

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2005/2006.

Group Changes in Intangible Assets and Property, Plant and Equipment 2005/2006.

	Cost of acquisition or production						Sept. 30, 2006
	B/F Oct. 1, 2005	Currency translation	Additions arising from the acquisition of business operations	Additions	Transfers	Disposals	
I. Intangible assets							
1. Commercial patents and similar rights/ items plus licenses to such rights/items	29,319	-177	511	5,737	871	2,945	33,316
thereof impairment							
2. Product know-how	206,664	0	0	0	0	0	206,664
thereof impairment							
3. Goodwill	334,753	-160	0	0	0	43	334,550
thereof impairment							
4. Advances made	677	0	0	3,710	0	0	4,387
	571,413	-337	511	9,447	871	2,988	578,917
II. Property, plant and equipment							
1. Land, buildings and other equivalent rights	62,599	-522	0	873	56	17,086	45,920
2. Plant and machinery	49,969	-416	0	4,390	380	2,249	52,074
thereof impairment							
3. Other fixed assets and office equipment	144,353	-1,485	4,638	31,213	592	17,150	162,161
thereof impairment							
4. Products leased to customers	5,326	-27	0	21	0	53	5,267
5. Advances made and equipment under construction	2,032	-14	0	3,589	-1,899	0	3,708
	264,279	-2,464	4,638	40,086	-871	36,538	269,130
	835,692	-2,801	5,149	49,533	0	39,526	848,047

Notes to the Group Financial Statements

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Amortization/Depreciation/Impairment						Book values		
B/F Oct. 1, 2005	Currency translation	Amortization/ Depreciation/ Impairment for the fiscal year	Additions arising from the acquisition of business operations	Transfers	Disposals	Sept. 30, 2006	Sept. 30, 2006	Sept. 30, 2005
12,594	-59	7,450	0	0	2,764	17,221	16,095	16,725
0	0	134	0	0	0	134		
154,853	0	20,031	0	0	0	174,884	31,780	51,811
10,845	0	2,984	0	0	0	13,829		
3,166	0	0	0	0	0	3,166	331,384	331,587
3,166	0	0	0	0	0	3,166		
0	0	0	0	0	0	0	4,387	677
170,613	-59	27,481	0	0	2,764	195,271	383,646	400,800
14,063	-193	2,109	0	53	3,558	12,474	33,446	48,536
39,250	-326	2,482	0	51	2,197	39,260	12,814	10,719
0	0	3	0	0	0	3		
99,424	-1,298	24,764	120	-104	14,807	108,099	54,062	44,929
242	0	201	0	0	0	443		
5,204	-27	99	0	0	45	5,231	36	122
0	0	0	0	0	0	0	3,708	2,032
157,941	-1,844	29,454	120	0	20,607	165,064	104,066	106,338
328,554	-1,903	56,935	120	0	23,371	360,335	487,712	507,138

Group Changes in Intangible Assets and Property, Plant and Equipment 2004/2005.

	Cost of acquisition or production						Sept. 30, 2005
	B/F Oct. 1, 2004	Currency translation	Additions arising from the acquisition of business operations	Additions	Transfers	Disposals	
I. Intangible assets							
1. Commercial patents and similar rights/ items plus licenses to such rights/items	19,054	24	7,142	5,599	3,553	6,053	29,319
2. Product know-how thereof impairment	206,664	0	0	0	0	0	206,664
3. Goodwill thereof impairment	333,319 ¹⁾	173	242	1,039	0	20	334,753
4. Advances made	3,790	0	0	434	-3,547	0	677
	562,827	197	7,384	7,072	6	6,073	571,413
II. Property, plant and equipment							
1. Land, buildings and other equivalent rights	62,014	76	79	554	290	414	62,599
2. Plant and machinery	50,866	91	1	1,421	39	2,449	49,969
3. Other fixed assets and office equipment thereof impairment	122,651	528	198	27,025	3,182	9,231	144,353
4. Products leased to customers	5,292	28	0	18	-6	6	5,326
5. Advances made and equipment under construction	2,865	5	0	2,683	-3,511	10	2,032
	243,688	728	278	31,701	-6	12,110	264,279
	806,515	925	7,662	38,773	0	18,183	835,692

¹⁾ Adjustment due to initial application of IFRS 3.

Notes to the Group Financial Statements

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Amortization/Depreciation/Impairment						Book values		
B/F Oct. 1, 2004	Currency translation	Amortization/ Depreciation/ Impairment for the fiscal year	Additions arising from the acquisition of business operations	Transfers	Disposals	Sept. 30, 2005	Sept. 30, 2005	Sept. 30, 2004
12,327	5	6,087	58	11	5,894	12,594	16,725	6,727
128,640	0	26,213	0	0	0	154,853	51,811	78,024
5,064	0	5,781	0	0	0	10,845		
3,166 ¹⁾	0	0	0	0	0	3,166	331,587	330,153
3,166	0	0	0	0	0	3,166		
0	0	0	0	0	0	0	677	3,790
144,133	5	32,300	58	11	5,894	170,613	400,800	418,694
12,025	37	2,131	0	41	171	14,063	48,536	49,989
39,045	84	2,429	0	0	2,308	39,250	10,719	11,821
87,920	523	19,788	0	-45	8,762	99,424	44,929	34,731
		242				242		
4,309	25	881	0	-7	4	5,204	122	983
0	0	0	0	0	0	0	2,032	2,865
143,299	669	25,229	0	-11	11,245	157,941	106,338	100,389
287,432	674	57,529	58	0	17,139	328,554	507,138	519,083

Segment Report by Division.¹⁾

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	Banking	Retail	Group
Net sales to external customers	1,177,690 (1,028,065)	769,879 (715,667)	1,947,569 (1,743,732)
Operating profit (EBITA) ²⁾	119,781 (105,001)	41,036 (31,600)	160,817 (136,601)
Segment assets	432,834 (357,134)	288,053 (249,025)	720,887 (606,159)
Segment liabilities	192,690 (130,815)	172,635 (147,401)	365,325 (278,216)
Investments in property rights, licenses and property, plant and equipment	38,702 (23,626)	10,831 (10,865)	49,533 (34,491)
Investments in reworkable service parts	4,806 (2,594)	1,201 (649)	6,007 (3,243)
Amortization/depreciation of property rights, licenses and property, plant and equipment	26,800 (20,886)	10,104 (9,619)	36,904 (30,505)
Write-down of reworkable service parts	4,219 (649)	1,055 (162)	5,274 (811)
Research & development expenses	56,905 (48,667)	30,532 (29,340)	87,437 (78,007)

¹⁾ For further explanations, see Note [28](#).

²⁾ After elimination of profit charges arising from the carve-out (see Note [29](#)).

Segment Report by Market Geography.¹⁾

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	Germany	Europe excl. Germany	Asia- Pacific & Africa	America	Group
Net sales to external customers	569,280 (512,500)	991,363 (902,398)	231,754 (195,752)	155,172 (133,082)	1,947,569 (1,743,732)
Segment assets	269,621 (234,125)	299,384 (245,686)	111,606 (97,161)	40,276 (29,187)	720,887 (606,159)
Investments in property rights, licenses and property, plant and equipment	37,053 (23,847)	7,466 (4,375)	769 (3,711)	4,245 (2,558)	49,533 (34,491)
Investments in reworkable service parts	6,007 (3,243)	0 (0)	0 (0)	0 (0)	6,007 (3,243)

¹⁾ For further explanations, see Note [28](#).

Last year's figures are shown in brackets for each item.

GENERAL INFORMATION.

The Wincor Nixdorf Group (in the following "Wincor Nixdorf" or the "Group") was demerged from Siemens Group by means of a leveraged buy-out on October 1, 1999. The ultimate parent company is Wincor Nixdorf AG located in Paderborn, Germany. The company is registered at the local court office in Paderborn, Germany. The stock of Wincor Nixdorf is listed on the Frankfurt Stock Exchange in the Prime Standard segment and is part of the MDAX. The Group's fiscal year commences on October 1 and ends on September 30 of the subsequent calendar year.

Wincor Nixdorf is one of the world's leading providers of IT solutions to retailers and retail banks. Our extensive portfolio is aimed at optimizing business processes within bank branches and retail outlets. This is essentially about reducing complexity and cost, and improving service to the end customer.

Wincor Nixdorf is represented in over 90 countries around the world and has its own subsidiary companies in 34 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 Arnstadt (Germany), Burgdorf (Switzerland), Singapore, Shanghai (China) and São Paulo (Brazil). Research and development locations are Germany, Switzerland, Singapore, Indonesia, the U.S. and China.

The Banking Division proposition includes automated teller machines, bank statement printers, services and multi-media information and service terminals – targeted at banks as well as other service providers.

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, consulting services and implementation of company-wide solutions covering the issues Enterprise Resource Planning, Category Management, Customer Relationship Management and eCommerce.

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

On November 24, 2006, the Board of Directors of Wincor Nixdorf AG released the Group financial statements for the purpose of forwarding them to the Supervisory Board. The Supervisory Board is responsible for assessing the Group financial statements and specifying whether it is in a position to issue an approval of the Group financial statements.

Use of International Financial Reporting Standards (IFRS). The Group financial statements of Wincor Nixdorf AG as of September 30, 2006, have been prepared in accordance with the International Financial Reporting Standards (IFRS) produced by the International Accounting Standards Board (IASB), London, mandatory at the balance sheet date. All of the International Accounting Standards (IAS), interpretations of the International Financial Reporting Interpretations Committee/Standing Interpretations Committee (IFRIC/SIC) binding in the European Union during the fiscal year 2005/2006 as well as the statutory requirements according to Section 315a (1) of the German Commercial Code have been considered.

In fiscal 2005/2006, Wincor Nixdorf AG has applied the following standards which have been revised in the course of the "Improvements Project":

IAS 1 "Presentation of Financial Statements"
 IAS 2 "Inventories"
 IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
 IAS 10 "Events after the Balance Sheet Date"
 IAS 16 "Property, Plant and Equipment"
 IAS 17 "Leases"
 IAS 21 "The Effects of Changes in Foreign Exchange Rates"
 IAS 24 "Related Party Disclosures"
 IAS 27 "Consolidated and Separate Financial Statements"
 IAS 28 "Investments in Associates"
 IAS 31 "Interests in Joint Ventures"
 IAS 32 "Financial Instruments: Disclosure and Presentation"
 IAS 33 "Earnings per Share"
 IAS 39 "Financial Instruments: Recognition and Measurement"
 IAS 40 "Investment Property"
 IFRS 4 "Insurance Contracts"
 IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

These standards are applied in conformity with the applicable transitional provisions. To the extent that individual standards contain no specific provisions and no further details have been provided in the subsequent sections, all standards have been applied retrospectively, i.e. as if the new accounting policies had always been applied. Figures pertaining to the preceding year were adjusted accordingly.

The first-time application of the revised International Financial Reporting Standards has mainly the following effects on the Group financial statements of Wincor Nixdorf AG as of September 30, 2006:

IAS 1 "Presentation of Financial Statements"

The IAS 1 revision means the balance sheet has to be presented by current/non-current distinction. Assets and liabilities are divided up into current and non-current items, and equity now also includes minority interest.

Current assets are those

- which are turned over within the entity's normal operating cycle,
- which are primarily held for the purpose of being traded,
- which are expected to be realized within twelve months after the balance sheet date or
- which are cash or cash equivalents.

