

## NOTES TO THE GROUP ACCOUNTS FOR THE FISCAL YEAR 2004/2005.

### Group Changes in Fixed Assets.

	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	
<b>I. Intangible assets</b>							
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 <sup>1)</sup>	173	242	1,039	0	20	334,753
4. Advances made	3,790	0	0	434	-3,547	0	677
	<b>562,827</b>	<b>197</b>	<b>7,384</b>	<b>7,072</b>	<b>6</b>	<b>6,073</b>	<b>571,413</b>
<b>II. Tangible assets</b>							
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
	<b>243,688</b>	<b>728</b>	<b>278</b>	<b>31,701</b>	<b>-6</b>	<b>12,110</b>	<b>264,279</b>
<b>III. Financial assets</b>							
1. Equity investments	1,638	0	0	0	0	0	1,638
2. Loans	233	0	0	5	0	90	148
	<b>1,871</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>90</b>	<b>1,786</b>
	<b>808,386</b>	<b>925</b>	<b>7,662</b>	<b>38,778</b>	<b>0</b>	<b>18,273</b>	<b>837,478</b>

<sup>1)</sup> Adjustment due to initial application of IFRS 3.

## Notes to the Accounts

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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 <sup>1)</sup>	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
<b>144,133</b>	<b>5</b>	<b>32,300</b>	<b>58</b>	<b>11</b>	<b>5,894</b>	<b>170,613</b>	<b>400,800</b>	<b>418,694</b>
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
<b>143,299</b>	<b>669</b>	<b>25,229</b>	<b>0</b>	<b>-11</b>	<b>11,245</b>	<b>157,941</b>	<b>106,338</b>	<b>100,389</b>
1,638	0	0	0	0	0	1,638	0	0
0	0	0	0	0	0	0	148	233
<b>1,638</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,638</b>	<b>148</b>	<b>233</b>
<b>289,070</b>	<b>674</b>	<b>57,529</b>	<b>58</b>	<b>0</b>	<b>17,139</b>	<b>330,192</b>	<b>507,286</b>	<b>519,316</b>

**Segment Report by Division.**

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	Banking	Retail	Group
Net sales to external customers	1,028,065 (930,299)	715,667 (645,648)	<b>1,743,732</b> (1,575,947)
Operating profit (EBITA) <sup>1)</sup>	105,001 (91,603)	31,600 (24,700)	<b>136,601</b> (116,303)
Segment assets	357,134 (329,483)	249,025 (249,221)	<b>606,159</b> (578,704)
Segment liabilities	130,815 (132,245)	147,401 (152,274)	<b>278,216</b> (284,519)
Investments in property rights, licenses and tangible assets	26,220 (22,985)	11,514 (11,978)	<b>37,734</b> (34,963)
Amortization/Depreciation	21,535 (17,895)	9,781 (8,401)	<b>31,316</b> (26,296)
Investment result <sup>2)</sup>	0 (413)	0 (0)	<b>0</b> (413)
Research & development costs	48,667 (44,301)	29,340 (28,607)	<b>78,007</b> (72,908)

<sup>1)</sup> After elimination of profit charges arising from the carve-out (see Note | 27).

<sup>2)</sup> For further explanations see Note | 4.

**Segment Report by Market Geography.**

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	Germany	Europe excl. Germany	Asia- Pacific & Africa	Americas	Group
Net sales to external customers	512,500 (515,541)	902,398 (763,631)	195,752 (183,989)	133,082 (112,786)	<b>1,743,732</b> (1,575,947)
Segment assets	234,125 (229,714)	245,686 (218,407)	29,187 (102,301)	97,161 (28,282)	<b>606,159</b> (578,704)
Investments in property rights, licenses and tangible assets	27,090 (27,284)	4,375 (3,707)	3,711 (3,390)	2,558 (582)	<b>37,734</b> (34,963)

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 seated 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 belongs to 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 31 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/Arnstadt (Germany), Burgdorf (Switzerland), Singapore, Shanghai (China) and São Paulo (Brazil). Research and development locations are Germany, Switzerland, Singapore, Indonesia, USA and China.

The Banking Division proposition includes automated teller machines, bank statement printers, services and multimedia information and service terminals for banks but other service providers also.

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). The consolidated financial statements will be approved by the Supervisory Board of Wincor Nixdorf AG as of November 30, 2005.

**Use of International Financial Reporting Standards (IFRS).** The consolidated Group accounts of Wincor Nixdorf AG as of September 30, 2005 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 during the fiscal year 2004/2005 have been applied. In addition, International Financial Reporting Standard IFRS 2 "Share-based Payment" has already been applied on voluntary basis. IFRS 3 "Business Combinations" has been applied obligatorily in respect of new business combinations effective after March 31, 2004. For business combinations effective before March 31, 2004, IFRS 3 has been applied on voluntary basis retrospectively for the period since October 1, 2003 only. In conjunction with the application of IFRS 3, the 2004 versions of IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets" have been applied.

Further amendments of existing standards or standards released for the first time in the course of the so-called "Improvement Project" will be applied in the consolidated financial statements 2005/2006. We do not expect any material effects.

## METHODS OF CONSOLIDATION.

**Consolidation Group.** In addition to the parent company Wincor Nixdorf AG, the Group financial statements to September 30, 2005 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 of business unit takeovers were as follows:

▶ At October 1, 2004, Wincor Nixdorf acquired the remaining 49.99% interest in the company Wincor Nixdorf Oy, Espoo, Finland, for an agreed consideration of € 909k. Additional contractually fixed purchase costs amounted to € 14k. The contributable equity as of October 1, 2004, came to € 1,439k resulting in an excess amount of € –516k. The acquisition can be characterized as a lucky buy. Therefore, the excess amount has been immediately recognized in profit and loss and is shown under other operating income.

The entity's share in the net profit for the period is € 293k.

▶ With effect December 1, 2004, 100% of the shares in CXT Huolto Oy, Vantaa, Finland, have been acquired for a purchase price of € 89k. The company's object of enterprise is the provision of services, and the acquisition adds to our service delivery capability on Wincor Nixdorf products in Finland. Moreover, directly attributable expenses of acquisition amounted to € 19k. Immediately before the first consolidation at December 1, 2004, the acquisition had the following impact on the financial position of Wincor Nixdorf Group:

	€k
Goodwill	297
Customer-related intangible assets	23
Marketing-related intangible assets	21
Other intangible assets	17
Other assets	82
Liquid assets	0
Liabilities	336

The entity's net share in the net profit for the period is € 46k. On September 30, 2005, the entity was merged with Wincor Nixdorf Oy, Espoo, Finland.

