ANNUAL REPORT 2004/2005
PROMISES KEPT

October 1, 2004 to September 30, 2005

WINCOR NIXDORF

EXPERIENCE MEETS VISION.

A SUCCESSFUL FISCAL 2004/2005.

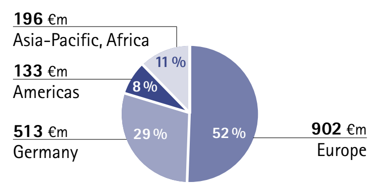
Net sales up 11 % and profit up 17 % | Internationalization process continued, further strong growth in Europe | Solutions and services now making up 41 % of revenue | Established as an outsourcing partner for branch banking | Another significant increase in business value

Key Figures.

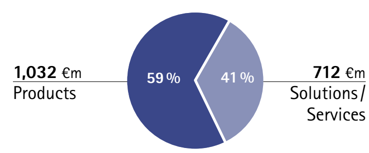
	2004/2005 [1]	2003/2004 [2]	Change
Statement of Income (€ million) [3]			
Net sales	**1,744**	**1,576**	**11 %**
Gross profit	**486**	**458**	**6 %**
Gross profit as a percentage of net sales	28 %	29 %	–
Research & development expenses	**–78**	**–73**	**7 %**
R&D expenses as a percentage of net sales	4 %	5 %	–
Selling, general and administration expenses [4]	**–271**	**–272**	**0 %**
SG&A expenses as a percentage of net sales	16 %	17 %	–
Operating profit (EBIT)	**137**	**113**	**21 %**
Goodwill amortization	**0**	**3**	**–**
EBITA [5]	**137**	**116**	**17 %**
EBITA as a percentage of net sales	7.9 %	7.4 %	–
Depreciation of tangible assets and amortization of licenses	**31**	**27**	**15 %**
EBITDA	**168**	**143**	**17 %**
EBITDA as a percentage of net sales	9.6 %	9.1 %	–
Net profit for the period	**55**	**44**	**25 %**
Net profit for the period as a percentage of net sales	3.2 %	2.8 %	–
Net profit for the period before carve-out	**71**	**61**	**16 %**
Earnings per share (€) [6]	4.29	3.68	–
Cash flow (€ million)			
Cash flow from operating activities	133	122	9 %
Cash flow from investment activities	–55	–49	12 %

	Sept.30,2005	Sept. 30, 2004	Change
Key Balance Sheet Figures (€ million)			
Working Capital	**204**	**183**	**21**
as a percentage of net sales (annualized)	12 %	12 %	–
Net debt	**176**	**234**	**–58**
Equity	**228**	**194**	**34**
Human Resources			
Number of employees (September, 30)	**6,937**	**6,114**	823

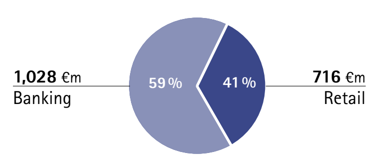
Net Sales by Region



Net Sales by Business Stream



Net Sales by Segment



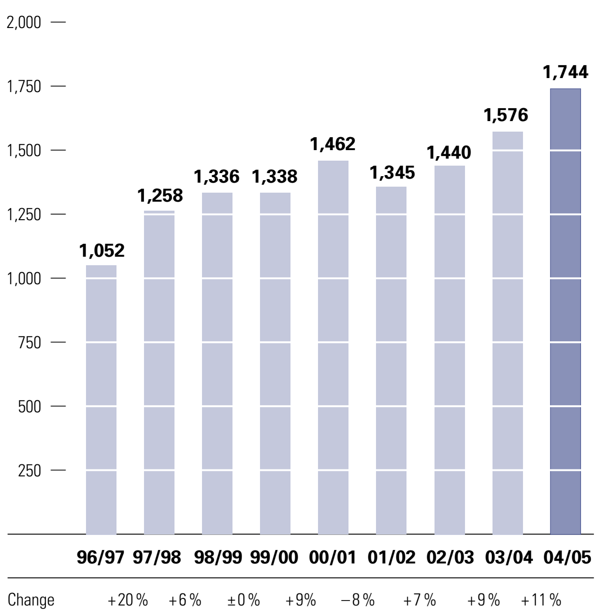
[1] October 1, 2004 – September 30, 2005
[2] October 1, 2003 – September 30, 2004
[3] before profit charges arising from carve-out
[4] including other income and expenses as well as investment result
[5] net profit on operating activities before interest, taxes and amortization of goodwill and product know-how
[6] calculated on basis of 16.542 million shares

THE COMPANY.

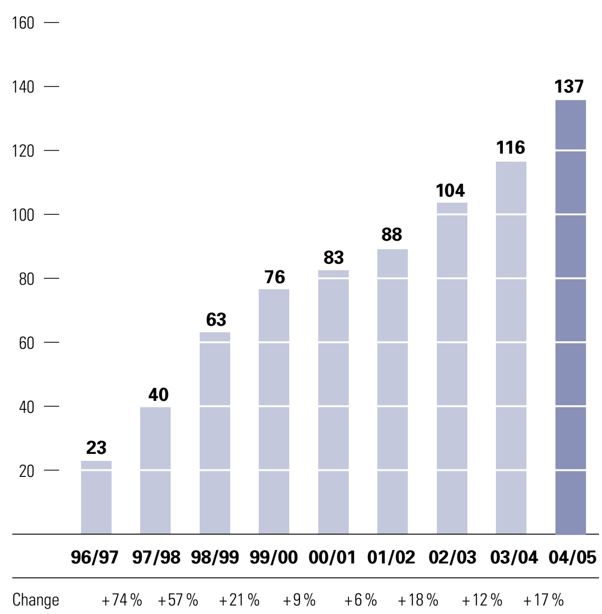
Presence in over 90 countries, with subsidiaries in 31 of these · Approximately 7,000 employees worldwide · Strong position in Europe: No. 1 in programmable ePOS systems, No. 2 in ATMs · World's No. 3 in ATMs and programmable ePOS systems.

We are one of the world's leading providers of IT solutions to retailers and retail banks. Our extensive portfolio of propositions is aimed at optimizing the business processes within retail stores and bank branches. Essentially, it is about reducing complexity and improving service to the end customer. We are also using the expertise from our core business with banks and retailers to expand into related sectors, including post offices, lottery operators, the hospitality trade and service station chains.

9-year Net Sales History. €m



9-year EBITA History. €m



OUR AIMS FOR FISCAL 2005/2006.

Increase net sales revenue by 8 % and profit by 10 % · Grow international business and reinforce our global position · Increase competitive strength with innovations already introduced successfully to the market · Expand solutions and services as a proportion of total revenues · Spur growth through outsourcing contracts and expand into neighboring sectors.