Current liabilities are those

- which are expected to be settled within the entity's normal operating cycle,
- which are primarily held for the purpose of being traded,
- which are due to be settled within twelve months after the balance sheet date or
- in respect of which the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

This differentiation results in a change to the structure of the balance sheet of Wincor Nixdorf AG in fiscal 2005/2006. The Group balance sheet as of September 30, 2005 has been adjusted accordingly, with trade receivables, other assets, other accruals, financial liabilities and other liabilities split up into constituent current and non-current components. Accruals for pensions and similar commitments are characterized as non-current liabilities. Deferred taxes have to be classified as non-current.

In addition, spare parts used by the service business have so far been reported under inventories. These are split up into reworkable service parts and other spare parts. If reworkable parts of Wincor Nixdorf products break down, they are made serviceable again by Wincor Nixdorf or other service providers under a logistics and repairs process and returned to the spare parts inventory. As per typical industry practice, reworkable service parts are now being reported for the first time as non-current assets. Write-down of reworkable service parts is presented separately in the Group Cash Flow statement.

The profit or loss attributable to minority interest is included in the profit for the period in the Consolidated Statement of Income. The profit attributable to equity holders of Wincor Nixdorf AG and the profit attributable to minority interest is shown separately.

In addition, the following standards, interpretations and amendments have been released by the IASB; however, they are not yet applicable for the Group financial statements of Wincor Nixdorf AG in fiscal 2005/2006:

Amendments to IFRS 4 "Insurance Contracts" (to be applied after January 1, 2006)

IFRS 6 "Exploration for and Evaluation of Mineral Resources" (to be applied after January 1, 2006)

IFRS 7 "Financial Instruments: Disclosures" (to be applied after January 1, 2007)

Amendments to IAS 1 "Presentation of Financial Statements" (to be applied after January 1, 2006)

Amendments to IAS 19 "Employee Benefits" (to be applied after January 1, 2006)

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" (to be applied after January 1, 2006)

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" (to be applied after January 1, 2006)

IFRIC 4 "Determining whether an Arrangement Contains a Lease" (to be applied after January 1, 2006)

IFRIC 5 "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds" (to be applied after January 1, 2006)

IFRIC 6 "Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment" (to be applied after December 1, 2005)

IFRIC 7 "Applying the Restatement Approach under IAS 29" (to be applied after March 1, 2006)

IFRIC 8 "Scope of IFRS 2" (to be applied after May 1, 2006)

IFRIC 9 "Reassessment of Embedded Derivatives" (to be applied after June 1, 2006)

We intend to consider the standards, interpretations and amendments in our consolidated financial statements in the fiscal year in which they have to be applied according to the guidelines of the IASB. We do not expect any material effects on the Group financial statements of Wincor Nixdorf AG at the moment of first-time adoption.

METHODS OF CONSOLIDATION.

Consolidation Group. In addition to the parent company Wincor Nixdorf AG, the Group financial statements as of September 30, 2006 essentially include all domestic and foreign subsidiaries in which Wincor Nixdorf AG possesses, either directly or indirectly, over 50% of the shares or voting rights.

Other changes in shareholdings and changes as a result of new foundations and business unit takeovers were as follows:

▶ By means of a purchase agreement as of January 13, 2006, Wincor Nixdorf acquired the remaining 49.99% interest in Siemens Nixdorf B.V., The Hague, the Netherlands, for a consideration of €454k. The purchase price was paid during fiscal 2005/2006. The contributable equity as of January 13, 2006, came to €2,170k. The resulting excess amount of €1,716k has been immediately recognized as other operating income in profit and loss, as at the time of acquisition no future risks from the acquisition were apparent. The entity has been renamed to Wincor Nixdorf B.V.

The entity's share in the net profit for the period is €690k.

▶ With effect May 1, 2006, 100% of the shares in HEROS Security Nederland B.V., Rotterdam, the Netherlands, have been acquired for a purchase price of €390k (part of bankrupt's estate of HEROS Transport GmbH, Hanover, Germany). The purchase price has been paid during fiscal 2005/2006. Subsequently, the entity was renamed to SecurCash B.V.

The entity offers cash management for automated teller machines within outsourcing contracts. The entity has been fully consolidated into the Wincor Nixdorf Group financial statements for the first time on May 1, 2006. The contributable equity as of May 1, 2006, came to €1,109k. The resulting excess amount of €719k has been immediately recognized as other operating income in profit and loss. The excess amount has been mainly used up by starting losses during the current fiscal year. Acquired assets and liabilities have no material effect on the Group financial statements.

The entity's share in the net profit for the period is €-713k.

▶ Effective September 29, 2006, the French subsidiaries Wincor Nixdorf S.A., Nanterre, France, and Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France, have been merged. The merged entity operates under Wincor Nixdorf SAS, Montigny le Bretonneux, France. The merger had no effect on the Group's performance, financial position and cash flows.

In addition, the following new foundations took place in fiscal 2006:

- Wincor Nixdorf Retail Services GmbH, Paderborn, subscribed capital of €25k
- WINCOR NIXDORF Grundstücksverwaltung Ilmenau GmbH & Co. KG, Paderborn, limited partner's capital interest of €10k
- Wincor Nixdorf (Thailand) Co., Ltd., Bangkok, Thailand, subscribed capital of THB 38,000k
- Wincor Nixdorf EURL, Algiers, Algeria, subscribed capital of DZD 10,000k

As a result, the consolidation group at the year-end was made up of 61 companies, including Wincor Nixdorf AG, Paderborn.

Had the acquisition date of the newly acquired entity been effected on October 1, 2005, Group net sales would have been €234k higher. The effects of an earlier acquisition date on Group profit are of minor importance.

Consolidation Principles. The Group financial statements are based on the annual accounts of companies forming part of the Group, such accounts having been compiled under uniform Group rules as of September 30, 2006 and, for the comparative period, as of September 30, 2005, duly audited and approved by KPMG. By departure from this, we have used audited interim accounts in respect of four companies, as local statutory requirements dictate that these companies have fiscal years ending December 31.

Capital consolidation was carried out using the purchase method in accordance with IFRS 3 for all acquisitions after October 1, 2003. The approach of quoting shares in the affiliated companies at their book value in the parent company is replaced by the assets at their settlement value and the debts of the consolidated companies. In this way, subsidiary companies' equity is compared with the book value of the shares held by the parent company.

Goodwill arising from initial consolidation is no longer amortized on a scheduled basis since October 1, 2003. Moreover, goodwill is tested for impairment annually or if an indication for impairment exists and eventually an impairment loss is recorded.

The interests in subsidiary companies which are not attributable to the parent company are shown within Group equity as "minority interest". Other shareholders' interests are calculated on the basis of the book values of the assets and liabilities attributable to them.

Mutual receivables and payables between companies included in the consolidated accounts are offset against each other.

Intra-group income and expenses are consolidated without effect on profit.

Intercompany profits arising from intra-group delivery of goods and services are eliminated with a corresponding effect on profit.

On consolidation transactions with effect on profit deferred taxes are applied.

Currency Translation. Annual accounts prepared in foreign currencies have been converted using the functional currency method. The functional currency is the currency in which a foreign entity primarily operates or settles payments. As Wincor Nixdorf Group companies undertake business dealings financially, economically and organizationally independently, the functional currency is in general identical with the local currency. However, in the case

of Wincor Nixdorf C.A., Venezuela, Wincor Nixdorf Pte. Ltd., Singapore, as well as Wincor Nixdorf S.A. de C.V., Mexico City, Mexico, and Wincor Nixdorf IT Support S.A. de C.V., Mexico City, Mexico, the U.S. dollar and in the case of Wincor Nixdorf Bilgisayar Sistemleri A.S., Ayazaga, Turkey, the euro is used as the functional currency, since these currencies influence the purchase and sales prices for goods and services of the foreign entity.

Balance sheet items, including goodwill, are converted at the mid exchange rate applicable on the balance sheet date, and income and expenses on the statement of income are converted using average exchange rates (annual averages). The variance so arising is offset against shareholders' equity without affecting profit.

In the individual company reports included, foreign currency transactions are recorded at the exchange rates applicable at the time of the transactions. Monetary items in foreign currency (cash and cash equivalents, receivables and payables) are valued at the mid exchange rate on the balance sheet date. The exchange rate profits or losses arising from the valuation or transaction of monetary items are shown in the statement of income. Non-monetary items are translated using historical exchange rates.

The foreign exchange rates of the significant currencies for the Wincor Nixdorf Group have developed as follows:

1 € =	ISO-Code	Average rate		Closing rate	
		2005/2006	2004/2005	Sept. 30, 2006	Sept. 30, 2005
Swiss franc	CHF	1.5653	1.5428	1.5881	1.5561
Pound sterling	GBP	0.6844	0.6876	0.6777	0.6820
U.S. dollar	USD	1.2340	1.2716	1.2660	1.2042

Accounting & Valuation Principles. Assets and liabilities have been valued at historical acquisition/production cost, with the exception of equity investments, securities classified as "available-for-sale" and "held for trading" and derivatives, which have been included at their relevant market valuations.

In compiling the Group financial statements, assumptions have been made, and estimates used, which have affected the value and reporting of capitalized assets and liabilities, of income and expenditure and of contingent liabilities. The assumptions and estimates mainly relate to Group-wide setting of standard economic utilization periods of fixed asset items, to the valuation of inventories, to assumptions for the valuation of pension commitments, to capitalization and valuation of other accruals and also to the ability of future tax benefits to be realized. The actual values may vary in individual instances from the assumptions and estimates made. Changes are incorporated, with a corresponding effect on profit, once improved knowledge is obtained.

Intangible Assets. Intangible assets are accounted for at cost and, as the useful lives are finite, amortized in a scheduled manner in equal annual amounts over the relevant utilization period. The amortization period for commercial patents, licenses and product know-how is a maximum of ten years. The remaining useful life of the product know-how is two years.

According to IFRS 3, goodwill is no longer amortized on a scheduled basis but only if a need for impairment loss exists.

Property, Plant and Equipment. Property, plant and equipment are valued at cost of acquisition or production, less scheduled amortization. Production costs include direct costs as well as proportionate indirect costs. Business and factory premises are amortized over a maximum of 50 years, plant and machinery over an average of ten years, other fixed assets and office equipment mainly over five years and products leased to customers as per the terms of the relevant contract. Property, plant and equipment are mainly depreciated using the straight-line method in accordance with economic utilization. Plant and machinery and other fixed assets and office equipment used in the production process are written down using front-loaded depreciation rates as a result of multi-shift operations. If parts of single assets have different useful lives, they are separately depreciated on a scheduled basis.

Investments. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", investments are considered to be financial assets. They are carried at fair value. Subsequent measurement of recognized loans to employees occurs on the basis of amortized cost, as these items are classified as "held-to-maturity".

Reworkable Service Parts and Current Inventories. Reworkable service parts and current inventories are valued at purchase or production cost, or at lower net realizable value.

The purchase cost of reworkable service parts, raw materials, supplies and merchandise is calculated using the average valuation method.

In accordance with IAS 2 "Inventories", pro-rata material costs and production overheads (assuming normal utilization), including depreciation on production equipment and production-related social security costs, are included along with production material and production wages in the production cost of reworkable service parts, finished and unfinished products. Interest on loan capital is not capitalized.