▶ 100% of the company BEB Industrie-Elektronik AG, Burgdorf, Switzerland was acquired with effect January 1, 2005 for a consideration of CHF 10,000k. CHF 9,000k was paid to the sellers immediately. The remaining CHF 1,000k have been transferred to a blocked account and are available to the sellers beginning January 1, 2007. Moreover, directly attributable expenses of acquisition amounted to

CHF 41k. The company is specialized in the development and production of sensor-based banknote readers designed for self-service terminals. It was fully consolidated into the Wincor Nixdorf Group financial statements for the first time on January 1, 2005. The acquisition had the following effect on the financial position of the Group as of January 1, 2005 immediately before the business combination:

	CHFk
Unpatented technology	10,568
Other intangible assets	456
Other assets	5,593
Liquid assets	471
Pension accruals	1,328
Liabilities	7,083

The entity's share in the net profit for the period is € 436k.

▶ As of January 1, 2005 Wincor Nixdorf Dienstleistungs-GmbH, Paderborn was acquired for a consideration of € 27,5k.

▶ As of July 15, 2005, Wincor Nixdorf Banking Services Ltd., Wokingham, United Kingdom has been newly founded with a subscribed capital of GBP 1.

▶ Wincor Nixdorf S.A. de C.V., Mexico City, Mexico, and Wincor Nixdorf IT Support S.A. de C.V., Mexico City, Mexico, each with a subscribed capital of MXP 50k have been founded with effect August 17, 2005. The business commenced operation on October 1, 2005.

▶ As of August 17, 2005, Wincor Nixdorf acquired Prinzipal 49th V.V. GmbH, Hamburg, with a subscribed capital of € 25k and renamed the company to Wincor Nixdorf Portavis GmbH by means of shareholders' resolution of August 17, 2005. Following the increase in the company's subscribed capital and the inclusion of new shareholders, WINCOR NIXDORF International GmbH now has a 51% equity interest, HASPA Finanzholding, Hamburg, 38% and Sparkasse Bremen AG, Bremen, 11%. In addition, the shareholders committed themselves to capitalize the company with capital reserves of € 4,900k in cash until September 30, 2005 in proportion to their shares. As of October 1, 2005, 130 employees of the shareholders moved to the new company.

▶ In addition, the following new foundations took place in fiscal 2005:

- Wincor Nixdorf Customer Care GmbH, Paderborn, subscribed capital of € 25k
- Wincor Nixdorf Facility Services GmbH, Paderborn, subscribed capital of € 25k
- Wincor Nixdorf Banking Consulting GmbH, Paderborn, subscribed capital of € 25k

The companies have been put into operation as of October 1, 2005.

▶ As of December 31, 2004, Wincor Nixdorf Retail and Banking Systems (Suzhou) Co. Ltd., Suzhou, China, has been liquidated and at the same time deconsolidated. Immediately before the liquidation, the company possessed liquid assets of € 3,857k. The deconsolidation resulted in a loss of € -1,728k.

Net sales in fiscal 2005 amounted to € 0k (previous year: € 0k), net profit for the period to € -113k (previous year: € -26k).

▶ As of May 12, 2005, 3.5% of the shares in Wincor Nixdorf S.A., Casablanca, Morocco, have been sold for a consideration of € 420k.

As a result, the consolidation Group at the year-end was made up of 60 companies, including Wincor Nixdorf AG, Paderborn.

Had the newly acquired businesses been fully consolidated on October 1, 2004, Group net sales would have been € 1,153k higher. The effect on Group profit and the book values of the acquired assets cannot be quantified as the costs are not comparable. Prior to initial consolidation, BEB Industrie-Elektronik AG, Burgdorf, compiled its accounts under Swiss statutory accounting regulations and CXT Huolto Oy, Vantaa, Finland, prior to initial consolidation under Finnish statutory accounting regulations.

**Consolidation Principles.** The consolidated Group accounts 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, 2005 and, for the comparative period, as of September 30, 2004, duly audited and approved by KPMG or other auditing companies. 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 IAS 27.22 ("Consolidated and Separate Financial Statements") in conjunction 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 over a prospective utilization period of 20 years since October 1, 2003. Moreover, goodwill is tested for impairment annually and eventually an impairment loss is recorded.

The interests in subsidiary companies that are not attributable to the parent company are shown under Group equity as "minority interests." 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 have been 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 independently, they have been treated as foreign entities as defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates." 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 case of Wincor Nixdorf C.A., Venezuela, Wincor Nixdorf Soluções em Tecnologia da Informação Ltda., São Paulo, Brazil, 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. The functional currency of Wincor Nixdorf Pte. Ltd., Singapore, has been changed to U.S. dollar due to corresponding legal changes in Singapore.

In the individual company reports included, foreign currency transactions are recorded at the exchange rates applicable at the time of the transactions. Resultant foreign currency 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 foreign currency items are shown in the statement of income.

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

	ISO-Code	Average rate		Closing rate	
		2004/2005	2003/2004	Sept. 30, 2005	Sept. 30, 2004
1 € =					
Swiss Franc	CHF	1.5428	1.5502	1.5561	1.5524
Pound Sterling	GBP	0.6876	0.6789	0.6820	0.6868
U.S. Dollar	USD	1.2716	1.2196	1.2042	1.2402

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

In compiling the consolidated Group accounts, 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 potential liabilities. The assumptions and estimates mainly relate to Group-wide setting of standard economic utilization periods of fixed asset items, to the valuation of manufacturing orders, to capitalization and valuation of 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.

**Fixed 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 three years.

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

Tangible assets 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. Tangible fixed assets are mainly depreciated using the straight-line method in accordance with economic utilization. Plant and machinery used in the production process, and other fixed assets and office equipment are written down using front-loaded depreciation rates as a result of multi-shift operations.

As standard, financial assets are valued at acquisition cost or, if lower, at their settlement value on the balance sheet date. Interest-bearing loans are capitalized at nominal value.

**Current assets.** Inventories are valued at purchase or production cost, or at lower net realizable value.

The purchase cost of 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 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."

Receivables and other assets are valued at nominal value, at cost or at actual current value, where lower. Provisions for bad debts are taken in line with the probability of default and with country risks, with general risk of default and interest rate risks accounted for on the basis of past experience.

Securities classified as "available for sale" and "held for trading" are valued at fair value as per published prices on the day.

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

**Accruals & Liabilities.** In Germany, 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 profits and losses are reported immediately in the relevant year's net profit. Pension-like liabilities on the part of foreign companies 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 repayment value.

**Impairment.** With the exception of inventories (see inventories) and deferred tax assets (see deferred tax assets), 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 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 flow are data from the detailed group planning for the periods until

2007/2008 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 flow is calculated by discounting the free cash flow with an interest rate between 8 and 10% 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.

**Derivatives.** 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 hedge accounting are valued as trading instruments.

Derivative transactions are accounted for at acquisition cost at the time they are entered into. 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 hedge accounting are not met. If hedging relationships are effective, the amounts of profit are credited (and losses charged) to equity, with no effect on accounting profit.