BUSINESS ACTIVITIES.

Banking. We offer banks a broad spectrum of services for shaping their cash processes. It ranges from automated teller machines with a wide variety of options to cash deposit terminals and "cash recycling" systems that take deposited cash and use it for withdrawals. Banking customers can use our transaction terminals to conduct banking tasks. At the heart of our software offerings are multivendor solutions that can be used to operate terminals from different manufacturers. We also offer multichannel solutions, which banks can use to operate their different applications and terminals on a single uniform, server-based software architecture.

Retail. For retailers, we offer electronic point-of-sale systems and associated checkout software as well as IT solutions for automation and self-service applications. Innovative examples of these are reverse vending systems for handling bottle and can returns, and self-checkout systems enabling consumers to conduct their own payment processes. Our broad, internationally compatible software portfolio for store organizations means we can ensure complete integration of in-store business processes into retailers' corporate IT infrastructures. In selected countries, we also offer IT and business consulting services focused on SAP applications.

Services. We meet the central requirements of our customers in terms of high system availability (up-time) with a comprehensive range of services. From our 21 customer care centers, we monitor our customers' connected systems online across the world to detect irregularities immediately. We offer traditional maintenance, remote fault rectification, software and network management, and ensure the safety and security of IT networks. In many countries, we have our own technicians located close to our customers and supply over one million spare parts annually from our distribution (logistics) centers spread around the world. Increasingly, banks are turning to us to take over and operate their ATM networks, servers and PCs. At the same time, they are entrusting us with cash management processes, giving us responsibility for operations they no longer view as core business. Through such outsourcing arrangements, we help banks reduce their costs and improve the availability of their systems.

Key Performance Indicators: Banking. €m

	04/05	03/04	Change
Net Sales	1,028	930	+ 11 %
EBITA	105	92	+ 14 %
EBITA Return on Sales (%)	10.2 %	9.8 %	0.4

Key Performance Indicators: Retail. €m

	04/05	03/04	Change
Net Sales	716	646	+ 11 %
EBITA	32	25	+ 28 %
EBITA Return on Sales (%)	4.5 %	3.8 %	0.7

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Promises kept. That doesn't just go for the financial side – sales and profit – but also for solutions, services and selling activities too: Wincor Nixdorf is right alongside its customers as they experince a process of change and growth. We're accompanying flows of goods and flows of cash, assisting at the point where goods become cash or information and cash movements become accounting entries. We've been doing it very successfully too. The project reports contained in this annual report show the detail behind these processes which are synonymous with Wincor Nixdorf the whole world over.

Dear Ladies and Gentlemen,

When I wrote to you around this time last year, my words expressed delight over the Company's excellent start on the stock market and its inclusion in the MDAX index. This time, I am delighted to inform you that we have been able to meet both your and our high expectations: Wincor Nixdorf AG completed its first full fiscal year as a listed company with great success.

Our forecasts, which, as you know, were upgraded during the course of the year, proved correct. All of us can be proud of the significant increase of 11 % in net sales revenue and the even greater 17 % rise in operating profit.

This positive development underscores what I have been saying all along: Wincor Nixdorf is a reliable company that keeps its promises. In this context, let me emphasize that business success and confidence cannot be taken for granted; both must be continuously won.

Again in fiscal 2004/2005, we did just that and were able to reap the rewards, including the enthusiastic interest that we have received from the financial community, an excellent share price performance and our inclusion in the Morgan Stanley Capital International Index.

We believe these achievements stemmed from our unrelenting commitment to customers, our collaborative style and our constant hard work and attention to improving our in-house processes.

A good indicator of our performance is the series of new outsourcing contracts we won in branch banking. After careful analysis, several banks decided to transfer the operation of their ATM and self-service networks and, in some cases, their entire branch IT systems to Wincor Nixdorf. These outsourcing contracts show how far we are in realizing our new strategy. In the past, we used to speak about supplying ATMs, ePOS systems and software. Now we talk to our retail and banking customers about how our advanced hardware and software solutions and our IT services can support the substantial changes impacting the tasks and processes in their branches and stores. This is innovation in the broader sense of the word.

Success of this kind comes only to those who are recognized as partners and are constantly in search of ways to change their customers' business processes with real added value in mind–and who offer the latest technologies, service infrastructures and corresponding resources. With our customer-led, proactive approach, we have steadily improved our position among the top three providers worldwide in both segments. As part of this more and more of our revenue is now coming from non-product solutions and services.

We see this development as proof of the confidence customers have in our company and, at the same time, a reminder to remain committed to serving their needs. We want to continue to grow our business together with customers and build our own processes around their needs. How we are achieving this as a win-win partnership day for day is described in more detail in some project reports contained in this annual report.

In terms of strategic change, we have made good progress in several areas. We have grown our core retail and banking businesses with hardware, software and product-related services-efforts which we will also be redoubling in future. Internationalization was also driven forward apace, and we have achieved higher levels of business with solutions and services as well as opening up new streams such as outsourcing.

In the current 2005/2006 fiscal year, we expect to continue providing a favorable environment for our business and growing in our targeted markets. We are therefore confident that we will be able to continue along our path of sustained growth. We are predicting an increase of 8 % in net sales revenue and a 10 % rise in operating profit (EBITA).

Our motivated, hard-working employees are the greatest guarantee we have to implement our strategy. We are proud of their accomplishments. I personally would like to take this opportunity to express my sincere thanks to all of them for their great commitment and effort. We will continue to ensure that our employees have the flexibility they need to perform and to award them accordingly.

Our long-term goal is to keep customers, employees and, not least, you, our shareholders, satisfied. In the past fiscal year, we succeeded in making part of this a reality. We kept our promises and proved our reliability, which will continue to be our guiding principle moving forward. With this in mind, we offer our thanks to all those who have placed their trust in us over the last 12 months.

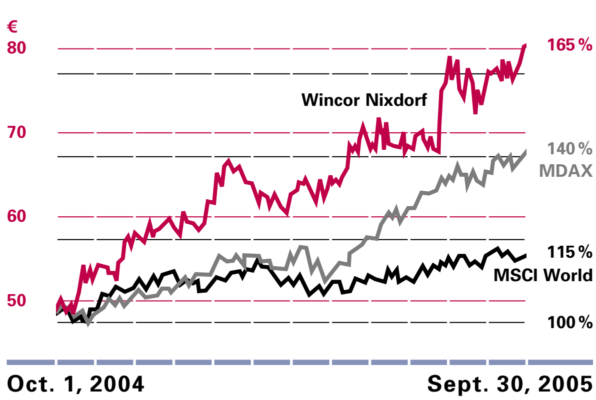
Sincerely,

Karl-Heinz Stiller

Good performance by the German stock market MDAX well ahead of the DAX Wincor Nixdorf well ahead of the MDAX Issue price nearly doubled since IPO Free-float now 100 % Proposed dividend: € 2.10 per share Now included in the MSCI World Index

WITH AN INCREASE OF 67% WINCOR NIXDORF SHARES OUTPERFORMED THE MDAX BY A SIGNIFICANT MARGIN.