Write-downs for inventory risks are undertaken to an appropriate and adequate extent. Account was taken for loss-free valuation. Lower net realizable values are used where required.

As of the balance sheet date, there were no substantial orders that would require capitalization in accordance with IAS 11 "Construction Contracts".

Trade Receivables and Other Assets. Receivables and other assets are valued at nominal value or at amortized costs. Provisions for bad debts are considered if an indication for a default in payment exists. The amounts are estimated on the basis of past experience. The expenses are recorded in profit and loss under the functional cost headings.

Cash and Cash Equivalents. Cash and cash equivalents include marketable securities as well as cash in hand and cash at bank (including checks).

Securities are financial assets according to IAS 39 and contain securities classified as "available-for-sale" and "held for trading". They are valued at fair value. In order to determine the fair value of marketable securities at the balance sheet date respective quotations of banks have been obtained as well as market prices of trading systems have been used. Changes in value of the securities classified as "held for trading" are recorded in finance income and finance costs. Changes in securities classified as "available-for-sale" are recorded in the revaluation reserve within equity under consideration of deferred tax effects. At the selling date, realized gains or losses are recorded in finance income or finance costs.

Purchases and sales of securities are accounted for with the settlement price at trade date.

Liquid funds are accounted for at par value. Foreign currency stocks are valued at their mid-price on the balance sheet date.

In the current fiscal year, time deposits were temporarily held with banks. At the same time, collateralization of these funds by the counterparties took place in the form of shares with corresponding dividend income; in parallel, expenses were incurred in connection with the aforementioned transactions. Income and expense attributable to these transactions are carried separately under the appropriate income and expense items of finance income and finance costs.

Accruals & Liabilities. Pension accruals in respect of employees' and pensioners' pension entitlements are created using actuarial principles and biometric data corresponding to the Projected Unit Credit method. This method takes account not only of known pensions and known earned future pension entitlements at the balance sheet date, but also of expected future increases in pensions and salaries having estimated the relevant influencing factors. Under this system, actuarial gains and losses are reported immediately in the relevant year's net profit. Pension-like liabilities are valued along the same lines.

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", accruals are created on the balance sheet in respect of legal or actual obligations where the outflow of funds to settle such obligations is probable and can be estimated reliably. The values used for such accruals are based on the amounts required to cover the Group's future payment obligations, foreseeable risks and non-specific obligations. Where required, accruals are stated net of unaccrued interest.

Liabilities are shown at amortized costs.

Impairment. With the exception of inventories (see inventories), deferred tax assets (see deferred tax assets) as well as financial assets (equity investments, loans, receivables, securities and derivatives), the book values of assets held by the Wincor Nixdorf Group are checked on the balance sheet date to see whether there are indicators favoring impairment. Where such indicators exist, the settlement value of the assets is estimated and devaluation is made with a corresponding charge to the statement of income.

Goodwill is tested for impairment annually or if an indication for impairment exists by the execution of an impairment test according to IAS 36. In doing so, the book value of a business unit is compared with the recoverable amount. The Retail and Banking business carved out of the Siemens Group as of October 1, 1999, is considered as one business unit (cash generating unit); all of the following acquisitions are treated individually as independent business units (cash generating units) according to IFRS 3/IAS 36. The recoverable amount equals the value in use, which is determined by the discounted cash flow method. Basis for the determination of future cash flows are data from the detailed Group planning for the periods until 2008/2009 with subsequent transition to perpetuity. The assumptive continual growth of 1 to 2% for perpetuity complies with the general expectation of the business development. The present value of cash flows is calculated by discounting the free cash flows with an interest rate before taxes between 8 and 12% resembling the referring rate of return of the business units.

If the recoverable amount of a business unit is lower than its book value, a goodwill impairment loss is recorded in the amount of the difference.

Derivates. Wincor Nixdorf uses derivatives to limit existing interest rate fluctuation risks arising from financing and exchange rate risks of the Group. No derivatives are held for trading purposes. Nevertheless, derivatives not meeting the requirements for cash flow hedge accounting are valued as trading instruments.

Derivative transactions are accounted for at acquisition cost at the settlement date. They are then capitalized at a later date at their attributable market values. Resultant profits or losses flow through to profit for the period in question where the requirements for cash flow hedge accounting are not met. If hedging relationships are effective, the amounts of profit are under consideration of deferred tax effects credited (and losses charged) to equity, with no effect on accounting profit.

Leasing. Wincor Nixdorf Group offers leasing of banking machines to external customers. According to IAS 17 "Leases", such leasing arrangements predominantly qualify as operating leases. Arrangements that qualify as finance leases are presented at the present value of future minimum lease payments receivable under trade accounts receivable. In addition, the detail of certain contracts, such as company vehicle leases, result in the reporting of liabilities arising from financing leases. These are shown under financial liabilities and stated at the cash value of the minimum lease payments.

Public Sector Assistance. Public sector financial assistance is reflected in our accounts in accordance with IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" only where there is reasonable certainty of the associated conditions being met and the assistance provided. Assistance is reported as income, in effect simultaneously offsetting the expenses for which the assistance was provided. During the year, public sector assistance came to €950k (previous year: €753k) and is reported in the profit and loss statement under functional costs (cost of sales, research and development expenses and selling, general and administration expenses).

Net Sales. Net sales from the delivery of goods are recognized as soon as the entity has transferred to the customer the significant risks and rewards of ownership of the goods. Within this context, the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the enterprise.

Net sales from services are recognized when the service is rendered, insofar as the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the enterprise. In the case of maintenance agreements concluded for a period from one to five years, net sales are recognized on a straight-line basis.

Cost of Sales. The cost of sales includes costs of the sale of products and services as well as purchase costs of the sale of merchandise. In addition to direct material and production costs, the cost of sales comprises overheads including the pro-rata consumption of fixed assets.

Research & Development Expenses. Under IAS 38, research and development expenses can only be capitalized when certain precise preconditions are met. Under these rules, capitalization is required wherever the development activity will, with an adequate degree of probability, result in future cash inflows which will cover the relevant development expenses in addition to normal costs. Moreover, certain criteria must also be met cumulatively in terms of the development project or the project or process to be developed.

These preconditions are not met, as the nature and dimension of characterizing research and development risks mean that the functional and commercial risk inherent in the products under development can, as a rule, only be estimated with sufficient reliability when

- development of the relevant products or processes has been completed, and
- post-development sales and marketing activities conducted during the pre-marketing stage (marketing and sale as a trial product) have proven that the products meet the technical and commercial requirements posed by the market.

Taxes. Taxes on income and profit comprise both ongoing and deferred taxes. Taxes are recorded in the statement of income unless they refer to items directly recorded under shareholders' equity, in which case the corresponding deferred taxes are also entered under shareholders' equity without any effect upon profit.

Ongoing taxes are taxes expected to be payable for the year, on the basis of tax rates valid in the year in question, plus any tax corrections for previous years.

Deferred taxes are reported in respect of temporary differences between the values, for tax purposes, of assets and liabilities and their values in the Group financial statements. By departure from this, no deferred taxes are reported in respect of goodwill, amortization of which is non-tax-deductible. In addition, deferred tax assets in respect of the future utilization of tax losses carried forward are shown. Deferred tax assets on temporary differences and tax losses carried forward are recognized to the extent that it is probable that sufficient taxable income will be available in order to use them. The deferred taxes are shown at the rates of tax that will be effective under applicable law at the time at which the temporary differences are predicted to turn around or at which the tax losses carried forward can probably be used.

NOTES TO THE STATEMENT OF INCOME.

Structure of Accounts. The statement of income is structured using the cost of sales method.

▶ **1 Net Sales.** Net sales are divided into those from the sale of products (€1,157,202k; previous year: €1,031,984k) and those from the provision of services (€790,367k; previous year: €711,748k) reduced by sales deductions.

▶ **2 Gross Profit on Sales.** Gross margin is 26.5% (previous year: 26.4%) of net sales. After adjusting for profit charges arising from the carve-out (see Note ▶ 29), the gross margin is 27.5% (previous year: 27.9%).

The currency profits/losses of €-6,999k (previous year €13,397k) shown in the statement of income after set-off are essentially comprised within the cost of sales.

▶ **3 Selling, General and Administration Expenses.** These mainly comprise personnel and material costs in administrative departments, plus miscellaneous taxes.

▶ **4 Other Operating Income.** Other operating income includes excess amounts, recognized in profit or loss, of €2,435k, which are attributable to acquisitions executed during the fiscal year. In addition, this item mainly includes gains on the disposal of land and buildings in the amount of €1,990k.

► **5 Finance Income and Finance Costs.** Finance income and finance costs are comprised as follows:

	2005/2006	2004/2005
Finance income	21,093	2,574
Interest and similar expenses	-28,658	-12,475
Interest element within additions to long-term accruals and other finance costs	-5,216	-9,525
Finance costs	-33,874	-22,000
	-12,781	-19,426

During the year under review, interest expended on long-term bank debt amounted to €4,973k (previous year: €7,332k). All borrowing costs have been immediately recognized in profit and loss.

► **6 Income Taxes.**

	2005/2006	2004/2005
Ongoing taxes on income and profit	-31,032	-28,022
Deferred tax expenses	-21,422	-21,609
Deferred tax income	6,302	14,247
	-46,152	-35,384

The amounts shown above for ongoing taxes on income and profit relate, within Germany, to corporate income tax and municipal corporate income tax plus proceeds from partial release of tax accruals made during the previous year and, in the case of foreign subsidiaries, income-related taxes calculated in accordance with the national tax legislation applicable to the individual companies.

Deferred taxes in the amount of €3,456k (previous year: €2,683k) have been recorded in equity without any effect on profit and loss. They result from the market valuation of the cash flow hedges and of the available-for-sale securities: the tax effect on the settlement of the share-based payment program 2004 in fiscal 2005/2006 has also been recognized directly in equity.

The deferred taxes are the result of time-related variances in reported values between the tax accounts of individual companies and the values of the Group financial statements using the liability method plus capitalization of tax losses capable of being carried forward. As of September 30, 2006, tax losses carried forward in the amount of €1,195k have not been capitalized.

As of September 30, 2006, all German deferred taxes were calculated in respect of temporary differences using a combined tax rate of 39%. The reported value of all deferred taxes on tax losses carried forward was arrived at by using tax rates of 17% for municipal corporate income tax and 26.375% for corporation tax whilst allowing for the ability of municipal corporate income tax to be treated as a tax-deductible expense for corporation tax purposes.

Any dividends payable in the future of Wincor Nixdorf AG will have no effect upon the Group's tax charges.

Actual tax expenses are €3,770k below those which would be expected to be arrived at through the application of the ultimate parent company's tax rate for distributions. Last year, mainly due to the effect of extraordinary items, actual tax proceeds were €91k below those which could have been expected.