**Leasing.** Wincor Nixdorf Group offers leasing of ATMs 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 € 753k (previous year: € 309k) and is reported in the profit and loss statement under functional cost.

**Net sales.** Net sales are recognized:

1. upon delivery of goods after transfer of risks and rewards
2. following provision of services
3. over the contract term in the case of maintenance agreements and products leased to customers

**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 comprise 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 (back payments) 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 consolidated Group accounts. By departure from this, no deferred taxes are reported in respect of goodwill, amortization of which is non-tax-deductible. In addition, deferred taxes are also shown on the asset side of the balance sheet in respect of the future utilization of tax losses carried forward. 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.

Deferred tax assets are only shown to the extent that it is probable that sufficient taxable income will be available in order to use them.

Net profit on operating activities was € 110,388k (previous year: € 85,044k). The budget plans of the respective entities produced under the premise of a "going concern" show positive final annual net profits for the coming years, even allowing for subsequent expenditure arising from the carve-out, thereby resulting in utilization of the existing tax losses carried forward.

## 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 (€ 1,031,984k; previous year: € 950,075k) and those from the provision of services (€ 711,748k; previous year: € 625,872k) reduced by sales deductions.

▶ **2 Gross Profit on Sales.** Gross margin is 26.4% (previous year: 27.3%) of net sales. After adjusting for profit charges arising from the carve-out (see Note ▶ 27), the gross margin is 27.9% (previous year: 29.0%).

The currency profits/losses of € 13,397k (previous year € -1,609k) 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 Investment Result.** In the prior year, the pro-rata profit share (49.99%) derived from the interest, valued at equity until December 31, 2003, in Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France (former Thales Nixdorf Systèmes Bancaires S.A.S., Plaisir, France) is shown under this position.

▶ **5 Financial Result.** Net interest income is comprised as follows:

	2004/2005	2003/2004
Miscellaneous interest and similar income	2,574	7,665
Interest and similar expenses	-12,475	-20,015
Interest element within additions to long-term accruals and other financial result	-9,525	-6,797
	<b>-19,426</b>	<b>-19,147</b>

During the year under review, interest expended on long-term bank debt amounted to € 7,332k (previous year: € 13,116k).

▶ **6 Taxes.**

	2004/2005	2003/2004
Ongoing taxes on income and profit	-28,022	-18,319
Deferred tax expenses	-21,609	-19,585
Deferred tax income	14,247	16,364
	<b>-35,384</b>	<b>-21,540</b>

The amounts shown above for ongoing taxes on income and profit relate, within Germany, to capital yield tax, 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. Non-reporting-period taxes are explained separately in the section "Income & Expenses Outside the Reporting Period."

Deferred taxes in the amount of € 2,683k (previous year: € -111k) have been recorded in revaluation reserves in equity without any effect on profit and loss. They result from the market valuation of the cash flow hedge. For further explanations we refer to Note ▶ 20.

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 consolidated Group accounts using the liability method plus capitalization, mainly within WINCOR NIXDORF International GmbH, Paderborn, of tax losses capable of being carried forward.

Given the past favorable profits in the retail and banking businesses and also the expected positive future profits from WINCOR NIXDORF International GmbH, Paderborn, it is sufficiently certain that the future taxable income of WINCOR NIXDORF International GmbH, Paderborn, and the other Group companies will be enough to realize the deferred taxes reported as balance sheet assets.

As of September 30, 2005 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 € 91k 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 € 4,160k below those which could have been expected.

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

	€k	
	2004/2005	2003/2004
<b>Group profit before tax</b>	<b>90,962</b>	<b>65,897</b>
<b>Expected tax expenses based on a tax rate of 39% (2003/2004: 39%)</b>	<b>-35,475</b>	<b>-25,700</b>
<b>Differences from expected tax costs</b>		
Difference from local tax rates	5,247	2,856
Difference arising from change of tax rate for deferred taxes	-74	-262
Increases/decreases in tax due to tax-exempt income and non-tax-deductible expenses	-1,953	1,299
Consolidation entries excl. deferred taxes or with differing tax rates	-1,705	-1,215
Corrections arising from tax audits and other effects	-1,364	1,862
Valuation allowances on deferred tax assets capitalized for tax losses carried forward	-60	-380
<b>Total adjustments</b>	<b>91</b>	<b>4,160</b>
<b>Actual tax expenses</b>	<b>-35,384</b>	<b>-21,540</b>

The effective tax rate is 38.9% (previous year: 32.7%).

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

	Sept. 30, 2005		Sept. 30, 2004	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	582	44,893	1,878	39,469
Tangible assets	390	2,220	857	2,451
Financial assets	0	0	0	19
Inventories	11,253	3,906	9,884	9,043
Receivables and other current assets	2,452	6,961	2,003	6,195
Pension accruals	17,869	100	14,701	0
Other accruals	10,472	354	8,799	456
Liabilities	13,933	2,541	14,698	45
Deferred income	241	0	0	0
Losses carried forward	16,154	0	23,307	0
	<b>73,346</b>	<b>60,975</b>	<b>76,127</b>	<b>57,678</b>
Netting off of deferred tax assets and liabilities	-48,655	-48,655	-53,125	-53,125
	<b>24,691</b>	<b>12,320</b>	<b>23,002</b>	<b>4,553</b>

**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.

	2004/2005	2003/2004
Profit attributable to the ordinary equity holders of Wincor Nixdorf AG (€k)	54,909	43,769
Weighted Average of ordinary shares outstanding (in thousands)	16,542	14,954
<b>Basic Earnings per share (€)</b>	<b>3.32</b>	<b>2.93</b>
Weighted average of ordinary shares outstanding plus diluting share options (in thousands)	16,589	14,954
<b>Diluted Earnings per share (€)</b>	<b>3.31</b>	<b>2.93</b>

The share-based payment program has not caused any dilution during the previous year period presented.

The share-based payment program is described under Note **14**.

## NOTES TO THE BALANCE SHEET.

**8 Fixed Assets.** Changes during fiscal 2004/2005 to individual items within fixed assets are shown in the Group Changes in Fixed Assets table.

**Intangible Assets.** Intangible assets as of September 30, 2005 include product know-how of € 51,811k (previous year: € 78,024k) 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 € 26,213k (previous year: € 28,093k). This figure includes impairment losses of € 5,781k (previous year: € 5,064k) due to a lack of intrinsic value.

During fiscal 2004/2005, the acquisition of commercial patents and similar rights plus licenses to such rights resulted in additions of € 5,599k. Advances made amounted to € 434k.

Total goodwill additions amount to € 1,281k. They are mainly the result of the acquisition of BEB Industrie-Elektronik AG, Burgdorf, Switzerland (€ 242k), the acquisition of the equity interest in CXT Huolto Oy, Vantaa, Finland (€ 297k) as well as a subsequent payment for prior year's acquisition of Datalect Group Ltd., Perivale, Middlesex, Great Britain (€ 634k).