Development of Wincor Nixdorf Shares compared to MDAX and MSCI World Index:



The period under review was one of growth for the German stock market. As in the past three years, the German MDAX mid-cap index fared considerably better than the main DAX index. The rise in the MDAX was mainly due to the interest shown by foreign investors in non-headline stocks. German investors, by contrast, continued to be more restrained.

Share Price Performance an Unrelenting Rise. The price of Wincor Nixdorf shares rose 67 % in the fiscal year just ended, performing well ahead of the MDAX, which added 42 % over the same period. The Xetra price of € 80.00 at the close of trading on September 30, 2005, the Group's year-end date, was only slightly below its high of € 83.01. Since the IPO in May 2004, Wincor Nixdorf shares have increased in value by 95 %. In just less than 17 months, the issue price of € 41 has almost doubled.

Basic Data.

Commencement of trading	May 19, 2004
Issue price	€ 41.00
Stock exchange	Frankfurt Securities & Stock Exchange (Prime Standard)
Prime branch	Industrial
Total number of shares	16,542,494 shares with a nominal value of € 1 each
Ticker symbol	A0CAYB
ISIN	DE000A0CAYB2

Index Membership. Only five months after flotation, Wincor Nixdorf was included in the MDAX (September 20, 2004), making it one of the 50 most important mid-cap shares traded on the German stock market. Since June 1, 2005, Wincor Nixdorf has also been included in the Technology Hardware & Equipment industry group of the MSCI World Index. Inclusion in the MSCI World Index has increased the interest of the financial world in Wincor Nixdorf shares.

Shareholder Profile 100 % Free-float. At the beginning of fiscal 2004/2005, Kohlberg Kravis Roberts & Co. L.P. and Goldman Sachs Capital Partners together held 38.1 % of Wincor Nixdorf shares. Both of these companies, private equity investors in Wincor Nixdorf since 1999, sold their shares to institutional investors on January 27, 2005. The offer met with wide international interest and was over-subscribed. Following this offer, the Company's free-float is now 100 %.

During fiscal 2004/2005 the following companies reported, pursuant to Section 21 of the German Securities Trading Act, that they have exceeded the 5 % threshold of voting rights:
Threadneedle Asset Management Limited, London, UK (report dated January 27, 2005, amount: 9.066 %), Fidelity International Ltd., Hamilton, Bermuda (report dated January 31, 2005, amount: 5.97 %), Lazard Asset Management LLC, New York, USA (report dated April 18, 2005, amount: 6.36 %).

During fiscal 2004/2005 the following companies reported that they fell below the 5 % threshold of voting rights: KKR 1996 Overseas, Limited, George Town, Cayman Islands (report dated January 31, 2005), The Goldman Sachs Group, Inc., New York, USA (report dated January 31, 2005).

As of September 30, 2005, Schroders plc, London, UK held over 5 % of voting rights.

Key Data on Wincor Nixdorf Shares.

	2004/2005	2003/2004
Opening price (Xetra)	€ 48.00	€ 41.07
Year-end price (Xetra)	€ 80.00	€ 48.00
Year high (Xetra)	€ 83.01	€ 49.66
Year low (Xetra)	€ 47.31	€ 39.50
Number of shares on September 30	16,542,494	16,542,494
Market capitalization on September 30	€ 1,323,399,520	€ 794,039,712
Proposed dividend	€ 2.10	€ 1.21
Dividend yield (calculated using year-end share price)	2.63 %	2.52 %
Earnings per share*	€ 4.29	€ 3.68
Free-float	100 %	61.9 %

* Profit for the period before charges arising from the carve-out, based on 16.542 million shares.

Information on directors' dealings pursuant to Section 15 a of the German Securities Trading Law can be downloaded from the Company's Web site under the "Investor Relations" heading.

We estimate that approximately 70 % of our shares were held by foreign investors at the end of the reporting period and that British and U.S. investors are key among them.

Investor Relations Ongoing Information. For us, proactive open communication means seeking direct contact with investors and analysts. The goal of our investor relations (IR) work is to maintain a continuous dialog with those involved in the capital markets. We want to continue to meet the high-quality expectations we have of our IR communications work by providing fast, transparent and easy-to-understand information on the performance of the Company and its strategic direction.

In the fiscal year just ended, we took the opportunity of maintaining existing acquaintances and building up new contacts at 18 roadshows and conferences held in Germany, the U.K., the U.S., France, the Netherlands, Norway, Denmark, Spain and Switzerland.

We also conducted a great number of individual meetings with investors who visited us at our Paderborn headquarters. The investors often used their visits as an opportunity to get a better picture of our product offerings and of the Company itself.

In all, the Board of Directors and the investor relations team met with more than 100 institutional investors. In particular, fund managers in the U.K. and the U.S. have shown a strong interest in the Company.

In January 2005, we held an Investors' Day for the first time, extending invitations to numerous investors and analysts. The Investors' Day, which took place on one of the days during our annual Company exhibition "Wincor World" in Paderborn, offered the financial experts an opportunity to gain a comprehensive overview of the Company's current offerings.

The Company's finances were explained at some length and in great detail during four telephone conferences for analysts and investors, which also included information on performance and developments in the individual business segments.

In addition, we used the first Wincor Nixdorf AG Annual General Meeting of shareholders since the flotation as an opportunity to maintain and expand our contacts with institutional and private investors. Delegates to the AGM represented 54 % of the Company's voting shares. All agenda resolutions were passed with large majorities.

The agenda for the 2005 AGM is available for download on our Web site at: www.wincor-nixdorf.com. The next Annual General Meeting will be held on February 21, 2006 in Paderborn.

All ad-hoc and ordinary press releases and quarterly reports are published promptly on this Web site in both English and German. Our shareholders can also find detailed information on Company organization, management and strategy on the site.

Analyst Coverage. The Company is currently covered by 14 financial analysts who publish regular comments and recommendations (in alphabetical order):
ABN Amro, Bankhaus Lampe, Cazenove & Co. Ltd., Cheuvreux, Deutsche Bank AG, DrKW, DZ Bank, Fairesearch, Goldman Sachs, LBBW, Morgan Stanley, Nord LB, UBS, WestLB.

Proposed Dividend of € 2.10 per Share. We paid a dividend of € 1.21 per share in respect of fiscal 2003/2004. For fiscal 2004/2005, the Board of Directors and Supervisory Board of Wincor Nixdorf AG are proposing to the AGM that a resolution be passed to pay a dividend of € 2.10 per share. This represents a rise of 74 % in the dividend.