The table below contains a reconciliation of expected net tax expenses with the actual reported tax:

	€k	
	2005/2006	2004/2005
Group profit before tax	128,005	90,962
Expected tax expenses based on a tax rate of 39% (2004/2005: 39%)	-49,922	-35,475
Differences from expected tax expenses		
Difference from local tax rates	8,931	5,247
Difference arising from change of tax rate for deferred taxes	-642	-74
Increases/decreases in tax due to tax-exempt income and non-tax-deductible expenses	-1,693	-1,953
Consolidation entries excl. deferred taxes or with differing tax rates	580	-1,705
Corrections arising from tax audits and other effects	-2,818	-1,364
Valuation allowances on deferred tax assets capitalized for tax losses carried forward	-588	-60
Total adjustments	3,770	91
Actual tax expenses	-46,152	-35,384

The effective tax rate is 36.1% (previous year: 38.9%).

The deferred tax assets and liabilities relate to the following balance sheet items:

	Sept. 30, 2006		Sept. 30, 2005	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	966	49,870	582	44,893
Tangible assets	1,277	1,907	390	2,220
Financial assets	4	0	0	0
Inventories	12,771	11,271	11,253	3,906
Receivables and other current assets	9,042	129	2,452	6,961
Pension accruals	20,084	547	17,869	100
Other accruals	11,427	145	10,472	354
Liabilities	5,732	6,336	14,174	2,541
Losses carried forward	6,846	0	16,154	0
	68,149	70,205	73,346	60,975
Netting off of deferred tax assets and liabilities	-57,363	-57,363	-48,655	-48,655
	10,786	12,842	24,691	12,320

▶ **7 Earnings per Share.** Earnings per share are calculated by dividing profit attributable to ordinary equity holders by the weighted average of ordinary shares outstanding.

	2005/2006	2004/2005
Profit attributable to the ordinary equity holders of Wincor Nixdorf AG (€k)	81,008	54,909
Weighted average of ordinary shares outstanding (in thousands)	16,542	16,542
Basic Earnings per share (€)	4.90	3.32
Weighted average of ordinary shares outstanding plus diluting share options (in thousands)	16,647	16,589
Diluted Earnings per share (€)	4.87	3.31

The share-based payment program is described under Note ▶ 16.

NOTES TO THE BALANCE SHEET.

▶ **8 Intangible Assets.** Changes during fiscal 2005/2006 and fiscal 2004/2005 to individual items within intangible assets are shown in the Group Changes in Intangible Assets and Property, Plant and Equipment tables.

Intangible assets as of September 30, 2006 include product know-how of €31,780k (previous year: €51,811k) arising from the leveraged buy-out.

The product know-how arising from the leveraged buy-out contains the acquired development services, valued on a historical cost basis, for products and solutions in the Retail and Banking segments.

Amortization of product know-how is €20,031k (previous year: €26,213k). This figure includes impairment losses of €2,984k (previous year: €5,781k) due to a lack of intrinsic value. The depreciation of other intangible assets, including impairment of €134k (previous year: €0k), amounts to €7,450k (previous year: €6,087k).

During fiscal 2005/2006, the acquisition of commercial patents and similar rights plus licenses to such rights resulted in additions of €5,737k (previous year: €5,599k). Advances made amount to €3,710k (previous year: €434k).

The reduction in goodwill by €43k is due to subsequent adjustments to the purchase consideration relating to BEB Industrie-Elektronik AG, Burgdorf, Switzerland, acquired in fiscal 2004/2005.

In the statement of income, product know-how amortization is shown under cost of sales. The depreciation of other intangible assets is included in the statement of income under the various functional cost headings (cost of sales, research and development expenses, selling expenses and general administration expenses).

▶ **9 Property, Plant and Equipment.** Changes during fiscal 2005/2006 and fiscal 2004/2005 to individual items within property, plant and equipment are shown in the Group Changes in Intangible Assets and Property, Plant and Equipment tables.

Additions to property, plant and equipment are valued at €40,086k (previous year: €31,701k), with large individual elements of this being other fixed assets & office equipment at €31,213k (essentially specialist tools and IT equipment), plant and machinery at €4,390 and equipment under construction at €3,589k, mainly the result of specialist tools not yet finished.

The depreciation of €29,454k (previous year: €25,229k) is included in the statement of income under the various functional cost headings.

The leasing of banking machines essentially corresponds to operating leases as defined by IAS 17. Under the tailored terms of product lease agreements between Wincor Nixdorf as lessor and customers as lessees, the main risks and rewards remain with Wincor Nixdorf. The minimum lease periods are between three and five years, with extension options in existence under identical terms. Depreciation and book values as on the balance sheet dates are shown in the Group Changes in Fixed Assets table. At the end of fiscal 2005/2006 all existing product lease agreements have expired.

10 Investments. The 6% interest in WINCOR NIXDORF Immobilien GmbH & Co. KG, Paderborn, has been recognized as an addition to investments in the amount of €960k. The investment is accounted for "at fair value through profit or loss". The measurement at fair value showed an increase in the fair value of €22k as of September 30, 2006. This gain is recognized in the income statement as operating income. In addition, within equity investments the 10% investment in RUBEAN AG, Munich, fully depreciated during fiscal year 2001/2002 is presented.

Included under loans to employees classified as "held-to-maturity" of €91k (previous year: €148k) are current lendings of €26k (previous year: €42k).

11 Reworkable Service Parts. Where necessary, the lower net realizable value was used, with due regard to selling and production costs still to be incurred. The total value of reworkable service parts valued as of September 30, 2006 at their lower settlement values was €15,710k (previous year: €13,087k). Write-down of reworkable service parts reported under cost of sales is €5,274k.

12 Receivables and Other Assets.

	Sept. 30, 2006		Sept. 30, 2005	
		of which with a residual term of more than one year		of which with a residual term of more than one year
Trade receivables	267,873	5,301	245,471	3,876
Amounts owed by undertakings in which the company has a participating interest	25	0	0	0
Current tax assets	2,458	0	2,780	0
Other assets	53,505	3,131	41,896	2,173
	323,861	8,432	290,147	6,049

The trade receivables are reduced by necessary valuation allowances amounting to €15,260k (previous year: €15,277k).

Trade receivables comprise receivables from finance leases in the amount of €4,677k (previous year: €4,926k). The leasing contracts are concluded for a term of up to ten years.

Residual terms of present value of minimum lease payments receivable. €k

	2005/2006	2004/2005
Residual term up to 1 year	1,194	1,492
Residual term between 1 and 5 years	2,962	2,730
Residual term more than 5 years	521	704
	4,677	4,926

Residual terms of total gross investment in the lease. €k

	2005/2006	2004/2005
Residual term up to 1 year	1,465	1,727
Residual term between 1 and 5 years	3,419	3,156
Residual term more than 5 years	960	1,277
Unearned finance income	-1,167	-1,234
Present value of minimum lease payments receivable	4,677	4,926

Other assets include sales tax of €14,375k (previous year: €13,460k), receivables from employees and other receivables of €4,216k (previous year: €1,818k), a surplus of plan assets over pension liabilities in Germany of €1,851k (previous year: €0k) and debit balances in creditors of €796k (previous year: €2,386k). Moreover, other assets include the current and non-current portion of prepaid expenses (€20,618k, previous year: €14,803k and €0k, previous year: €679k respectively).

13 Deferred Taxes. Deferred taxes have been accrued for under the "temporary concept" in accordance with IAS 12 "Income Taxes", using the tax rates in force, approved and known as of the balance sheet date.

This item includes deferred tax assets as of September 30, 2006, €10,786k (previous year: €24,691k) after netting off deferred tax liabilities. Deferred tax assets of €6,846k are the result of future utilization of tax losses brought forward in accordance with IAS. Further explanatory notes on deferred tax assets are contained in Note 6 to the accounts (Income Taxes).

14 Inventories.

	Sept. 30, 2006	Sept. 30, 2005
Raw materials and supplies	59,518	43,326
Unfinished goods	24,444	15,853
Finished goods and merchandise	227,648	163,896
Advances made	1,146	786
	312,756	223,861

Where necessary, the lower net realizable value was used, with due regard to selling and production costs still to be incurred. The total value of inventories valued as of September 30, 2006 at their lower settlement values was €43,574k (previous year: €63,479k). Inventory impairment reported under cost of sales is €10,475k (previous year: €15,443k).

▶ 15 Cash and cash equivalents.

Marketable securities. As of September 30, 2006, marketable securities amount to €68k (previous year: €69k). The available-for-sale securities are held as security-backing, as required by Sect. 14 of the Austrian Income Tax Act, for our Austrian subsidiary's pension accruals. Movements in market value are accounted for in the revaluation reserve, with no effect on accounting profit, and €-1k were added to this during the fiscal year. The historical acquisition cost of available-for-sale securities is €50k.

Cash in Hand and at Bank (including Checks). The cash in hand of €1,360k (previous year: €1,579k) mainly includes test cash for automated teller machines.

Bank balances, including payments en-route, are €5,569k (previous year: € 48,144k).

Checks amount to €2,607k (previous year: €1,136k).

▶ 16 **Group Equity.** The changes in Group equity and individual elements thereof are shown in detail in the Changes in Equity table.

Distributions. Under the German Stock Corporations Act, the distributable dividend depends on the amount of consolidated profit reported in the Wincor Nixdorf AG financial statements, i.e. €55,210k as of September 30, 2006. The amount of Wincor Nixdorf AG's final distributable profit for fiscal 2005/2006 being proposed for distribution by the Annual General Meeting is €46,319k (equivalent to €2.80 per share). The remaining amount is to be carried forward.

The amount of €34,739k (€2.10 per share) was distributed to Wincor Nixdorf AG equity holders during the year.

Subscribed Capital. The capital stock is divided into 16,542,494 ordinary shares. All shares issued up to and including September 30, 2006 are fully paid-up. Each share is granting equal voting rights and dividend entitlement.

Authorized Share Capital. As the result of a resolution at the AGM on May 14, 2004, the Board of Directors has been authorized to increase the company's nominal share capital with the Supervisory Board's approval by up to €1,654,249.00 (Authorized Share Capital I 2004) through the issue for cash of new ordinary bearer shares under single or multiple initiatives up to May 13, 2009.

The Board of Directors was also authorized by resolution of the AGM on May 14, 2004 to increase the company's nominal share capital with the Supervisory Board's approval by up to €6,616,997.00 (Authorized Share Capital II 2004) through the issue for cash and/or contributions in kind of new ordinary bearer shares under single or multiple initiatives.

Contingent Share Capital. The AGM on May 14, 2004 resolved that the company's nominal share capital may be increased, subject to certain conditions being met, by a maximum of €1,406,112.00, divided into a maximum of 1,406,112 bearer shares. This contingent increase in share capital is exclusively for purposes of awarding share options to members of the Board of Directors of the company and to members of the management bodies of subsidiary domestic and foreign affiliated companies as well as to other managers and employees of the company and its subsidiary affiliated companies in accordance with more detailed criteria as set out in the authorization resolution passed at the AGM on May 14, 2004, in the version of the supplementary resolution passed by the AGM on February 21, 2006.

Additional Paid-in Capital. Additional paid-in capital reflects the additional funds received from the issue of shares and the personnel expenses arising from the management share-based payment program 2005 and 2006 (previous year: share-based payment program 2004 and 2005).

Retained Earnings. Other retained earnings contain the cumulative profits made by the subsidiary companies included in the Group financial statements, the consolidated profit, other consolidation reserves and currency translation adjustments.

Revaluation Reserve. The revaluation reserve includes the variances between the purchase cost of securities shown under Note 15 and their referring market values as well as the market valuation of the cash flow hedges, less deferred taxes.