According to IFRS 3, goodwill is no longer amortized on a scheduled basis since October 1, 2003. The accumulated amortization on goodwill has been eliminated by a corresponding decrease in the historical costs of goodwill. Negative goodwill is derecognised by a corresponding adjustment to the opening balance of retained earnings as of October 1, 2003.

In the statement of income, impairment of the previous year's goodwill is shown under other operating expenses, with product know-how amortization 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).

**Tangible Assets.** Additions to tangible assets are valued at € 31,701k, with large individual elements of this being other fixed assets & office equipment at € 23,782k (essentially specialist tools and IT equipment) and equipment under construction at € 2,683k, mainly the result of specialist tools not yet finished.

The depreciation of € 25,229k (previous year: € 22,669k) is included in the statement of income under the various functional cost headings.

The leasing of ATMs 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.

The future minimum lease payments under non-terminable lease agreements are as follows:

€k				
	Total	< 1 year	1-5 years	> 5 years
ATMs	267	267	0	0

**Financial Assets.** Within investments the 10% investment in RUBEAN AG, Munich, fully depreciated during fiscal year 2001/2002, is presented.

Included under loans are lendings to employees of € 148k (previous year: € 233k).

## 9 Inventories.

€k		
	Sept.30,2005	Sept. 30, 2004
Raw materials and supplies	43,326	37,354
Unfinished goods	15,853	19,753
Finished goods and merchandise	176,983	177,099
thereof unbilled traded goods and services	75,552	81,047
Advances made	786	752
	<b>236,948</b>	<b>234,958</b>

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, 2005 at their lower settlement values was € 76,566k (previous year: € 50,613k). Inventory impairment reported under cost of sales is € 14,555k (previous year: € 12,032k).

## 10 Receivables and other assets.

€k				
	Sept. 30, 2005		Sept. 30, 2004	
		of which with a residual term of more than one year		of which with a residual term of more than one year
Trade receivables	245,471	3,876	232,840	1,899
Other assets	29,194	1,225	27,128	2,402
	<b>274,665</b>	<b>5,101</b>	<b>259,968</b>	<b>4,301</b>

The trade receivables are reduced by necessary valuation allowances amounting to € 15,277k (previous year: € 15,850k).

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

<b>Residual terms of present value of minimum lease payments receivable</b>	€k
	2004/2005
Residual term up to 1 year	1,492
Residual term between 1 and 5 years	2,730
Residual term more than 5 years	704
	<b>4,926</b>

<b>Residual terms of total gross investment in the lease</b>	€k
	2004/2005
Residual term up to 1 year	1,727
Residual term between 1 and 5 years	3,156
Residual term more than 5 years	1,277
Unearned finance income	-1,234
<b>Present value of minimum lease payments receivable</b>	<b>4,926</b>

Other assets include sales tax of € 13,460k (previous year: € 10,962k), income tax receivables of € 2,780k (previous year: € 2,062k), receivables from employees of € 1,818k (previous year: € 1,580k) and debit balances in creditors of € 2,386k (previous year: € 897k).

**11 Marketable securities.** This item includes securities classified as "available for sale" and "held for trading."

The "available for sale" securities are held as security-backing, as required by Section 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 € 5k were added to this during the fiscal year. The historical acquisition cost of "available for sale" securities is € 50k.

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 profit and loss.

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

**12 Cash in Hand and at Bank (incl. Checks).** The cash in hand of € 1,579k (previous year: € 1,426k) mainly includes test cash for automated teller machines.

Bank balances, including payments en-route, are € 48,144k (previous year: € 58,328k).

Checks amount to € 1,136k (previous year: € 5,034k).

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

This item includes deferred tax assets as of September 30, 2005, € 24,691k (previous year: € 23,002k) after netting off deferred tax liabilities. Deferred tax assets of € 16,154k are the result of future utilization of tax losses brought forward in accordance with IAS 12 "Income Taxes" mainly

at Wincor Nixdorf AG, Paderborn, and WINCOR NIXDORF International GmbH, Paderborn. Further explanatory notes on deferred tax assets are contained in Note 6 to the accounts (Taxes).

**14 Equity.** The changes in equity and individual elements thereof are shown in detail in the Group 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. € 46,084k as of September 30, 2005. The amount of Wincor Nixdorf AG's final distributable profit for fiscal 2004/2005 being proposed for distribution by the Annual General Meeting is € 34,739k (equivalent to € 2.10 per share). The remaining amount is to be carried forward.

The amount of € 20,016k (€ 1.21 per share) was distributed to Wincor Nixdorf AG shareholders 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, 2005 are fully paid-up and carry equal entitlement.

**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 option program.

**Authorized Share Capital.** As the result of a resolution at the AGM on May 14, 2004, the Executive Board 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 Executive Board 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 Executive Board 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.

**Retained Earnings.** Other retained earnings contain the cumulative profits made by the subsidiary companies included in the Group financial statements.

Other retained earnings include the revaluation reserve in respect of variances between the purchase cost of securities shown under Note 11 and their referring market values as well as the market valuation of the cash flow hedge, less deferred taxes.

**Own Shares.** Wincor Nixdorf AG, Paderborn has sold its own shares represented in fiscal 2002/2003 in the amount of € 34k (nominal value) or € 1,011k (book value) respectively as of March 31, 2004 at book value.

**Other Consolidation Reserves.** The effects of consolidation measures are reflected in other consolidation reserves. These mainly include the elimination of intercompany profits and deferred taxes dependent thereon.

**Consolidated Profit/Loss.** The consolidated profit/loss is made up of net profit for the period of € 54,909k, the previous year's consolidated profit (€ 41,414k), the change in reserves (€ 15,071k) and distributions (€ -20,090k).

**Currency Translation Adjustments.** Currency translation adjustments contain all currency variances arising from currency translation into euros of the annual accounts of foreign subsidiaries.

**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. 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 that 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 (total shareholder return). 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. The following inputs have been used:

Exercise price of the option	€	45.10
Expected volatility	%	32.6
Option life	Years	2
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.

As of March 1, 2005 Wincor Nixdorf granted 175,250 share options for an exercise price of € 62.85 under a share-based payment program to its managers. 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 (total shareholder return). 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. The following inputs have been used:

Exercise price of the option	€	69.14
Expected volatility	%	23.06
Option life	Years	2
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 implied volatility based on the 1-year period since this value holds the most relevance. Further long-term volatilities are not available because of the going public in May 2004.

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

	2004/2005		2004/2005	
	Share options Number	Average exercise price €	Share options Number	Average exercise price €
As of October 1	212,500	45.10	0	–
Granted during the period	175,250	69.14	212,500	45.10
As of September 30	387,750	55.97	212,500	45.10
Exercisable at the end of the period	0	55.97	0	45.10

During the fiscal year personnel costs in connection with both share-based payment programs amounted to € 847k (previous year: € 171k). The additional paid-in capital has been increased by this amount.