During the year just ended, the Company did not make use of its authority to purchase its own shares.

Wincor Nixdorf is, with just four exceptions, in compliance with all recommendations of the German Corporate Governance Codex Five scheduled meetings of the Supervisory Board Shareholder AGM instructions now also available via Internet Risk management system: “managing for value” Transparency both internally and to the outside world

CORPORATE GOVERNANCE, TRANSPARENCY AND RISK MANAGEMENT.

At Wincor Nixdorf, responsible, transparent management and control centered around the creation of sustained added value is an essential foundation for business success. The Board of Directors and Supervisory Board have issued the statutory statement of compliance with Section 161 of the German Joint Stock Corporations Law, stating that Wincor Nixdorf is, with four exceptions (see page 9), in compliance with the recommendations of the German Corporate Governance Code. The Board of Directors and Supervisory Board monitor adherence to this code. The statement of compliance, issued annually, is available permanently to all shareholders via the Internet at: www.wincor-nixdorf.com under the “Investor Relations” heading.

Close Collaboration between the Board of Directors and the Supervisory Board. A relationship of close, trusting collaboration exists between the Board of Directors and the members of the Supervisory Board. The Board of Directors reports regularly to the Supervisory Board on progress of the business, engaging in an ongoing, constructive exchange of ideas and information with regard to strategy, corporate planning and company profitability. For further details, please refer to the Report of the Supervisory Board on page 12.

The Supervisory Board conducted five scheduled meetings in the fiscal year under review, with no extraordinary meetings during this period. The Supervisory Board has created three committees: A Mediation Committee pursuant to Section 27 Paragraph 3 of the German Corporate Codetermination Law; a Personnel Committee dealing with personnel issues that pertain to the Board of Directors; and an Audit Committee. No conflicts of interest arose among members of the Board of Directors or the Supervisory Board. For further details of the Company’s boards, please refer to the notes to the accounts on page 109.

Improved Transparency both Internally and to the Outside World. When interacting with the Company’s shareholders, we apply the principle of fast, continuous and comprehensive information. At the Annual General Meeting of shareholders (AGM) on February 21, 2006, we will again appoint a proxy vote representative in order to enable shareholders not attending the AGM to exercise their voting rights. For the first time, shareholder instructions for this option will be available via the Internet at our 2006 AGM.

With a view to prompt, open communication with the public, we provide detailed documents and information on our Web site, such as AGM information, financial reports and current ad-hoc updates and press releases. Our Internet content also includes the Company's articles of association and information on directors' dealings.

We have approved an Insider Dealing Directive aimed at avoiding insider dealing by Company employees. The employees and board members named on the Insider List are prohibited from undertaking share transactions during certain periods before and after publication of quarterly and annual results.

Details of directors' dealings pursuant to Section 15 a of the German Stock Trading Law can be downloaded from the Company's Web site under the "Investor Relations" heading.

Supplementary information on the Company's boards can be found in the notes to the accounts.

Risk Management System for Value-led Management of the Company's Affairs. A properly functioning risk management system is necessary for responsible management. The risk management system at Wincor Nixdorf AG is intended to highlight risks at an early stage and, when they occur, to help manage them more effectively. Details are provided in the section entitled "Risk Report" on pages 66–70.

Pursuant to Section 7.4.1. of the German Corporate Governance Code, the Key Subsidiaries of Wincor Nixdorf are Listed in the Table Below:

	Holding %	Equity as of Sept.30,2005 €k	Profit 2004/2005 €k
Wincor Nixdorf International GmbH, Paderborn, Germany	100.0	161,428	63,515
Wincor Nixdorf Facility GmbH, Paderborn, Germany	100.0	50,000	0 [1)]
Wincor Nixdorf Real Estate GmbH & Co. KG, Paderborn, Germany	100.0	41,097	8,397
Wincor Nixdorf Logistics GmbH, Paderborn, Germany	100.0	25	0 [1)]
Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France	100.0	12,031	1,593
Wincor Nixdorf Ltd., Wokingham, United Kingdom	100.0	17,935	1,825
Wincor Nixdorf Pte. Ltd., Singapore	100.0	11,408	10,610

[1)] Profit distribution agreement in place.

Under Section 161 of the German Joint Stock Corporations Law, the Boards of Management and Supervisory Boards of listed companies must make a declaration each year stating that the recommendations of the "Code of the Government Commission on German Corporate Governance" published by the German Federal Ministry of Justice in the official section of the Federal Gazette (electronic version) have been met, and which recommendations are not being applied.

To date and until further notice, Wincor Nixdorf is in a state of non-compliance with the recommendations of the German Corporate Governance Code (supplemented version dated June 2, 2005) in the four exceptional instances justified as follows:

1. The D&O insurance policy agreed by Wincor Nixdorf AG for its Board of Directors and Supervisory Board does not feature a policy excess (GCGC, Section 3.8, Paragraph 2). The D&O insurance is in place for a significant number of management staff across the entire Wincor Nixdorf Group at home and abroad, including members of the Company boards. For this reason, it does not appear proper to differentiate in terms of the D&O insurance between board members on the one hand and other management staff on the other. A policy excess is not customary outside Germany.

2. Emoluments paid to members of the Board of Directors are stated in total and not broken down by individual director (GCGC, Section 4.2.4, Sentence 2). For reasons of privacy, emolument amounts to members of the Board of Directors are not stated for each individual director. Instead, we explain the structure of the emoluments system by offering the relevant information in this annual report. In addition to the stated total emoluments paid to the Board of Directors, the pension accruals for members of the Board of Directors are shown separately. We will observe the statutory requirements of the German Executive Directors' Emoluments Disclosure Law.

3. In setting the level of emoluments paid to members of the Supervisory Board, no account is taken of chairmanship of any committee other than the Audit Committee or of membership of any of the Supervisory Board committees (GCGC, Section 5.4.7 Paragraph 1 Sentence 3). Remuneration for mere membership of a committee may be dispensed with. In terms of the work of the Supervisory Board, practice has shown that the vast majority of committee meetings are able to be held, in terms of time and place, close to meetings of the Supervisory Board itself. Chairmanship of the Audit Committee is remunerated separately due to the additional time and effort required by the role.

4. Members of the Supervisory Board are not paid any performance-related remuneration in addition to their fixed emoluments (GCGC, Section 5.4.7 Paragraph 2 Sentence 1). The Company has decided to await the development of relevant case law in order to provide firm findings upon which it can then base a suitable arrangement. Such development, it appears, has yet to be concluded, as evidenced by court rulings in recent years regarding the prohibition of share options for Supervisory Board members.

