The interest income corresponds to claims in respect of accumulated interest paid in connection with the restructuring of the Management Equity Participation Plan.

## Segment Report by Division

	Oct. 01, 2003 – Mar. 31, 2004		
	<u>Banking</u> €k	<u>Retail</u> €k	<u>Group</u> €k
Net sales to external customers	427,295 (413,264)	306,076 (271,940)	733,371 (685,204)
Operating profit EBITA	38,609 (37,916)	9,889 (5,045)	48,498 (42,961)
Depreciation of tangible fixed assets and licences	8,083 (7,284)	3,853 (3,285)	11,936 (10,569)

Comparative figures for the period from October 1, 2002 to March 31, 2003 are given in parentheses.

## Reconciliation of Segment Profit to Group Profit

	<u>Oct. 01, 2003 – Mar. 31, 2004</u> €k	<u>Oct. 01, 2002 – Mar. 31, 2003</u> €k
<b>Operating profit EBITA</b>	48,498	42,961
Goodwill amortization	0	-200
<b>Operating profit (EBIT)</b>	48,498	42,761
Profit charges arising from the carve out	-12,826	-21,149
Financial result	-8,886	-13,193
<b>Net profit on ordinary activities</b>	26,786	8,419
Taxes on profits	-3,907	-1,999
<b>Net profit after taxes</b>	22,879	6,420
Minority interests	-343	-426
<b>Group net profit after minority interests</b>	<u>22,536</u>	<u>5,994</u>

The operating profit is stated here as the net profit before taking into account the profit charges arising from the carve-out, which result from the depreciation of product know-how acquired in the course of the carve-out. Since the product know-how is used by both segments, this depreciation was not divided across both the segments, Retail and Banking, as in previous years. Goodwill amortization in the previous years was also not divided across the segments, since a split of this type is not possible, either directly or on the basis of reasonable assumptions.

### Profit Charges arising from the Carve-out

WINCOR NIXDORF was demerged from the Siemens Group by means of a leveraged buy-out on October 1, 1999. The purchase price exceeding the net assets acquired was divided as follows:

	Oct. 01, 1999
	€k
Produkt-Know-how	206,664
Goodwill	351,623
Negative goodwill	-1,274
	<u>557,013</u>

The amortization/depreciation arising from this has impacted as follows on the net profit on ordinary activities as follows:

	Oct. 01, 2003- Mar. 31, 2004	Oct. 01, 2002- Mar. 31, 2003
	€k	€k
Amortization of product know-how	12,826	12,041
Goodwill amortization and amortization of negative goodwill	0	9,108
	<u>12,826</u>	<u>21,149</u>

### Statement of Income before Profit Charges arising from the Carve-out

	Oct. 01, 2003- Mar. 31, 2004	Oct. 01, 2002- Mar. 31, 2003
	€k	€k
Net sales	733,371	685,204
Cost of sales	-512,727	-476,159
<b>Gross profit</b>	220,644	209,045
<i>Gross margin in %</i>	30,09 %	30,51 %
Research and development expenses	-34,524	-32,852
Selling and administration expenses	-137,394	-135,140
Other operating income	14	1,563
Other operating expenses	-655	-379
Investment result from equity consolidation	413	524
<b>Operating profit (EBIT)</b>	48,498	42,761
Goodwill amortization	0	200
<b>EBITA</b>	48,498	42,961
Depreciation of tangible fixed assets and licenses	11,936	10,569
<b>EBITDA</b>	<u>60,434</u>	<u>53,530</u>

### **Significant Events during the Period of the Interim Report and after it**

On February 18, 2004, it was resolved to establish WINCOR NIXDORF Aktiengesellschaft [joint stock corporation], Paderborn, out of WINCOR NIXDORF Holding GmbH [limited liability company], by means of a change of corporate form in accordance with Sections 190 ff. in conjunction with Sections 226 f., 238 ff. UmwG [Law regulating the transformation of companies].

On April 16, 2004, an application for approval of a Preliminary Offering Circular and admission of the entire capital stock was submitted to Deutsche Börse AG, Frankfurt am Main.