## 15 Minority interests.

	ek
<b>Balance as of October 1, 2003</b>	<b>4,242</b>
Shares in profits	588
Takeover of shares by the Wincor Nixdorf Group (shares in losses)	–71
Dividend distribution	–239
<b>Balance as of September 30, 2004</b>	<b>4,520</b>
Contributions	2,559
Shares in profits	680
Shares in loss	–10
Takeover of shares by the Wincor Nixdorf Group	–1,604
Exchange rate changes	–5
<b>Balance as of September 30, 2005</b>	<b>6,140</b>

## 16 Pension Accruals & Similar Commitments.

	€k	
	Sep 30, 2005	Sep 30, 2004
Present value of unfunded obligations	120,657	106,663
Present value of funded obligations	20,837	16,382
Market value of plan assets	-18,559	-14,532
<b>Net liabilities</b>	<b>122,935</b>	<b>108,513</b>

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.

The pension commitments of WINCOR NIXDORF International GmbH, Paderborn, which account for 92 % of total pension accruals, are calculated using the Projected Unit Credit method in accordance with IAS 19 "Employee Benefits." This calculates future commitments by taking account of dynamic developments using actuarial procedures. In addition to life expectancy assumptions (using the 2005

Heubeck Tables for Germany (previous year: 1998 Heubeck Tables for Germany)), the commitments have been calculated using an accounting interest rate of 4.5% (previous year: 5.5%), an income trend of 1.25% (previous year: 3.5%) and a pension trend of 1.25% (previous year: 1.5%). The same assumptions have been applied for all German subsidiaries.

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

	%	
	2004/2005	2003/2004
Interest rate	3.4	4.8
Income trend	2.9	3.2
Pension trend	0.9	0.8

In doing this, actuarial gains and losses are recorded immediately in the relevant year's annual net profit in the financial result, in the previous year in the functional cost headings. Pension expenses consist of personnel costs, which are accounted for within functional operating expenses, and the interest costs which are shown within the figure for Financial Result.

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

	€k	
	2004/2005	2003/2004
Current service cost	6,706	6,169
Interest cost	6,727	6,133
Expected return on plan assets	-529	-501
Actuarial gains and losses	847	-1,245
<b>Total profit effect</b>	<b>13,751</b>	<b>10,556</b>

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

	€k	
	2004/2005	2003/2004
October 1	<b>108,513</b>	<b>98,044</b>
Transfers	2,833	1,247
Current service cost	6,706	6,169
Interest cost	6,727	6,133
Expected return on plan assets	-529	-501
Actuarial gains and losses	847	-1,245
Pension payments	-2,162	-1,334
<b>September 30</b>	<b>122,935</b>	<b>108,513</b>

Expected return on plan assets is determined based on a weighted average of 3.6% (previous year: 4.3%) and shown within the financial result. The actual return on plan assets was € 824k (previous year: € 225k).

The personnel expenses of the fiscal year include expenses for defined contribution plans in the amount of € 1,306k (previous year: € 410k).

## 17 Tax Accruals & Other Accruals.

						€k
	Oct. 1, 2004	Currency Variances & Misc.	Draw-downs	Releases	Additions	Sept.30, 2005
<b>Accrual for ongoing taxes on profit and other taxes</b>	<b>19,394</b>	<b>109</b>	<b>-11,206</b>	<b>-233</b>	<b>10,239</b>	<b>18,303</b>
<b>Miscellaneous accruals for personnel expenses</b>	<b>57,577</b>	<b>232</b>	<b>-24,309</b>	<b>-4,313</b>	<b>33,505</b>	<b>62,692</b>
of which >1 year	18,361	40	-1,671	-2,267	4,636	19,099
Accruals for						
Warranties	31,750	95	-21,502	-2,199	26,940	35,084
Delay and contract penalties	6,788	-3	-114	-3,281	641	4,031
Potential losses on pending transactions	6,362	-18	-3,368	-750	8,925	11,151
Miscellaneous	4,030	113	-1,005	-339	1,659	4,458
<b>Total accruals associated with sales and procurement markets</b>	<b>48,930</b>	<b>187</b>	<b>-25,989</b>	<b>-6,569</b>	<b>38,165</b>	<b>54,724</b>
<b>Other miscellaneous accruals</b>	<b>11,239</b>	<b>8</b>	<b>-6,541</b>	<b>-2,935</b>	<b>16,137</b>	<b>17,908</b>
<b>Total other accruals</b>	<b>117,746</b>	<b>427</b>	<b>-56,839</b>	<b>-13,817</b>	<b>87,807</b>	<b>135,324</b>

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/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 which is 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).

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 probability of incurrence of penalties is greater than 50% 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.

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

With the exception of the indicated portion of accruals for personnel expenses, accruals for ongoing taxes and miscellaneous accruals have prospective residual terms of less than one year.

## 18 Liabilities.

	Total amount	Residual term up to 1 year	Residual term between 1 and 5 years	Residual term more than 5 years
Financial liabilities	226,695 (325,082)	222,590 (40,382)	3,204 (163,200)	901 (121,500)
Advances received on orders	26,571 (39,503)	26,571 (39,503)	0 (0)	0 (0)
Trade payables	194,529 (197,975)	194,529 (197,975)	0 (0)	0 (0)
Other liabilities	82,434 (85,173)	82,207 (81,532)	227 (1,457)	0 (2,184)
	<b>530,229</b> (647,733)	<b>525,897</b> (359,392)	<b>3,431</b> (164,657)	<b>901</b> (123,684)

€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 repayment value.

As of August 5, 2005 Wincor Nixdorf paid back the syndicated loans, which had been taken out in fiscal 2002/2003 for the refinancing of the loans for the carve-out process from fiscal 1999/2000 by the arrangement of a revolving facility.

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 margin equals the ratio of consolidated net debt to consolidated EBITDA.

The repaid syndicated loans were made up of two tranches, A and B, each with different interest rate margins. The funds were to be drawn down for terms of between 1 and 6 months, or longer by agreement, and attracted interest at the relevant EURIBOR rate. The syndicated loans also enabled the Company to draw down additional funds of € 75,000k (revolving facility). The liable parties were WINCOR NIXDORF International GmbH (€ 236,200k, comprising € 164,700k tranche A and € 71,500k tranche B) and Wincor Nixdorf AG (€ 48,500k in tranche A).

The liabilities to the syndicate were secured by mortgaging, renunciation and conditional title transfers relating to equity interests, machinery, plant and equipment, receivables, inventories and patents, licenses and similar rights of the Wincor Nixdorf Group. There was also a mortgage and collateral agreement in place at Wincor Nixdorf Real Estate GmbH & Co. KG.

Bank liabilities as of the balance sheet date came to a total of € 224,113k (previous year: € 325,082k) of which € 170,000k were from the revolving facility. The liable parties are WINCOR NIXDORF International GmbH (€ 135,000k) and Wincor Nixdorf AG (€ 35,000k).