Audit of the Accounts by KPMG. The Wincor Nixdorf AG Group financial results ending September 30, 2005 have been compiled under the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) in London and valid at the end of the reporting period. The Group accounts have been audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

l.t.r.

Philip Mantle
Member of the Board of Directors, responsible for the banking business
❙ Born 1950, married with two children. Hobbies: sailing, golf, skiing. ❙ Joined Wincor Nixdorf in 2002, initially as Managing Director of Wincor Nixdorf Ltd. in the UK, our highest-revenue foreign country business. ❙ Member of the Board of Directors, since October 1, 2005.

Eckard Heidloff
Executive Vice President, CFO, COO
❙ Born 1956, married with two children. Hobbies: jogging and skiing. ❙ Joined Nixdorf in 1983. ❙ CFO since flotation, COO and Executive Vice President, since October 1, 2005.

Karl-Heinz Stiller
President and Chief Executive Officer
❙ Born 1942, married with one child. Hobbies: tennis, skiing and mountain walking.
❙ Joined Nixdorf in 1966, Divisional Director, then Executive Director and Managing Director of all predecessor companies.
❙ President and CEO, since flotation in 2004.

Jürgen Wilde
Member of the Board of Directors, responsible for the retail business
❙ Born 1947, married with two children. Hobbies: golf and cooking. ❙ Joined Nixdorf in 1972. Appointed as sales manager in 1993. Member of the Executive Board since 1999, responsible for the retail solutions business.
❙ Member of the Board of Directors, since October 1, 2005.

Stefan Auerbach
Member of the Board of Directors, reponsible for the services business
❙ Born 1963, married with two children. Hobbies: jogging, hunting and reading.
❙ Joined Nixdorf in 1983. Member of the Executive Board since 1999, and responsible for the worldwide services business. ❙ Member of the Board of Directors, since October 1, 2005.

SUPERVISORY BOARD REPORT.

Dear Shareholders,

In its first full year as a publicly listed company, Wincor Nixdorf AG has successfully grown its business. This favorable performance and our ongoing efficiency improvement program have boosted our international competitiveness. The Supervisory Board of Wincor Nixdorf AG has monitored and assisted in this process to the full.

The Work of the Supervisory Board. In the fiscal year under review, the Supervisory Board of Wincor Nixdorf AG performed the activities prescribed by law and by the Company's articles of association. We monitored and advised the Board of Directors regularly as it led and managed the business. The Board of Directors discussed and agreed all decisions of a fundamental nature for the Company and its Group subsidiaries directly with the Supervisory Board. The Board of Directors informed us in a regular, timely and comprehensive fashion by means of verbal and written reports of all material matters related to corporate planning, strategic direction and development, business performance and the state of the Group, including risks and risk management activities. All business matters of importance to the Company were discussed at plenary sessions of the Supervisory Board based on the reports of the Board of Directors.

The Supervisory Board convened a total of five times in fiscal 2004/2005. In addition to the Supervisory Board meetings, I was personally in continuous contact with the Board of Directors and informed myself of the up-to-date business position as well as key business transactions, developments and decisions as they occurred. In so doing, I was informed without delay of important events and occurrences of material

significance in assessing the position and performance of the business and in managing and leading the Company. The information provided by the Board of Directors to the Supervisory Board was so detailed and regular in nature that there was no reason for any extraordinary meeting of the Supervisory Board or other special scrutiny.
The Supervisory Board analyzed the efficiency of its activities at regular intervals.

Key Areas of Deliberation by the Supervisory Board. Five scheduled Supervisory Board meetings were held in the year under review. These were held on December 10, 2004, and January 25, April 21, July 13 and September 21, 2005. Karl-Heinz Stiller and Eckard Heidloff attended all meetings in their positions as members of the Board of Directors of Wincor Nixdorf AG.

Reports on the business, revenue and profit performance of the Group and its segments were the subject of regular discussion at Supervisory Board meetings, as were matters concerning the financial position, implementation of strategy and employee development.

Other key matters addressed at the various Supervisory Board meetings were entry by the Company into outsourcing contracts, replacement of the syndicated loan agreement and refinancing of Wincor Nixdorf AG on improved terms and more detailed specification of the rules of procedure applying to the Supervisory Board and the Board of Directors. At all its meetings, the Supervisory Board discussed how the competitiveness of jobs in Germany can be improved by means of various changes to the conditions of employment of German employees at Wincor Nixdorf International GmbH.

At its meeting on September 21, 2005, the Supervisory Board gave its approval to the fiscal 2005/2006 budget proposed by the Board of Directors and the medium-term strategic business development plan. Also at this meeting, the Supervisory Board increased the Board of Directors from two to five members effective October 1, 2005, and appointed Philip Mantle, Jürgen Wilde and Stefan Auerbach as additional members of the Board of Directors of Wincor Nixdorf AG. At the start of the new fiscal year, Philip Mantle became responsible for the worldwide banking business. Jürgen Wilde took responsibility for the retail business, and Stefan Auerbach for the services business. At the same time, Eckard Heidloff was appointed Executive Vice President, and the rules of procedure for the Board of Directors were amended to take account of its enlarged membership.

Committee Work. The Supervisory Board has established three committees, which prepare work for Supervisory Board resolutions and issues to be addressed by plenary sessions. In individual instances, the Supervisory Board delegated decision-making authority to committees.

With the exception of the Audit Committee, which is chaired by Supervisory Board member Dr. Alexander Dibelius, committees are chaired by the chairman of the Supervisory Board.

The Audit Committee convened three times. It dealt in particular with the annual accounts and consolidated accounts, the fiscal 2005/2006 budget and the refinancing of the syndicated loan. Other issues addressed were the Company's risk report and risk management system. The Audit Committee approved a directive by the Board of Directors regarding rules of behavior concerning insider dealings and insider information and, at the same time, appointed a Compliance Officer who maintains a list of persons with access to insider information and checks to ensure no insider dealings are undertaken.

The Personnel Committee authorized the issue of stock options to members of the Board of Directors and to Wincor Nixdorf employees. In addition, the Personnel Committee held a meeting in September 2005 at which it deliberated on the enlargement of the Wincor Nixdorf AG Board of Directors to include three additional seats with effect from October 1, 2005 and approved the terms of the contracts of employment of the three new directors.

The Mediation Committee did not have to be convened during the fiscal year just ended; no conflicts of interest occurred during the period under review.

There are no further committees.

Corporate Governance and Declaration of Compliance. This annual report also contains a separate section with a report by the Board of Directors, also on behalf of the Supervisory Board, concerning matters associated with corporate governance pursuant to Section 3.10 of the German Corporate Governance Code. The Board of Directors and the Supervisory Board issued an updated declaration of compliance pursuant to Section 161 of the German Joint Stock Corporations Law on November 30, 2005, and made this available permanently to shareholders on the Company Web site.