Share-based Payment. As of June 2, 2004, Wincor Nixdorf granted 212,500 share options for an exercise price of €45.10 under a share-based payment program to its managers (share-based payment program 2004). The vesting period of the share options is two years. Each share option entitles the bearer to purchase one share in the company at the exercise price (strike price). There is no limit to the profit which can accrue upon purchase. The strike price in each instance corresponds to 110% of the value at the outset; it takes account of distributions made during the life of the options, such as dividend payments and any drawing rights or other special rights. The target criteria are not

subsequently lowered during the life of the program. In order to sign up to acquire, and later exercise, share options, employees must make a separate private investment in company shares at a ratio of 1:10 (shares : share options), and such shares must be held by them for the entire holding period of two years. The share option must be exercised within ten days after the end of the vesting period. The company is entitled to settle the options either in shares or cash. The holder of the option has to remain in the company's employ until the end of the vesting period.

The fair value of the option of €5.22 has been calculated by the application of the Black-Scholes-Merton formula by an external expert. The following inputs have been used:

Exercise price of the option	€45.10
Expected volatility	32.6%
Option life	2 years
Expected dividend	€3.02
Risk-free interest rate	2.5%
Fluctuation of employees	3.6%

Due to the going public of Wincor Nixdorf on May 19, 2004, the expected volatility is based on the historical volatility of eleven listed companies that supply similar goods and services.

The vesting period for the 2004 share-based payment program expired on June 2, 2006, and of the 212,500 share options issued 199,250 have been exercised. The weighted average share price at the date of exercise was €97.88. The share options were redeemed by the allocation of shares (7,250 share options), which have been purchased on the market at a weighted average share price of €95.43, and by cash settlement (192,000 share options). The portion of the purchased shares with regard to the capital stock of Wincor Nixdorf AG amounts to 0.04%. This did not produce any change to the total number of shares in issue. The expenses incurred have been charged directly against retained earnings within equity. Personnel costs in connection with the share-based payment program 2004 recorded in additional paid-in capital have been reclassified to retained earnings.

As of March 1, 2005, Wincor Nixdorf granted 175,250 share options for an exercise price of €69.14 under a second share-based payment program to its managers (share-based payment program 2005). The vesting period of the share options is two years. Each share option entitles the bearer to purchase one share in the company at the exercise price (strike price). There is no limit to the profit, which can accrue upon purchase. The strike price in each instance corresponds to 110% of the value at the outset; it takes account of distributions made during the life of the options, such as dividend payments and any drawing rights or other special rights. The target criteria are not subsequently lowered during the life of the program. In order to sign up to acquire, and later exercise, share options, employees must make a separate private investment in company shares at a ratio of 1:10 (shares : share options), and such shares must be held by them for the entire holding period of two years.

The share option must be exercised within ten days after the end of the vesting period. The company is entitled to settle the options either in shares or cash. The holder of the option has to remain in the company's employ until the end of the vesting period.

The fair value of the option of €6.97 has been calculated by the application of the Black-Scholes-Merton formula by an external expert. The following inputs have been used:

Exercise price of the option	€69.14
Expected volatility	23.06%
Option life	2 years
Expected dividend	€4.33
Risk-free interest rate	2.5%
Fluctuation of employees	3.3%

Expected volatility is the average of the 3 months historic volatility and the volatility based on the 1-year period of the Wincor Nixdorf share. Further long-term volatilities are not available because of the going public in May 2004.

As of March 27, 2006, Wincor Nixdorf granted 166,890 share options for an exercise price of €117.01 under a third share-based payment program to its managers (share-based payment program 2006). The vesting period of the share options is two years. Each share option entitles the bearer to purchase one share in the company at the exercise price (strike price). There is no limit to the profit which can accrue upon purchase. The strike price in each instance corresponds

to 110% of the value at the outset; it takes account of distributions made during the life of the options, such as dividend payments and any drawing rights or other special rights. The target criteria are not subsequently lowered during the life of the program. In order to sign up to acquire, and later exercise, share options, employees must make a separate private investment in company shares at a ratio of 1:10 (shares : share options), and such shares must be held by them for the entire holding period of two years.

The share option must be exercised within ten days after the end of the vesting period. The company is entitled to settle the options either in shares or cash. The holder of the option has to remain in the company's employ until the end of the vesting period.

The fair value of the option of €11.25 has been calculated by the application of the Black-Scholes-Merton formula by an external expert. The following inputs have been used:

Exercise price of the option	€117.01
Expected volatility	26.9%
Option life	2 years
Expected dividend	€5.20
Risk-free interest rate	3.156%
Fluctuation of employees	3.4%

Expected volatility is the average of the 3 months historic volatility as well as the volatility based on the 1-year period and 18 months volatility of the Wincor Nixdorf share. Further long-term volatilities are not available because of the going public in May 2004.

The changes in the composition of share options are as follows:

	2005/2006		2004/2005	
	Share options number	Average exercise price €	Share options number	Average exercise price €
As of October 1	387,750	55.97	212,500	45.10
Granted during the period	166,890	117.01	175,250	69.14
Exercised during the period	199,250	45.10	0	0
Expired during the period	13,250	45.10	0	0
As of September 30	342,140	92.50	387,750	55.97
Exercisable at the end of the period	0	92.50	0	55.97

During the fiscal year, personnel costs in connection with the share-based payment programs amounted to €1,351k (previous year: €847k). The additional paid-in capital has been increased by this amount. However, personnel costs in connection with the share-based payment program 2004 (€343k) have been reclassified to retained earnings together with the amount carried forward for the share-based payment program 2004 in additional paid-in capital (€686k).

17 Minority Interest. Minority interest is presented in detail in the Changes in Equity table.

18 Accruals for Pensions and Similar Commitments.

	€k	
	Sept.30,2006	Sept.30,2005
Present value of unfunded obligations	17,737	120,657
Present value of funded obligations	164,876	20,837
Market value of plan assets	-163,626	-18,559
Past service cost not included in profit and loss	-877	0
Net liabilities	18,110	122,935
Amount recognized as asset	1,851	0
Accruals for pensions and similar commitments	19,961	122,935

Depending on legal, economic and tax environments of the country in question, employees of the Wincor Nixdorf Group have various retirement planning systems available to them. The greater part of them classify as defined benefit plan.

The pension plan run by WINCOR NIXDORF International GmbH, Paderborn, is based upon direct performance-related commitments. Differentiation must be made between pension commitments to "tariff" employees and those to "non-tariff" employees. For tariff employees, commitments depend on length of service and tariff grade, and also partly on length of service and salary when the pension is put into payment. The value of pension commitments is generally reviewed once every three years. For non-tariff employees there are fixed-sum commitments related to age 60. These take the form of varying individual pension commitments set out and agreed on the basis of individual contracts. The amounts are related to income and progression of income. Wincor Nixdorf converted parts of the employer's

pension scheme arrangements in the third quarter of 2006 from pension payments to a one-time pay-off or payment in several installments. This alteration has resulted in a change to the pension obligations valuation in fiscal 2005/2006.

In June 2006, Wincor Nixdorf created plan assets according to IAS 19 as part of a Contractual Trust Arrangement by transferring assets to a registered association (Wincor Nixdorf Pension Trust e.V.). The association, as an independent pension fund, is entitled to the plan assets, which fund pension obligations to employees in Germany. The plan assets, which were transferred to the association at their market values, are divided into an equity interest in a real estate company (€14,562k), equity interest in a management company (€25k), trade receivables (€30,069k) as well as cash (€56,000k). The plan assets have been deducted from the corresponding pension obligations. In September 2006, additional €28,275k has been allocated to the pension fund by means of cash. As of September 30, 2006, the pension plan was over funded by €1,851k. The amount is presented under other non-current assets.

With regard to Wincor Nixdorf entities, the underlying actuarial assumptions (weighted average) are as follows:

	2005/2006	2004/2005
Interest rate	4.2%	4.4%
Income trend	2.6%	1.6%
Pension trend	1.9%	1.3%

In addition, life expectancy assumptions have been considered. The 2005G Heubeck Tables have been used for Germany.

In doing this, actuarial gains and losses are recorded immediately in the relevant year's annual net profit in the functional cost headings. Pension expenses consist of current service costs and interest costs. Current service costs are accounted for within functional cost headings. Interest costs related to the measurement of the pension plan of WINCOR NIXDORF International GmbH have been presented in finance costs until June 30, 2006. Due to the creation of plan assets, interest costs for the pension plan of WINCOR NIXDORF International GmbH are shown in the functional cost headings since July 1, 2006 together with the expected return on plan assets. Interest costs for the other pension plans in Germany are recorded in finance costs.

The distribution of the total costs of Wincor Nixdorf is made up as follows:

	ek	
	2005/2006	2004/2005
Current service cost	8,953	6,706
Interest cost	7,127	6,727
Expected return on plan assets	-2,505	-529
Actuarial gains and losses	20,583	847
Returns from plan alteration	-8,597	0
Past service cost	100	0
Total profit effect	25,661	13,751

The present value of pension accruals of Wincor Nixdorf is as follows:

	ek	
	2005/2006	2004/2005
October 1	122,935	108,513
Transfers/Exchange rate differences	5,701	2,833
Current service cost	8,953	6,706
Interest cost	7,127	6,727
Expected return on plan assets	-2,505	-529
Actuarial gains and losses	20,583	847
Returns from plan alterations	-8,597	0
Past service cost	100	0
Transfer to pension trust	-135,145	-1,415
Pension payments	-1,042	-747
Net liability	18,110	122,935
Amount recognized as asset	1,851	0
September 30	19,961	122,935

Expected return on plan assets is determined based on a weighted average of 4.7% (previous year: 3.6%) and shown within the functional cost headings (previous year: finance income). The actual return on plan assets was €2,652k (previous year: €824k).

Subsidiaries in Belgium, the Netherlands and Sweden have installed so-called multi-employer plans. According to IAS 19, these plans have to be treated as defined benefit plans. Since the required information of the plans is not available, the plans are treated as defined contribution plans. The personnel expenses of the fiscal year include expenses for defined contribution plans in the amount of €21,082k (previous year: €17,353k).

19 Other Accruals.

€k

	Oct. 1, 2005	Currency variances & misc.	Draw-downs	Releases	Additions	Accumulation	Sept. 30, 2006
Non-current other accruals							
Miscellaneous accruals for personnel expenses	19,730	-47	-4,147	-612	6,724	600	22,248
Miscellaneous	365	0	0	0	4,437	0	4,802
Total non-current other accruals	20,095	-47	-4,147	-612	11,161	600	27,050
Current other accruals							
Accruals for other taxes	69	0	-44	-22	37	0	40
Miscellaneous accruals for personnel expenses	42,962	-254	-27,039	-5,655	32,696	0	42,710
Accruals for							
Warranties	35,084	-121	-24,129	-1,222	41,222	0	50,834
Delay and contract penalties	4,031	-22	-4	-467	2,433	0	5,971
Potential losses on pending transactions	11,151	-8	-8,017	-553	10,858	0	13,431
Miscellaneous	4,458	-121	-1,701	-1,388	5,683	0	6,931
Total current accruals associated with sales and procurement markets	54,724	-272	-33,851	-3,630	60,196	0	77,167
Other current miscellaneous accruals	17,543	-7	-8,385	-5,509	16,061	0	19,703
Total current other accruals	115,298	-533	-69,319	-14,816	108,990	0	139,620
Total other accruals	135,393	-580	-73,466	-15,428	120,151	600	166,670

In accordance with IAS 37, accruals are created on the balance sheet in respect of legal or actual obligations where the outflow of funds to settle such obligations is probable and can be estimated reliably.