The revolving facility agreement also allows further loans over and above the funding already taken out to be drawn down should this be necessary for the execution of future capital initiatives.

Liabilities from finance leases amount to € 2,582k. The referring assets are disclosed as tangible assets (€ 638k) and trade receivables (€ 1,844k).

#### Residual terms of present value of minimum lease payments

	€k
	2004/2005
Residual term up to 1 year	477
Residual term between 1 and 5 years	1,204
Residual term more than 5 years	901
	<b>2,582</b>

#### Residual terms of future total minimum lease payments

	€k
	2004/2005
Residual term up to 1 year	506
Residual term between 1 and 5 years	1,254
Residual term more than 5 years	1,027
Interest	-205
<b>Present value of minimum lease payments</b>	<b>2,582</b>

**Other Liabilities.** Other liabilities comprise tax liabilities of € 18,476k (previous year: € 16,028k), of which € 2,096k (previous year: € 1,624k) is income tax yet to be remitted. Also reported are social security liabilities of € 10,244k (previous year: € 10,966k) and other miscellaneous liabilities of € 53,714k (previous year: € 58,179k).

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

▶ **19 Deferred Income.** The deferred income totaling € 57,116k (previous year: € 47,041k) mainly includes deferred maintenance agreements to a value of € 51,508k (previous year: € 41,010k).

▶ **20 Financial Instruments.** Financial instruments of Wincor Nixdorf Group are accounted for at settlement date.

**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 9% 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 12 months by a combination of fiscal and natural hedging.

Since the end of fiscal year 2003/2004 80% of 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 market value which is determined by market prices amounts to € 107k and € -6,988k respectively (previous year: € 284k) at the balance sheet date and has been recorded without any impact on profit and loss in the revaluation reserve within equity. Market prices have been obtained by respective quotations of banks. The amount will affect profit and loss within the next twelve months. The market values are presented under Other Assets or Other Liabilities respectively.

During this fiscal 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.

The relevant country businesses manage only those currencies not reconciled on a group-wide basis.

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 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) and a lower interest rate limit of 1.75 % (as seller). 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:

	€k	
	Sept.30,2005	Sept. 30, 2004
Market value: interest rate caps	276	1,324
Nominal sum: interest rate caps	150,000	150,000
Market value: interest rate floors	-226	-222
Nominal sum: interest rate floors	150,000	150,000

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 which 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.

The positive market value of the interest rate caps as of September 30, 2005 is shown as relevant under Other Assets. The negative market value of the interest rate floors is shown under Other Liabilities. The changes in value are included under Financial Result. The impact of the changes in value on profit and loss is € 1,052k (previous year: € -1,550k).

The following residual terms apply:

	€k			
	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 cap Sept. 30, 2005	150,000 (150,000)	0 (0)	50,000 (50,000)	100,000 (100,000)
Residual terms of the interest rate floor Sept. 30, 2005	150,000 (150,000)	0 (0)	50,000 (50,000)	100,000 (100,000)

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.

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

## OTHER INFORMATION.

### ▶ 21 Cost of Materials.

	ek	
	2004/2005	2003/2004
Cost of raw materials, supplies and bought-in goods	625,454	685,979
Cost of bought-in services	339,636	343,080
	<b>965,090</b>	<b>1,029,059</b>

### ▶ 22 Personnel Costs.

	ek	
	2004/2005	2003/2004
Wages & salaries	353,564	296,639
Social security payments and welfare expenses	56,200	48,641
Pension costs	7,664	6,887
	<b>417,428</b>	<b>352,167</b>

The average number of employees during the year was 6,590 (previous year: 5,575), excluding trainees and apprentices. Headcount breakdown by function was as follows:

	Heads	
	2004/2005	2003/2004
Production	1,665	1,499
Sales	3,977	3,205
Research & development	689	630
Administration	259	241
	<b>6,590</b>	<b>5,575</b>

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

### ▶ 23 Income & Expenses Outside the Reporting Period.

Functional cost headings include non-reporting-period income to a value of € 11,720k (previous year: € 3,406k), mainly from the release of other accruals, and non-reporting-period expense to a value of € 3,784k (previous year € 2,482k), mainly from the final write-down of assets. Taxes contain non-reporting-period income amounting to € 13,731k (previous year: € 5,586k) and non-reporting-period expenses amounting to € 18,981k (previous year: € 7,147k). Deferred tax expenses include non-reporting-period expenses of € 171k (previous year: € 1,187k), and deferred tax income includes non-reporting-period income of € 7,345k (previous year: € 3,995k).

**▶ 24 Contingent Liabilities.** There exist obligations of € 1,643k (previous year: € 9,774k) arising from warranty contracts. These mainly take the form of sureties to support and safeguard sales activities.

## 25 Other Financial Commitments.

€k

	Total	Due within 1 year	Due between 1 and 5 years	Due > 5 years
<b>Future payment commitments from</b>				
real estate releases	59,142 (44,113)	13,772 (12,364)	32,895 (27,481)	12,475 (4,268)
miscellaneous hire agreements and leases	11,009 (7,562)	5,343 (3,656)	5,666 (3,906)	0 (0)
long-term purchase and service contracts	12,462 (13,359)	7,125 (7,777)	5,337 (5,582)	0 (0)
the acquisition of fixed assets	3,571 (1,394)	3,527 (1,330)	29 (64)	15 (0)
<b>Total</b>	<b>86,184 (66,428)</b>	<b>29,767 (25,127)</b>	<b>43,927 (37,033)</b>	<b>12,490 (4,268)</b>

Last year's equivalent figures are shown in brackets.

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 € 30,146k (previous year: € 26,087k) in the year under review.

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

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

In fiscal 2004/2005, the members of the Supervisory Board received emoluments of € 594k (previous year: € 287k).

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 receives one and a half times that amount.

The executive officers' emoluments and pension entitlements in fiscal year 2004/2005 amounted to € 3,515k and € 1,507k respectively (previous year: € 3,070k and € 1,169k respectively). The executive officers have received 15,000 options within the scope of the share-based payment program 2004 and 15,000 options within the scope of the share-based payment program 2005. During the year under review, executive officers and the Supervisory Board own shares representing directly or indirectly a nominal value of more than 1% of the subscribed capital. Both executive officers hold 1.0% of the subscribed capital. The members of the Supervisory Board held 0.7% of the subscribed capital.

No goods or services were supplied to RUBEAN AG, Munich, either during fiscal 2004/2005 or during the previous year. No receivables nor liabilities vis-à-vis this company were in existence as of the balance sheet date.

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 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:

	€k
	Oct. 1, 1999
Product know-how	206,664
Goodwill	351,623
Negative goodwill	-1,274
	<b>557,013</b>

The book value of the goodwill as of September 30, 2005 was € 280,104k (previous year: € 280,104k).