Acceptance of the Annual Accounts and Approval of the Consolidated Accounts. The Annual General Meeting of shareholders on January 25, 2005 appointed KPMG Deutsche Treuhandgesellschaft AG, Bielefeld, as auditors of the accounts. The annual accounts for the fiscal year from October 1, 2004 to September 30, 2005 prepared by the Board of Directors under German statutory accounting regulations (German GAAP) pursuant to the German Commercial Code and the Management Report of Wincor Nixdorf AG have been audited by KPMG and given an unqualified mark of attestation. The Wincor Nixdorf AG consolidated accounts for the same year have been prepared under IFRS and, accordingly, the Company has been released under Section 292 of the German Commercial Code from its obligation to draw up consolidated accounts under German GAAP.

The auditor has given the annual German GAAP accounts and the consolidated IFRS accounts an unqualified mark of attestation.

The audit reports by KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft for the annual and consolidated accounts were sent in a timely fashion to all Supervisory Board members together with the annual German GAAP accounts and the consolidated IFRS accounts.

The Audit Committee commenced by dealing with the accounts in detail on November 30, 2005, with the auditors in attendance. This was immediately followed by a comprehensive discussion of the accounts by the Supervisory Board. The auditor was present at the meetings of both bodies at which he reported on his audit activities and was available to provide detailed complementary information.

Following detailed examination of the annual accounts, the consolidated accounts, the management report and the consolidated management report, we concurred with the results of the auditor's audit and approved the annual accounts and the consolidated accounts at our meeting on November 30, 2005 in accordance with the Audit Committee's recommendation dated the same day. As such, the annual accounts have been accepted. We agreed with the proposal made by the Board of Directors regarding the application of the final annual net profit after dividends.

The Supervisory Board also determined the resolution proposals regarding the agenda for the Company's Annual General Meeting of shareholders to be held on February 21, 2006 and approved this Supervisory Board report.

Composition of the Supervisory Board. In accordance with Section 7 of the Company's articles of association, the Supervisory Board consists of six shareholder representatives and six employee representatives. No conflicts of interest occurred within the Supervisory Board during the period under review. The terms of office of the employee representatives are due to terminate at the end of the Annual General Meeting of shareholders (AGM) on February 21, 2006. The congress of delegates to elect the employee representatives will choose six new employee representatives in December 2005 to join the Supervisory Board. Accordingly, their terms of office will commence immediately following the end of the AGM on February 21, 2006. The terms of office of Hero Brahms, Walter Gunz and Professor Walter Kröll shall continue until the AGM resolving a motion on the approval of their actions in respect of the fiscal year 2007/2008, whereas the terms of office of Johannes P. Huth, Dr. Alexander Dibelius and Edward Gilhuly shall terminate immediately after the end of the AGM on February 21, 2006. The Supervisory Board is proposing Johannes P. Huth, Edward Gilhuly and Dr. Alexander Dibelius for re-election of the AGM.

The Supervisory Board wishes to express its thanks to the Board of Directors and all employees and employee representatives for their successful efforts during the year.

The Supervisory Board

Johannes P. Huth
Chairman
Paderborn, November 30, 2005

FOCUS ON THE ESSENTIAL: THE CUSTOMER.

Ger Moffatt, Head of ATM Strategy at the Bank of Ireland.

In a world of choice, Bank of Ireland has decided to focus on what it does best–banking–and outsource non-core business activities to specialists such as Wincor Nixdorf.

For more than two years, the Irish financial giant has been using Wincor Nixdorf to install and manage its off-site network of ATMs in Ireland. And more recently, the bank has turned to the German IT manufacturer and service provider to supply, install and maintain ATM hardware and software in the U.K., and manage the off-site cash dispensing network as part of a huge financial self-service contract with the U.K. post office, the Royal Mail Group PLC.

The aim of both ATM projects is twofold: To increase transaction revenue and establish new customer relationships without having to dedicate huge financial and human resources to its cash dispensing operations. It is a winning business proposition not only for all the partners–Bank of Ireland, Royal Mail Group and Wincor Nixdorf–but also for their retail customers.

"ATMs increase 'footfall,' or customer frequency, which in turn increases revenue in stores," says Alan Walsh, Managing Director at Wincor Nixdorf in Ireland. "When consumers come into stores to get cash, they typically use some of that money to buy goods. In small stores, ATMs can help boost sales by 10 percent and in larger stores by as much as 2 percent, which is significant considering the far larger number of shoppers in these outlets."

Provide cash withdrawals in rural retail scenarios. With its Irish expansion, the 220-year old Bank of Ireland has become the largest ATM provider in the country. Under an agreement with the countrywide independent retail group Musgrave SuperValu-Centra, the bank is the preferred supplier of ATM services in 250 locations. A huge share of the installations is in rural areas, where terminals have been as far apart as 20 kilometers.

But unlike many banks that have chosen to keep as many operations in-house as possible, Bank of Ireland has handed over complete operation of its Irish Retail off-site ATM network consisting of nearly 600 terminals to the IT specialist, Wincor Nixdorf. In so doing, the bank has been able to control its costs for this business activity more flexibly and efficiently while keeping up with the major technological developments.

Customer: Bank of Ireland

Founded: 1783

Market position: One of the world's longest established banks, one of the top 500 businesses in the world

Operations: Retail financial services, wholesale financial services, U.K. financial services, asset management

Locations: Ireland, United Kingdom, Japan, Canada, United States, Germany, Australia

Employees: 16,900 employees worldwide

Assets: € 106 billion

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The network is based on Wincor Nixdorf ProCash 1500 "self-replenishing" ATMs, with cash stocks being topped up daily by the retailers. The slim, compact unit is designed specifically for installation within supermarkets, which typically require space-saving equipment.

Key role for Wincor Nixdorf. "The in-store ATM project has been a major success for Bank of Ireland with very positive feedback from retailers, customers and the broader community on this initiative. Wincor Nixdorf has been a very strong partner in this project and has delivered high-quality solutions and services to us and our customers," says Ger Moffatt, Head of ATM Strategy at Bank of Ireland.

With its outsourcing decision, Bank of Ireland became the first major client of Wincor Nixdorf's outsourcing business unit, which was launched more than two years ago. In addition to installing, operating and maintaining self-service systems, the unit can manage data centers and networks, and also provide support with cash and transaction operations, as well as back-office processes.