The accruals for personnel costs have been created essentially for pre-retirement part-time working arrangements, vacation and flexi-time not taken, service anniversary awards, severance payments in connection with dismissals and company social benefit top-up schemes.

As a means of entering into early retirement, WINCOR NIXDORF International GmbH, Paderborn, offers a company-subsidized pre-retirement part-time working scheme using the "block model". The term of the scheme is between two and six years, and entry to the scheme is permitted no earlier than the employee's 55th birthday. Essentially, during the working phase, the employee performs full duties on half pay. During the release phase, the employee no longer works, but receives the remaining 50% of his or her

remuneration. The employer subsidy takes the form of topping up of remuneration and pension plan contributions. The accrued amount has been offset by €3,210k in the previous year, which was invested for insolvency protection of funds related to the German pre-retirement part-time working scheme in marketable securities (€2,999k) and in a trustee account (€211k). In the current fiscal year, this insolvency protection has been handled by a guarantee agreement closed with an external bank.

Warranty accruals are created in respect of product warranty obligations which are prescribed by statute or contractually agreed or which have arisen de facto.

Where delay and contract penalties are agreed in contracts for the supply of goods and/or services, and where the incurrence of penalties is probable in the light of the current position, a corresponding accrual for delay and contract penalties is created.

Where income from an order does not cover prime cost, accruals are created for potential losses on pending transactions to the value of the variance between income and expenses.

The risks associated with the potential claims for damages and pending legal proceedings have been accounted for in other non-current accruals.

Other miscellaneous accruals contain mainly accruals for outstanding invoices of services received plus accruals for costs associated with external annual accounts.

20 Liabilities.

	Total amount	Residual term up to 1 year	Residual term between 1 and 5 years	Residual term more than 5 years
Financial liabilities	209,350 (226,694)	16,873 (52,590)	6,298 (3,204)	186,179 (170,900)
Advances received on orders	76,368 (26,571)	76,368 (26,571)	0 (0)	0 (0)
Trade payables	213,410 (194,529)	211,708 (194,529)	1,702 (0)	0 (0)
Amounts owed to undertakings in which the company has a participating interest	611 (0)	611 (0)	0 (0)	0 (0)
Current income tax liabilities	21,329 (20,330)	21,329 (20,330)	0 (0)	0 (0)
Other liabilities	166,216 (137,455)	166,023 (137,228)	187 (227)	6 (0)
	687,284 (605,579)	492,912 (431,248)	8,187 (3,431)	186,185 (170,900)

€k

Last year's equivalent figures are shown in brackets.

Financial Liabilities. Financial liabilities consist of bank liabilities and liabilities from finance leases.

The liabilities are shown at amortized costs. These generally reflect the market values.

The revolving facility credit agreement set up on August 2, 2005, has been concluded for a term of seven years until August 1, 2012. Within this term, Wincor Nixdorf may unrestrictedly dispose of the volume of credit of €350,000k with variable maturities. The interest is based on an additional margin on the relevant EURIBOR rate. The additional margin is derived from a fixed scaling of the relation of net debt to EBITA of Wincor Nixdorf Group.

Bank liabilities as of the balance sheet date came to a total of €203,218k (previous year: €224,113k) of which €185,000k (previous year: €170,000k) were from the revolving facility. The liable parties are WINCOR NIXDORF International GmbH (€150,000k, previous year: €135,000k) and Wincor Nixdorf AG (€35,000k, previous year: €35,000k).

The revolving facility agreement also allows further loans over and above the funding already taken out to be drawn down.

Liabilities from finance leases amount to €6,132k (previous year: €2,581k). The referring assets are disclosed as tangible assets (€4,434k, previous year: €638k) and trade receivables (€1,725k, previous year: €1,844k).

Residual terms of present value of minimum lease payments.

	2005/2006	2004/2005
Residual term up to 1 year	1,287	477
Residual term between 1 and 5 years	3,666	1,204
Residual term more than 5 years	1,179	900
	6,132	2,581

€k

Residual terms of future total minimum lease payments.

	2005/2006	2004/2005
Residual term up to 1 year	1,354	506
Residual term between 1 and 5 years	4,179	1,254
Residual term more than 5 years	1,531	1,026
Interest	-932	-205
Present value of minimum lease payments	6,132	2,581

€k

Amounts Owed to Undertakings in which the Company has a Participating Interest.

The payables relate to WINCOR NIXDORF Immobilien GmbH & Co. KG, Paderborn, for remit-able rental income, which is in part offset against receivables attributable to incidental rental expenses on-billed.

Other Liabilities. Other liabilities comprise tax liabilities of €20,721k (previous year €16,380k), social security liabilities of €6,785k (previous year: €10,244k) and other miscellaneous liabilities of €63,774k (previous year: €53,714k).

For the remaining liabilities, there are also usual industry and ipso jure sureties in place to the customary extent.

In addition, deferred income of a total amount of €74,936k (previous year: €57,116k) is presented within other liabilities. This mainly includes deferred maintenance agreements to a value of €62,091k (previous year: €51,508k).

21 Derivative Financial Instruments.

Currency Risks. At Wincor Nixdorf Group, both sales and purchases are transacted in foreign currency. After netting off, there remains a net volume of foreign currency which is roughly equivalent to 6% of net sales and can therefore be regarded as being of a minor nature.

The entire Group's currency risk is managed and controlled by WINCOR NIXDORF International GmbH, Paderborn. The U.S. dollar currency risk is nearly completely hedged for the next twelve months by a combination of fiscal and natural hedge.

Since the end of fiscal 2003/2004, the monthly expected future U.S. dollar, sterling and Japanese yen payments received and/or payments made are hedged for a period of twelve months by external monthly due forward currency transactions undertaken with banks. Since the hedge is classified as highly effective, a cash flow hedge is accounted for according to IAS 39 "Financial Instruments: Recognition and Measurement". The nominal sum of the forward currency transactions amounts to €131,900k. The corresponding market values which are determined by market prices amount to €1,276k and €-891k respectively (previous year: €107k and €-6,988k) at the balance sheet date and have been recorded without any impact on profit and loss in the revaluation reserve within equity. The market values are presented under other assets or other liabilities respectively. Market prices have been obtained by respective quotations of banks. The forward currency transactions will affect profit and loss at maturity date.

During this fiscal year, €-6,881k (previous year: €284k) have been released from revaluation reserves and recorded in profit and loss under cost of sales.

The flows of foreign currency are recorded centrally for the entire Group and, where feasible, equalized out.

No foreign currency options were transacted during the fiscal year.

Interest Rate Risks. In order to reduce the risk of interest rate changes, Wincor Nixdorf entered into an agreement of three collars with a nominal sum of €150,000k, with a variety of different banks. Two of the three collars run until December 31, 2010, with the third collar running until December 31, 2007.

A collar is a combination of interest rate cap and interest rate floor. An interest rate cap is taken to mean an agreement between buyer and seller under which the seller pays the buyer the difference between the agreed upper interest rate limit and the reference rate (if higher) on an agreed nominal sum over a set term. An interest rate floor, on the other hand, is the description given to an agreement between buyer and seller stipulating that the seller will pay the buyer the difference between the agreed lower interest rate limit and the reference rate (if lower) on an agreed nominal sum over a set period. Wincor Nixdorf has secured an upper interest rate limit of 5.00% (as buyer of the interest rate caps) and a lower interest rate limit of 1.75% (as seller of the interest rate floors). The underlying reference rate is the 3-months EURIBOR. By the collar, Wincor Nixdorf is not only protected against rising interest rates but is also able to benefit from falling rates down to the lower limit of 1.75%.

The interest rate caps and floors performed as follows up to the balance sheet date:

	Sept. 30, 2006	Sept. 30, 2005
Market value: interest rate caps	252	276
Nominal sum: interest rate caps	150,000	150,000
Market value: interest rate floors	-26	-226
Nominal sum: interest rate floors	150,000	150,000

€k

The market value is arrived at by taking the value of outstanding positions at market prices without adjusting for adverse movements in the value of the underlying transactions. It shows the effect that smoothing of interest rate caps and floors had on profit as of the year-end. The market values were arrived at based upon corresponding quotations obtained from banks using mark-to-market models.

The positive market value of the interest rate caps as of September 30, 2006 is shown as relevant under other non-current assets. The negative market value of the interest rate floors is shown under other non-current liabilities. The changes in value are included under finance income and finance costs. The impact of the changes in value on profit and loss is €176k (previous year: €1,052k).

The following residual terms apply:

	Nominal sum	Residual term less than 1 year	Residual term between 1 and 5 years	Residual term over 5 years
Residual terms of the interest rate caps Sept. 30, 2006	150,000 (150,000)	0 (0)	150,000 (50,000)	0 (100,000)
Residual terms of the interest rate floors Sept. 30, 2006	150,000 (150,000)	0 (0)	150,000 (50,000)	0 (100,000)

ek

Last year's equivalent figures are shown in brackets.

As the underlying contract was entered into with banks of impeccable financial standing, there are no credit risks associated with this financial instrument.

In addition, since September 27, 2006, Wincor Nixdorf has effected an interest rate swap for a nominal sum of

€50,000k at a secured interest rate of 3.797% until July 31, 2012. In doing so, Wincor Nixdorf is hedging the EURIBOR interest rate risk associated with outgoing interest payments for €50,000k of the floating-rate loan from the revolving facility of August 2, 2005, the loan term of which ends on July 31, 2012 (for further explanations, please refer to details of Financial Liabilities outlined in Note 20). The annual interest payments for the floating-rate loan from the revolving facility are compensated for by the settlement payments from the interest rate swap. As the hedge relationship is determined to be highly effective, it is accounted for as a cash flow hedge in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". At the balance sheet date, the fair value, which is measured at market prices, is €92k and has been directly recognized in the revaluation reserve in equity, having taken into account deferred taxes. The fair value is presented in other non-current assets. The market price is determined on the basis of price quotations provided by banks. The interest adjustment takes place at the end of each quarter.

Credit Risks. In the case of derivative financial instruments, the Wincor Nixdorf Group is exposed to credit risk arising from the non-performance of contractual obligations by the contracting parties. This risk is minimized by only entering into agreements with contracting parties who have a first-class credit rating.

Wincor Nixdorf attempts to reduce the credit risk by using trading information, credit limits and debtor management including a payment reminders system and pro-active debt collection. We operate with letters of credit to safeguard receivables from countries with a credit risk, such as Sri Lanka, Thailand, Saudi-Arabia, Ukraine and Russia.

OTHER INFORMATION.**▶ 22 Cost of Materials.**

	€k	
	2005/2006	2004/2005
Cost of raw materials, supplies and bought-in goods	793,349	641,483
Cost of bought-in services	342,400	323,607
	1,135,749	965,090

▶ 23 Personnel Costs.

	€k	
	2005/2006	2004/2005
Wages & salaries	382,827	353,564
Social security payments and welfare expenses	62,365	56,200
Pension costs	27,464	7,664
	472,656	417,428

▶ 25 Other Financial Commitments.