The consequences of this affected profit before taxes as follows:

	2004/2005	2003/2004
Amortization of product know-how	<b>26,213</b>	<b>28,093</b>

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

	2004/2005	2003/2004
<b>Net sales</b>	<b>1,743,732</b>	<b>1,575,947</b>
Cost of sales	-1,257,533	-1,118,398
<b>Gross profit</b>	<b>486,199</b>	<b>457,549</b>
Gross margin (%)	27.9%	29.0%
Research and development expenses	-78,007	-72,908
Selling, general and administration expenses	-270,619	-268,166
Other operating income	993	11
Other operating expenses	-1,965	-3,762
Investment result	0	413
<b>Operating profit (EBIT)</b>	<b>136,601</b>	<b>113,137</b>
Goodwill amortization	0	3,166
<b>EBITA</b>	<b>136,601</b>	<b>116,303</b>
Depreciation of tangible assets and amortization of licenses	31,316	26,296
<b>EBITDA</b>	<b>167,917</b>	<b>142,599</b>

#### Net profit for the period before carve-out per share

	2004/2005	2003/2004
<b>Net profit for the period</b>	<b>54,909</b>	<b>43,769</b>
Amortization product know-how	26,213	28,093
Calculated tax effect	-10,223	-10,956
<b>Net profit for the period before carve-out</b>	<b>70,899</b>	<b>60,906</b>
Shares for calculation of net profit for the period before carve-out per share (in thousands)	16,542	16,542
<b>Net profit for the period before carve-out per share (€)</b>	<b>4.29</b>	<b>3.68</b>

► **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 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, 2005	Sept. 30, 2004
<b>Total balance sheet assets</b>	<b>1,110,000</b>	<b>1,143,515</b>
Non-operating miscellaneous intangible assets (goodwill, product know-how and negative goodwill)	-383,398	-408,177
Loans	-148	-233
Non-operating miscellaneous assets	-29,194	-27,128
Liquid assets and other marketable securities	-50,928	-91,462
Deferred tax assets and prepaid expenses	-40,173	-37,811
<b>Segment assets</b>	<b>606,159</b>	<b>578,704</b>
Liabilities, deferred income and deferred taxes	599,665	699,327
Bank liabilities	-226,695	-325,082
Non-operating miscellaneous liabilities	-82,434	-85,173
Deferred tax liabilities	-12,320	-4,553
<b>Segment liabilities</b>	<b>278,216</b>	<b>284,519</b>

#### Reconciliation of Segment Profit to Group Profit

	€k	
	2004/2005	2003/2004
<b>Operating profit (EBITA)</b>	<b>136,601</b>	<b>116,303</b>
Goodwill amortization	0	-3,166
<b>Operating profit (EBIT)</b>	<b>136,601</b>	<b>113,137</b>
Profit charges arising from the carve-out (Note ► 27)	-26,213	-28,093
Interest income less interest expenses	-19,426	19,147
<b>Profit before taxes</b>	<b>90,962</b>	<b>65,897</b>
Taxes	-35,384	-21,540
<b>Profit from ordinary activities</b>	<b>55,578</b>	<b>44,357</b>
Minority interests	-669	-588
<b>Net profit for the period</b>	<b>54,909</b>	<b>43,769</b>

Since the product know-how is used by both segments, this depreciation was not divided across both the segments, Retail and Banking, as in previous years. Goodwill amortization in the previous years was also not divided across the segments, since a split of this type is not possible, either directly or on the basis of reasonable assumptions.

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

Profit taxes paid were € 29,893k (previous year: € 4,613k), interest paid € 14,029k (previous year: € 17,380k) and interest received € 2,574k (previous year: € 7,665k).

Cash and cash equivalents include not only cash (€ 50,859k) and marketable securities (€ 69k) but also bank liabilities repayable at any time (€ 52,113k) as these must be considered in the management of cash.

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

	€k	
	Sep 30, 2005	Sep 30, 2004
Reduction/increase in inventories	432	-63,918
Reduction/increase in advances received from customers	-12,932	13,403
Increase/reduction in trade receivables	-11,541	18,005
Increase in trade payables	3,746	17,464
Increase in deferred income	10,075	390
<b>Increase in working capital</b>	<b>-10,220</b>	<b>-14,556</b>

Overall, the EBITDA of € 167,917k and the increase in working capital to € 10,220k essentially resulted in cash flow of € 132,637k from operating activities.

The change in consolidation group resulted in a € 10.7 million (previous year: € 3.2 million) decrease in working capital as well as a € 0.5 million (previous year: € 0.6 million) increase in cash and cash equivalents. Please see our explanatory notes on the Consolidation Group.

### ▶ 30 Share Ownership as of September 30, 2005.

	Share in capital %
<b>Germany</b>	
<b>Wincor Nixdorf Aktiengesellschaft, Paderborn</b>	
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

	Share in capital %
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 <sup>1)</sup>	100
WINCOR NIXDORF Retail Consulting GmbH, Paderborn	100
WINCOR NIXDORF Security GmbH, Paderborn	100
Wincor Nixdorf Services GmbH, Paderborn	100
WINCOR NIXDORF Technology GmbH, Paderborn	100

#### Europe (excl. Germany)

Wincor Nixdorf S.A., Brussels (Belgium)	100
Wincor Nixdorf Services S.A., Brussels (Belgium)	59
Wincor Nixdorf A/S, Ballerup (Denmark)	100
Wincor Nixdorf Oy, Espoo (Finland)	100
Wincor Nixdorf S.A., Nanterre (France)	100
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
Datalect Computer Services Ltd., Perivale, Middlesex (United Kingdom)	100
Datalect Network Services Ltd., Perivale, Middlesex (United Kingdom)	100
Corporate IT Solutions and Services 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. (former SID S.r.l. Societa Italiana Distribuzione), Massa e Cozzile (Italy)	100
Wincor Nixdorf Retail Consulting S.r.l., Segrate (Italy)	100
Wincor Nixdorf S.r.l., Milan (Italy)	100
Wincor Nixdorf Finance B.V., Amsterdam (Netherlands) <sup>2)</sup>	100
Siemens Nixdorf B.V., The Hague (Netherlands)	50.01
Wincor Nixdorf A/S, Oslo (Norway)	100
Wincor Nixdorf GmbH, Vienna (Austria)	100

	Share in capital %
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 (former Partep AG), Baar (Switzerland)	100
Wincor Nixdorf AG, Brüttsellen (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

#### 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) <sup>2)</sup>	99.998
Wincor Nixdorf S.A. de C.V., Mexico City (Mexico) <sup>2)</sup>	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) <sup>2)</sup>	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)	100

#### Africa

Wincor Nixdorf S.A., Casablanca (Morocco)	96.5
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<sup>1)</sup> According to Section 264b of the German Commercial Code, the Company does not have to publish financial statements or a directors' report.