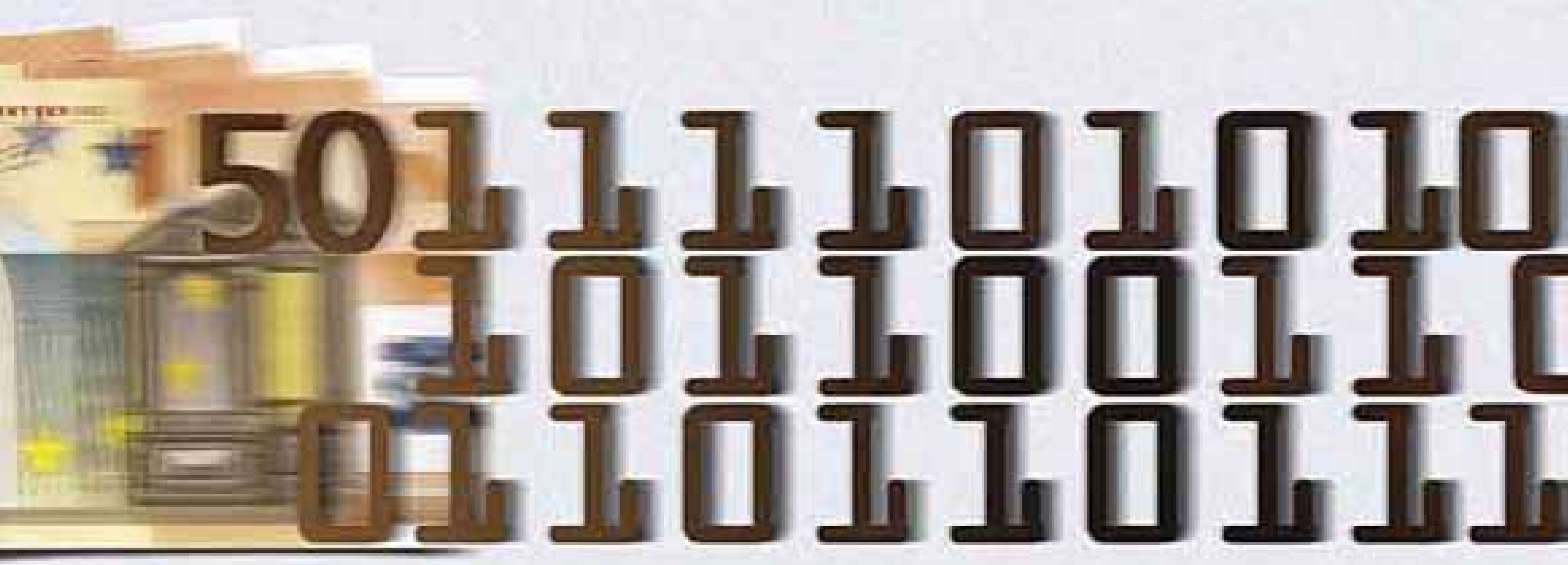
In the U.K., Bank of Ireland has turned to Wincor Nixdorf to install 1,000 ATMs for the Royal Mail Group over the next four years. Of these new installations, 700 will be "through the wall", or facing the street, and the remaining 300 inside.

"This is a very exciting opportunity for Bank or Ireland and we look forward to successfully transporting our winning business model to the U.K. Once again Wincor Nixdorf will be key partner in this venture," says Moffatt.

The ATM network will be fully installed, managed and maintained by Wincor Nixdorf. The German IT specialist will also provide a hotline and daily network monitoring services. All terminals are connected dually, one link is to the bank server for authorizing transactions and another is to Wincor Nixdorf for monitoring purposes.

"Bank of Ireland wants to focus on its business goals and customer relationships while trusting Wincor Nixdorf with the operational activities," says Walsh.

The project, which is already in six pilot locations, less than six months after the business was secured, is one of several steps Bank of Ireland is taking in expanding its business scope and footprint together with Wincor Nixdorf. ■



Tailored solutions producing cost and productivity benefits Hardware, software and services combined perfectly In Europe market leader in programmable ePos systems and No. 2 in ATMs, worldwide No. 3 in both markets More and more outsourcing of entire branch processes to Wincor Nixdorf Close to our customers, with subsidiaries in 31 countries Expanding into neighboring sectors alongside banking and retail

AUTOMATICALLY GOOD: PRODUCTS AND SOLUTIONS FROM WINCOR NIXDORF.

Wincor Nixdorf is visible to the public in many places. Our logo is seen on cash machines in banks, on customer displays in supermarkets and service stations, and on printers in lottery sales outlets. All these examples underscore the huge diversity of products and yet they are only the visible part of a much larger portfolio of customer offerings. Substantial effort is required to implement the systems and integrate them into the processes within banking and retail organizations.

Wincor Nixdorf's capability lies not just in producing and supplying advanced equipment but also in delivering complete solutions that optimally combine hardware, software and associated services for businesses in the banking and retail sectors with their branches and outlets. As one of the world's leading providers of complete solutions, we help customers reduce their process costs and improve their offerings to consumers.

Our solutions comprise a broad range of automation and self-service products, and associated software. What differentiates Wincor Nixdorf as a provider of complete solutions are the tailored IT consulting and planning services and the ability to integrate these into customer environments.

24-HOUR SERVICES.

A key requirement of customers is to guarantee high availability (up-time) of their systems and solutions. Wincor Nixdorf meets this requirement with an extensive range of services along the value chain.

Improving Availability. We monitor customer systems around the world 24 hours a day via online links from our 21 customer centers. We offer traditional maintenance, remote fault rectification, software and network management and safeguard the security of our customers' IT networks. In many countries, we are near our customers with technicians and supply over one million spare parts per year worldwide from our distribution (logistics) centers spread around the globe. Banks are outsourcing the entire operation of their ATM networks, servers and PCs to us. In so doing, they are entrusting us with their cash management processes, making us responsible for processes they regard as non-core activities. In turn, we reduce their costs and improve the availability of their systems. Our highly modern "eServices Platform" enables complex service processes to be conducted with greater efficiency and speed. All systems are interconnected, including those that provide the service from Wincor Nixdorf and its partners as well as the customer's systems equipment and applications in the head office locations and the branches and stores. Within this electronically connected systems environment, customer equipment faults can be detected and classified automatically. Following this process, our response is automatically initiated and the required service function, such as the Customer Care Center (service desk), spare parts logistics or service technicians are implemented.

CUSTOMER SEGMENTS AND THE SALES FUNCTION.

In its various areas of business, Wincor Nixdorf enjoys longstanding relationships with well-known international customers including 18 of the world's 25 largest banks (based on market capitalization) and 24 of Europe's 25 largest financial institutions. In retail, our customers include 17 of the world's top 25 retailers and 19 of the top 25 European retailers (based on net sales revenue). Over the past years, we have been achieving our growth targets, which include expanding internationally, growing our in-house service capacity and software capability continuously and increasing market share and profitability by significant margins. In Europe, we are the number two in ATMs and the market leader in programmable electronic point-of-sale systems. Worldwide we hold the number three position in each of these markets.