	€k			
	Total	Due within 1 year	Due between 1 and 5 years	Due > 5 years
Future payment commitments from				
real estate leases	55,524 (59,142)	16,456 (13,772)	33,837 (32,895)	5,231 (12,475)
miscellaneous hire agreements and leases	9,714 (11,009)	4,800 (5,343)	4,911 (5,666)	3 (0)
long-term purchase and service contracts	8,978 (12,462)	5,978 (7,125)	3,000 (5,337)	0 (0)
the acquisition of fixed assets	7,876 (3,571)	7,790 (3,527)	86 (29)	0 (15)
Total	82,092 (86,184)	35,024 (29,767)	41,834 (43,927)	5,234 (12,490)

Last year's equivalent figures are shown in brackets.

The average number of employees during the year was 7,444 (previous year: 6,590), excluding trainees and apprentices. Headcount breakdown by function was as follows:

	Heads	
	2005/2006	2004/2005
Production	1,790	1,665
Sales/Services	4,621	3,977
Research & Development	762	689
Administration	271	259
	7,444	6,590

The headcount increase in Sales was essentially due to the establishment of an in-house service function.

▶ 24 Contingent Liabilities. There exist obligations of €1,320k (previous year: €1,643k) arising from warranty contracts. These mainly take the form of sureties to support and safeguard sales activities.

The future payment commitments from real estate leases and miscellaneous hire agreements and leases represent the future minimum lease payments in connection with operating leases as per IAS 17. The agreements comprise the leasing of buildings and motor vehicles. Leasing expenses were €37,103k (previous year: €30,146k) in the year under review.

▶ **26 Related Parties.** A list of affiliated and associated companies is included in Note ▶ **30.**

Related parties according to IAS 24 "Related Party Disclosures" are, besides the Board of Directors, essentially the Supervisory Board, affiliated companies and shareholders.

Each member of the Supervisory Board receives a fixed annual remuneration of €30k, which is payable at the end of the relevant fiscal year. The Chairman receives double the amount and the Deputy Chairman as well as the Chairman of the Audit Committee receives one and a half times that amount. In fiscal year 2005/2006, the members of the Supervisory Board received emoluments of €608k (previous year: €594k). As Chairman of the Supervisory Board, Johannes P. Huth received emoluments totaling €72k, while his Deputy, Manfred Feierabend, received €63k. Compensation paid to Dr. Alexander Dibelius and Hero Brahms for their services as members of the Supervisory Board and Chairman of the Audit Committee amounted to €51k and €57k respectively. Thomas Meilwes, Michael Schild, Volker Kotnig and Prof. Dr. Walter Kröll each received €45k, while Walter Gunz received €39k. Compensation attributable to Edmund Schäfer and Helga Schwarz-Schumann for their services on the Supervisory Board until February 21, 2006, was €19k; Edward A. Gilhuly received €15k. Dr. Bernhard Motzko and Franz Tölle received compensation of €32k for their Supervisory Board tenure since February 21, 2006; Prof. Dr. Harald Wiedmann received €29k.

The emoluments and pension entitlements of the members of the Board of Directors in fiscal 2005/2006 amounted to €6,863k and €2,576k respectively (previous year: €3,515k and €1,507k respectively). The emoluments include the cash settlement of the share-based payment program 2004 in the amount of €1,402k. The increase in comparison to the previous year is due to the appointment of Philip Mantle (departed on December 22, 2005), Jürgen Wilde and Stefan Auerbach to the Board of Directors of Wincor Nixdorf AG as of October 1, 2005.

The members of the Board of Directors have received 30,000 options within the scope of the share-based payment program 2006 and 20,000 options within the scope of the share-based payment program 2005. During the year under review, the members of the Board of Directors and Supervisory Board own shares representing directly or indirectly a nominal value of more than 1% of the subscribed capital. All four members of the Board of Directors are holding 1.39% of the subscribed capital. The members of the Supervisory Board held 0.05% of the subscribed capital.

No goods or services were supplied to RUBEAN AG, Munich, either during fiscal 2005/2006 or during the previous year. No receivables nor liabilities vis-à-vis this company were in existence as of the balance sheet date.

In relation to WINCOR NIXDORF Immobilien GmbH & Co. KG, incidental rental expenses were on-billed for buildings held and rented out by the company.

Provision of goods and services was billed and paid for at "arm's length" prices as would apply between unconnected third parties. No other business of a material nature was transacted with related parties.

▶ **27 Notes to the Consolidated Cash Flow Statement.** The consolidated cash flow statement has been drawn up in accordance with IAS 7 "Cash Flow Statements".

Cash and cash equivalents include not only cash (€9,536k) and marketable securities (€68k) but also bank liabilities repayable at any time (€15,586k) as these could be considered in the management of cash.

The increase in working capital is a result of the following changes:

	€k	
	Sept. 30, 2006	Sept. 30, 2005
Increase/reduction in inventories	-88,888	432
Increase/reduction in advances received from customers	49,796	-12,932
Increase in trade receivables	-51,536	-11,541
Increase in trade payables	18,325	3,746
Increase in deferred income	17,819	10,075
Increase in working capital	-54,484	-10,220

Overall, the EBITDA of €202,995k, the increase in accruals of €45,550k and the increase in working capital to €54,484k essentially resulted in cash flow from operating activities of €154,646k.

The change in consolidation group resulted in a €0.2 million (previous year: decrease of €10.7 million) increase in working capital as well as a €0.1 million (previous year: €0.5 million) increase in cash and cash equivalents. Please see our explanatory notes on the Consolidation Group.

▶ **28 Segment Report.** The breakdown of net worth, profitability and other measurables by areas of activity and by region as per IAS 14 "Segment Reporting" is shown in the Segment Report. The segment breakdown is along the lines of the internal Wincor Nixdorf organization, with a

primary breakdown into the Retail and Banking divisions and a secondary breakdown by geographic markets. The distribution of net sales to external customers by market geography is based on the domicile of the customer; segment assets and investments by market geography are based on the location of the entity which shows the assets.

The nature of products and services in the Retail and Banking segments are shown in the General Information and in the Group Management Report.

Reconciliation of Segment Assets & Segment Liabilities.

	€k	
	Sept. 30, 2006	Sept. 30, 2005
Total balance sheet assets	1,161,502	1,110,000
Non-operating miscellaneous intangible assets (goodwill and product know-how)	-363,164	-383,398
Loans	-91	-148
Equity investments	-982	0
Amounts owed by undertakings in which the company has a participating interest	-25	0
Non-operating miscellaneous assets and current tax assets	-55,963	-44,676
Cash and cash equivalents	-9,604	-50,928
Deferred tax assets	-10,786	-24,691
Segment assets	720,887	606,159
Liabilities (Note ▶20)	687,284	605,579
Financial liabilities	-209,350	-226,694
Current income tax liabilities	-21,329	-20,330
Non-operating miscellaneous liabilities	-91,280	-80,339
Segment liabilities	365,325	278,216

Non-operating miscellaneous liabilities include other liabilities without deferred income.

Reconciliation of Segment Profit to Profit Attributable to Equity Holders of Wincor Nixdorf AG.

	2005/2006	2004/2005
Operating profit (EBITA)	160,817	136,601
Goodwill amortization	0	0
Operating profit (EBIT)	160,817	136,601
Profit charges arising from the carve-out (Note ▶ 29)	-20,031	-26,213
Finance income and finance costs	-12,781	-19,426
Profit before tax	128,005	90,962
Income taxes	-46,152	-35,384
Profit for the period	81,853	55,578
Profit attributable to minority interest	-845	-669
Profit attributable to equity holders of Wincor Nixdorf AG	81,008	54,909

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.

▶ 29 **Effect of Profit Charges arising from the Carve-out.** The Wincor Nixdorf Group was demerged from Siemens Group by means of a leveraged buy-out on October 1, 1999. The amount of the purchase price paid over and above net assets acquired was divided up as follows:

	Oct. 1, 1999
Product know-how	206,664
Goodwill	351,623
Negative goodwill	-1,274
	557,013

The book value of the goodwill as of September 30, 2006 was €280,104k (previous year: €280,104k).

The consequences of this affected profit before taxes as follows:

	2005/2006	2004/2005
Amortization of product know-how	20,031	26,213

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

	2005/2006	2004/2005
Net sales	1,947,569	1,743,732
Cost of sales	-1,412,218	-1,257,533
Gross profit	535,351	486,199
<i>Gross margin (%)</i>	<i>27.5%</i>	<i>27.9%</i>
Research and development expenses	-87,437	-78,007
Selling, general and administration expenses	-290,683	-270,619
Other operating income	4,507	993
Other operating expenses	-921	-1,965
Operating profit (EBIT)	160,817	136,601
Goodwill amortization	0	0
EBITA	160,817	136,601
Amortization/depreciation of property rights, licenses and property, plant and equipment and write-down of reworkable service parts	42,178	31,316
EBITDA	202,995	167,917

Profit Attributable to Equity Holders of Wincor Nixdorf AG before Carve-out per Share.

	€k	
	2005/2006	2004/2005
Profit attributable to equity holders of Wincor Nixdorf AG	81,008	54,909
Amortization product know-how	20,031	26,213
Calculated tax effect	-7,812	-10,223
Profit attributable to equity holders of Wincor Nixdorf AG before carve-out	93,227	70,899
Shares for calculation of profit attributable to equity holders of Wincor Nixdorf AG before carve-out per share (in thousands)	16,542	16,542
Profit attributable to equity holders of Wincor Nixdorf AG before carve-out per share (€)	5.64	4.29

30 Share Ownership as of September 30, 2006.

	Share in capital %
Germany	
Wincor Nixdorf Aktiengesellschaft, Paderborn	
WINCOR NIXDORF International GmbH, Paderborn	100
WINCOR NIXDORF Banking Consulting GmbH, Paderborn	100
WINCOR NIXDORF Customer Care GmbH, Paderborn	100
Wincor Nixdorf Dienstleistungs GmbH, Paderborn	100
WINCOR NIXDORF Facility GmbH, Paderborn	100
WINCOR NIXDORF Facility Services GmbH, Paderborn	100
WINCOR NIXDORF Grundstücksverwaltung Ilmenau GmbH & Co. KG, Paderborn	100
WINCOR NIXDORF Immobilien GmbH & Co. KG, Paderborn	6
Wincor Nixdorf Logistics GmbH, Paderborn	100
Wincor Nixdorf Lottery Solutions GmbH, Constance	100
Wincor Nixdorf Portavis GmbH, Hamburg	51
WINCOR NIXDORF Real Estate GmbH & Co. KG, Paderborn ¹⁾	100
WINCOR NIXDORF Retail Consulting GmbH, Paderborn	100
Wincor Nixdorf Retail Services GmbH, Paderborn	100
WINCOR NIXDORF Security GmbH, Paderborn	100
Wincor Nixdorf Services GmbH, Paderborn	100
WINCOR NIXDORF Technology GmbH, Paderborn	100