<sup>2)</sup> 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

Executive Vice President – Banking (since October 1, 2005)

Jürgen Wilde, Habichtswald

Executive Vice President – Retail (since October 1, 2005)

Stefan Auerbach, Bad Orb

Executive Vice President – Services (since October 1, 2005)

Chief Executive Officer Karl-Heinz Stiller is a member of the Supervisory Board of Flughafen Paderborn/Lippstadt GmbH. No other member of the Board of Directors holds a position in the Supervisory Board of another company.

### Executive Board

Javier Lopez Bartolomé, Madrid

Senior Vice President Americas & Iberia

Lim Khoon Hong, Singapore

Senior Vice President Asia

Martin Löser, Paderborn

Chief Technology Officer (until September 30, 2005)

Rainer Pfeil, Bad Lippspringe

Senior Vice President – Human Resources

Reinhard Rabenstein, Sennelager

Chief Technology Officer (since October 1, 2005)

### Members of the Supervisory Board are:

Name	Role	Age	Appointment	Expiration
Johannes P. Huth (Chairman)	Managing Director Kohlberg Kravis Roberts & Co. Ltd.	45	9/01/2000	2/21/2006 (end of Annual General Meeting (AGM))
Manfred Feierabend (Deputy Chairman)	Technician, WINCOR NIXDORF International GmbH	54	10/23/2000	2/21/2006 (end of AGM)
Hero Brahm	Consultant advisor	64	5/14/2004	End of AGM for fiscal 2007/2008
Dr. Alexander Dibelius	Managing Director Goldman, Sachs & Co. oHG	46	9/01/2000	2/21/2006 (end of AGM)
Edward A. Gilhuly	Managing Director Kohlberg Kravis Roberts & Co. Ltd.	46	9/01/2000	2/21/2006 (end of AGM)
Walter Gunz	Managing Director Axel Springer eCommerce GmbH & Co. KG	59	5/14/2004	End of AGM for fiscal 2007/2008
Volker Kotnig	Trade union secretary, German Metalworkers' Union	43	10/23/2000	2/21/2006 (end of AGM)
Prof. Dr. rer. nat. Walter Kröll	Consultant advisor	67	5/14/2004	End of AGM for fiscal 2007/2008
Thomas Meilwes	Promoter WINCOR NIXDORF International GmbH	50	10/23/2000	2/21/2006 (end of AGM)
Edmund Schaefer	Country Germany Banking, Head of Business Unit S-Finanzgruppe, WINCOR NIXDORF International GmbH	48	10/23/2000	2/21/2006 (end of AGM)
Michael Schild	Programmer WINCOR NIXDORF International GmbH	40	10/23/2000	2/21/2006 (end of AGM)
Helga Schwarz-Schumann	Trade union secretary, German Metalworkers' Union, Member of the Provincial Parliament of North- Rhine Westphalia	50	10/23/2000	2/21/2006 (end of AGM)

Membership in committees of the Supervisory Board	Other Supervisory Board appointments and/or appointments to comparable foreign and domestic supervisory bodies of business enterprises
Audit Committee, Personnel Committee (Chairman) Mediation Committee (Chairman)	■ A.T.U. GmbH & Co. KG ■ Demag Holding S.A.R.L. ■ DSD AG ■ MPM Mannesmann Plastics Machinery GmbH ■ MTU Aero Engines Holding AG (Chairman) ■ Zumtobel AG
Audit Committee, Personnel Committee Mediation Committee (Deputy Chairman)	None
Audit Committee (Chairman) Personnel Committee, Mediation Committee	■ Deutsche Post AG ■ Georgsmarienhütte Holding GmbH ■ Karstadt Quelle AG (Chairman) ■ M.M. Warburg & Co. Holding KGaA (Member of the shareholders' committee) ■ M.M. Warburg & Co. KGaA (Member of the shareholders' committee) ■ EDAG Engineering + Design AG
	■ Kabel Deutschland GmbH ■ Messer Group GmbH
	■ Demag Holding S.A.R.L. ■ Legrand Holding S.A. ■ Medcath Inc. ■ Rockwood Specialties, Inc.
	■ Itemic AG ■ Tertia GmbH ■ BlueLine AG
	■ Benteler Stahl/Rohr GmbH ■ Benteler Automobiltechnik GmbH
	■ MTU Aero Engines Holding AG ■ Siemens AG
	None
Mediation Committee	None
	None
Audit Committee, Personnel Committee	None

**▶ 32 Notes According to Section 292a of the German Commercial Code.**

Since Wincor Nixdorf complies with the criteria of section 292a of the German Commercial Code, the Company does not have to prepare Group financial statements according to German Commercial Code.

Wincor Nixdorf’s consolidated financial statements materially differ from the following accounting and valuation principles of the German Commercial Code:

**Goodwill.** According to IFRS 3 “Business Combinations”, goodwill is no longer amortized on a scheduled basis, but tested for impairment annually.

**Financial Instruments.** Financial instruments are subject to a market valuation according to IAS 39 “Financial Instruments”. Due to this, unrealized gains are capitalized. If hedging relationships are effective, the amounts of profit are credited (and losses charged) to equity, with no effect on accounting profit.

**Deferred Taxes.** Deferred taxes are accounted for using the liability method according to IAS 12 “Income Taxes.” In addition deferred tax assets are capitalized if realizable tax loss carry-forwards exist.

**Pension Accruals.** Pension accruals are built up according to IAS 19 “Employee Benefits” using the Projected Unit Credit method. The calculation includes future salary and pension trends.

**▶ 33 Equity Interest Pursuant to Section 21 of the German Securities Trading Act.**

Please see the share ownership profile details on page 5 of this Annual Report.

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

Executive and Supervisory Board of Wincor Nixdorf AG have issued the statement of compliance with the German Code of Corporate Governance according to section 161 of the 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).

Paderborn, November 29, 2005

Wincor Nixdorf AG, Paderborn



Stiller  
President  
and Chief Executive Officer



Heidloff  
Executive Vice President




Mantle  
Vice President

Wilde  
Vice President



Auerbach  
Vice President

## AUDITORS' REPORT.

We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statements of changes in shareholders' equity and cash flow as well as the notes to the financial statements prepared by Wincor Nixdorf Aktiengesellschaft, Paderborn, for the business year from October 1, 2004 to September 30, 2005. The preparation and the content of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations 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 it can be assessed with reasonable assurance whether the consolidated financial statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the consolidated financial statements is examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the net assets, financial position, results operation and cash flow of the Group for the business year in accordance with International Financial Reporting Standards.

Our audit, which also extends to the Group management report prepared by the Company's management for the business year from October 1, 2004 to September 30, 2005, has not led to any reservations. In our opinion on the whole the Group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the Group management report for the business year from October 1, 2004 to September 30, 2005 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the Group management report in accordance with German law.

Bielefeld, November 29, 2005

KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Schumacher	Hakmann
Auditor	Auditor