	Share in capital %
Europe (excl. Germany)	
Wincor Nixdorf S.A., Brussels (Belgium)	100
Wincor Nixdorf Services S.A., Brussels (Belgium)	56.5
Wincor Nixdorf A/S, Ballerup (Denmark)	100
Wincor Nixdorf Oy, Espoo (Finland)	100
Wincor Nixdorf SAS, Montigny le Bretonneux (France) (Formerly Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir (France))	100
Wincor Nixdorf Information Systems S.A., Athens (Greece)	100
Datalect Group Ltd., Perivale, Middlesex (United Kingdom)	100
Wincor Nixdorf Banking Services Ltd., Wokingham (United Kingdom)	100
Wincor Nixdorf Ltd., Wokingham (United Kingdom)	100
Wincor Nixdorf Ltd., Dublin (Ireland)	100
Wincor Nixdorf Retail S.r.l., Massa e Cozzile (Italy)	100
Wincor Nixdorf Retail Consulting S.r.l., Segrate (Italy)	100
Wincor Nixdorf S.r.l., Milan (Italy)	100
SecurCash B.V., Rotterdam (Netherlands)	100
Wincor Nixdorf Finance B.V., in liquidation, Amsterdam (Netherlands) ²⁾	100
Wincor Nixdorf B.V., The Hague (Netherlands)	100
Wincor Nixdorf A/S, Oslo (Norway)	100
Wincor Nixdorf GmbH, Vienna (Austria)	100
Wincor Nixdorf Sp.z.o.o., Warsaw (Poland)	100
Wincor Nixdorf Lda., Amadora (Portugal)	100
Wincor Nixdorf A.B., Solna (Sweden)	100
BEB Industrie-Elektronik AG, Burgdorf (Switzerland)	100
Wincor Nixdorf Finance AG, Baar (Switzerland)	100
Wincor Nixdorf AG, Brüttisellen (Switzerland)	100
Wincor Nixdorf s.r.o., Bratislava (Slovakia)	100
Wincor Nixdorf S.L., Alcobendas (Spain)	100
Wincor Nixdorf s.r.o., Prague (Czech Republic)	100
Wincor Nixdorf Bilgisayar Sistemleri A.S., Ayazaga (Turkey)	100
Wincor Nixdorf Kft., Budapest (Hungary)	100

¹⁾ According to Section 264b of the German Commercial Code, the company does not have to publish financial statements or a directors' report.

²⁾ Alternative fiscal year ending December 31.

Share in capital %

America

Wincor Nixdorf Soluções em Tecnologia da Informação Ltda., São Paulo (Brazil)	100
Wincor Nixdorf IT Support S.A. de C.V., Mexico City (Mexico) ¹⁾	99.998
Wincor Nixdorf S.A. de C.V., Mexico City (Mexico) ¹⁾	100
Wincor Nixdorf Inc., Austin (USA)	100
Wincor Nixdorf C.A., Caracas (Venezuela)	100

Asia-Pacific

Wincor Nixdorf (Hong Kong) Ltd., Hong Kong (China)	100
Wincor Nixdorf Retail & Banking Systems (Shanghai) Co., Ltd., Shanghai (China) ¹⁾	100
Pt. Wincor Nixdorf Indonesia, Jakarta Selatan (Indonesia)	100
Wincor Nixdorf (M) Sdn. Bhd., Kuala Lumpur (Malaysia)	100
Wincor Nixdorf Pte. Ltd., Singapore (Singapore)	100
Wincor Nixdorf Ltd., Seoul (South Korea)	100
Wincor Nixdorf Taiwan Ltd., Taipei (Taiwan)	99.98
Wincor Nixdorf (Thailand) Co., Ltd., Bangkok (Thailand)	100

Africa

Wincor Nixdorf EURL, Algiers (Algeria)	100
Wincor Nixdorf S.A., Casablanca (Morocco)	96.5

1) Alternative fiscal year ending December 31.

31 Statutory Company Boards.**Members of the Board of Directors of Wincor Nixdorf AG**

Karl-Heinz Stiller, Paderborn

President and Chief Executive Officer

Eckard Heidloff, Paderborn

Executive Vice President, Chief Financial Officer,
Chief Operating Officer

Philip Mantle, Brockenhurst Hanst, United Kingdom

(departed), Executive Vice President –
Banking (until December 22, 2005)

Stefan Auerbach, Bad Orb

Executive Vice President – Services (until February 7, 2006)
Banking (since February 8, 2006)

Jürgen Wilde, Habichtswald

Executive Vice President – Retail

The President and Chief Executive Officer is member of the Advisory Board of Flughafen Paderborn/Lippstadt GmbH, Büren, as well as member of the Supervisory Board of M. P. Media-Print Informationstechnologie GmbH, Paderborn. None of the other members of the Board of Directors holds memberships in Supervisory Boards.

Executive BoardJavier Lopez Bartolomé, Senior Vice President –
Americas and Iberia

Jens Bohlen, Senior Vice President – Services

Lim Khoon Hong, Senior Vice President – Asia

Rainer Pfeil, Senior Vice President – Human Resources

Reinhard Rabenstein, Senior Vice President –
Chief Technology Officer

Members of the Supervisory Board are:

Name	Role	Appointment	Expiration
Johannes P. Huth (Chairman)	Managing Director Kohlberg Kravis Roberts & Co. Ltd.	09/01/2000	End of Annual General Meeting (AGM) for fiscal 2009/2010
Manfred Feierabend (Deputy Chairman)	Technician, WINCOR NIXDORF International GmbH	10/23/2000	End of AGM for fiscal 2009/2010
Hero Brahms (since February 21, 2006 Chairman of Audit Committee)	Consultant advisor	05/14/2004	End of AGM for fiscal 2007/2008
Dr. Alexander Dibelius (until February 21, 2006 Chairman of Audit Committee)	Managing Director Goldman, Sachs & Co. oHG	09/01/2000	End of AGM for fiscal 2009/2010
Edward A. Gilhuly	Managing Director Kohlberg Kravis Roberts & Co. Ltd.	09/01/2000	02/21/2006 (End of AGM)
Walter Gunz	Managing Director Axel Springer eCommerce GmbH & Co. KG	05/14/2004	End of AGM for fiscal 2007/2008
Volker Kotnig	Trade union secretary, German Metalworkers' Union	10/23/2000	End of AGM for fiscal 2009/2010
Prof. Dr. rer. nat. Walter Kröll	Consultant advisor	05/14/2004	End of AGM for fiscal 2007/2008
Thomas Meilwes	Promoter WINCOR NIXDORF International GmbH	10/23/2000	End of AGM for fiscal 2009/2010
Dr. Bernhard Motzko	Head of Logistics & Productions WINCOR NIXDORF International GmbH	02/21/2006	End of AGM for fiscal 2009/2010
Edmund Schaefer	Country Germany Banking, Head of Business Unit S-Finanzgruppe, WINCOR NIXDORF International GmbH	10/23/2000	02/21/2006 (End of AGM)
Helga Schwarz-Schumann	Trade union secretary, German Metalworkers' Union, Member of the Provincial Parliament of North-Rhine Westphalia	10/23/2000	02/21/2006 (End of AGM)
Michael Schild	Programmer WINCOR NIXDORF International GmbH	10/23/2000	End of AGM for fiscal 2009/2010
Franz Tölle	Trade union secretary, German Metalworkers' Union, Regional HQ North-Rhine Westphalia	02/21/2006	End of AGM for fiscal 2009/2010
Prof. Dr. Harald Wiedmann	Lawyer	02/21/2006	End of AGM for fiscal 2009/2010

32 Notes according to Section 314 (1) No. 9 of the German Commercial Code.

The following fees for our Group auditor, KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, were recognized as expenses in fiscal 2005/2006:

	ek
	2005/2006
for audit fees	384
for other certification or valuation services	42
for tax consultancy	528
for other services rendered to Wincor Nixdorf AG or its subsidiaries	305
	1,259

33 Equity Interest pursuant to Section 21 of the German Securities Trading Act.

According to Section 21 of the German Securities Trading Act, Wincor Nixdorf has to receive a notification if any person's equity interest reaches, exceeds or falls below 5%, 10%, 25%, 50% or 75% of the voting rights of Wincor Nixdorf AG. During the fiscal year, the following notifications have been received:

	Date	Equity interest
American Express Company, New York, USA	Sept.30,2005	0%
Lazard Asset Management LLC, New York, USA	Oct.21,2005	< 5% (4.64%)
Schroders Holdings plc, London, Great Britain	Oct.26,2005	0%
Lazard Asset Management LLC, New York, USA	Nov.16,2005	< 5% (3.99%)
Ameriprise Financial, Inc., Minneapolis, USA	Jan.26,2006	< 5% (4.089%)
Fidelity International Ltd., Hamilton, Bermuda	Feb.20,2006	< 5% (4.10%)
Ameriprise Financial, Inc., Minneapolis, USA	March 24, 2006	> 5% (5.036%)
FMR Corp., Boston, USA	Apr.7,2006	> 5% (5.46%)
Schroders plc, London, Great Britain	Apr.7,2006	< 5% (4.46%)
Fidelity International Ltd., Hamilton, Bermuda	May16,2006	> 5% (5.09%)
AKO Fund Limited, George Town, Cayman Islands	July18,2006	> 5% (5.07%)
AKO Fund Limited, George Town, Cayman Islands	Aug.24,2006	< 5% (4.92%)

▶ 34 Statement of Compliance with German Code of Corporate Governance.

The Board of Directors and the Supervisory Board of Wincor Nixdorf AG have issued the statement of compliance with the German Code of Corporate Governance according to Section 161 of German Stock Corporation Act and have made it publicly available to the shareholders on the Wincor Nixdorf homepage. Information reported pursuant to Section 15a of the German Securities Trading Act ("Directors' Dealings") can be obtained from our website (www.wincor-nixdorf.com).

▶ 35 Events after the Balance Sheet Date. In an extraordinary meeting convened on November 8, 2006, the Supervisory Board approved the request of Karl-Heinz Stiller to step down from his position as President and Chief Executive Officer of Wincor Nixdorf AG after the next AGM on January 29, 2007, and to resign from the Board of Directors. At the same meeting, the Supervisory Board passed a resolution appointing Eckard Heidloff, currently Executive Vice President, Chief Financial Officer and Chief Operating Officer, to succeed Karl-Heinz Stiller following the next AGM on January 29, 2007.

There will also be a number of changes to the Supervisory Board of Wincor Nixdorf AG. Johannes P. Huth, currently Chairman of the Supervisory Board, has asked to step down from his position with effect from the close of the next AGM on January 29, 2007. At the same meeting, the Supervisory Board will propose Karl-Heinz Stiller for election as a member of the shareholder representatives' group on the Supervisory Board of Wincor Nixdorf AG. Should he be elected to the Supervisory Board, Karl-Heinz Stiller will stand as a candidate for the position of Chairman of the Supervisory Board.

No other events of particular significance have occurred after the balance sheet date.

Paderborn, November 24, 2006

Wincor Nixdorf AG, Paderborn



Stiller
President
and Chief Executive Officer



Heidloff
Chief Financial Officer
and Chief Operating Officer



Auerbach
Executive Vice President



Wilde
Executive Vice President

AUDITOR'S REPORT.

We have audited the consolidated financial statements prepared by Wincor Nixdorf Aktiengesellschaft, comprising the balance sheet, the income statement, 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 October 1, 2005 to September 30, 2006. 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 § 315a Abs. 1 HGB 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 § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). 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 assurance. 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 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 comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (and supplementary provisions of the shareholder agreement/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.

Bielefeld, November 30, 2006

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Reinke	Rehnen
Auditor	Auditor