Closeness to the Customer: a Business Model. We sell our products and services primarily through our own sales organization in addition to sales and collaboration partners. Our customer-led business model is characterized by a high degree of proximity to the customer. We apply this model via our own subsidiaries in 31 countries and have a total market presence in more than 90 countries.

BANKING.

In banking, we offer a broad range of products for cash-based processes. These include solutions for integrating different sales channels (multichannel solutions) and different systems (multivendor solutions) within a uniform software architecture.

Solutions for all Cash Movements. Wincor Nixdorf is one of the few providers of self-service and automation solutions for all activities in branch banking. Our portfolio ranges from ATMs with a wide variety of features to deposit machines and cash recycling systems, which use deposited cash for withdrawals.

Our transaction terminals also allow banking customers to conduct a variety of transactions, including some stock market transactions. These systems are also being used increasingly by public sector authorities and large corporations in the form of kiosk terminals, which offer information on flexi-time credit or enable access to the Intranet. Other Wincor Nixdorf products include specialist account passbook printers and bank statement printers.

Multivendor is Key. Multivendor solutions are at the heart of our software offerings. With ProClassic, we provide an open software architecture with which customers can run products from different vendors. Our ProClassic/Enterprise software platform enables banks to run their different types of terminal equipment and applications via a single uniform, server-based software architecture.

RETAIL.

The store is the focus of our retail solutions. We offer retailers checkout systems (ePOS) and associated software for their sales activities and IT solutions for automation and self-service use. Our portfolio includes self-checkout systems allowing consumers to pay for their own goods, reverse vending systems for returning bottles and cans, mobile data-recording equipment, kiosk systems, electronic advertising displays and electronic shelf labels.

Checkout Systems and More. A key component of our product range is the scalable, modular "BEETLE" family of ePOS systems with their open system architecture based on PC technology. This product family includes electronic checkout systems and a variety of peripheral equipment such as printers, displays, card payment terminals and scanners.

International Availability. We offer the outlets of international retail businesses a comprehensive software portfolio consisting of both Microsoft and Linux-based operating systems. With this offering, we ensure that in-store processes are fully integrated with retailers' IT infrastructures. Our software solutions can be "localized" in line with specific country requirements in order to meet, say, local fiscal regulations. Our "TP.net" software facilitates simple administration of software installed on ePOS systems and can be used with a variety of checkout concepts.

EXPANSION INTO NEIGHBORING SECTORS.

Wincor Nixdorf's extensive know-how acquired over many years in the banking and retail industries is in increasing demand in other sectors, such as post offices, lottery companies, service stations and the catering businesses. We aim to convert this demand into further growth potential.

Know-how Transfer to Post Office Banks. The full-coverage branch networks of postal service enterprises, similar to those of banks and retailers, offer Wincor Nixdorf an opportunity to take customer processes that lend themselves to the self-service model, automate them and migrate them from the counter to self-service systems. We offer self-service systems such as ATMs with added functionality, such as the capability to offer postage stamps and weigh of packages. In the area of counter systems, we offer specially adapted ePOS systems and peripherals such as scanners and weighing scales.

Solutions for Lotteries, Service Stations and Hospitality Chains. The Wincor Nixdorf portfolio includes complete in-store solutions for service stations, terminals for lottery sales outlets and ePOS systems for catering businesses. Many oil companies now use sophisticated ePOS systems, running software such as our "NAMOS compact," which can be used to monitor pumps and control carwash equipment. For lottery companies, we offer a modular family of products such as sales terminals and software components to meet the widest possible variety of requirements around the world from lottery chains in Germany to gaming companies in Asia. As with hospitality products for canteens, hotels, pubs, restaurants and leisure parks, self-service terminals are now widely used in the lottery sector, allowing players to enter their numbers or waiters to type in table orders, as the case may be. The products offered to these sectors are mainly based on our BEETLE family of ePOS products used in the retail industry.

AS TOTAL AND WINCOR NIXDORF SEE IT, ROADS AND PETROL GO HAND IN HAND.

Jean-Pierre Basbayon, Head of Price, Control and Systems at Total.

Individual mobility. No means of transport has come to symbolize this aspect of personal freedom more than the automobile, provided of course the right fuel is at hand. French oil company Total handles this task—not just with a dense network of service stations, but also with new IT solutions created in partnership with Wincor Nixdorf.

Outdoor Payment Terminal (OPT) is the magic phrase giving Total customers access to diesel and gasoline 24 hours a day quickly and easily using credit or debit cards. Mind you, the interactive terminal—which is well able to offer greater functionality and user benefits—is but a stop along the way on the long, successful journey Total has enjoyed so far with Wincor Nixdorf.

For the big goals of big companies: Know-how from Wincor Nixdorf. The supply of fuels, in all its aspects, is one of the core business activities of the Total Group, which, following the mergers with Elf and Fina, is

now tenth-largest company in the world and, the world's fourth-largest oil company. Based in Paris, France, the Group has around 111,000 employees and makes net sales revenue of approximately € 122,700 million euros from oil extraction, production and refining as well as trading of oil and gas products. The company has a presence in over 100 countries and plays a key role in the chemicals industry. The group markets its fuels under the well-known Total, Elf and Fina brands and runs nearly 16,000 service stations worldwide, chiefly in Europe and Africa. In 2004, Total refined 2.5 million barrels of oil each day and also sold 3.8 million barrels of petroleum products a day.

The partnership between Total and Wincor Nixdorf goes back to 1998 when the French oil giant commenced project studies aimed at equipping its European service stations with uniform front-office solutions. The goal of the studies was to pull together the quite different—and in places obsolete—ePOS systems and install EFT (electronic funds transfer) systems in compliance with the EMV standard. The key implementation criterion was "an open architecture freeing us from dependence on individual manufacturers and at the same time allowing implementation across national boundaries", says Jean-Pierre Basbayon, the man responsible at Total for Retail Network, Pricing, Control and Systems.

The self-service solution that can offer more—and 24 hours a day. The Wincor Nixdorf software solution "NAMOS compact" meets these requirements. With its open architecture, the system removes dependence on pump suppliers and service providers, and it meets the requirements of a global solution by integrating all the EFT applications. The modular, component-based architecture also supports "plug & play", allowing business processes and customer functions to be built in without great development effort. And when it comes to service stations, there are more than just one or two of them: Tank contents have to be metered, pumps addressed, carwashes operated, fuel pumps switched on and off and the whole sales process run in the shop. At the end of 2005 in France alone, over 2,500 Total service stations and almost 3,800 ePOS systems will be running the Wincor Nixdorf solution, with around 500 fitted out in the U.K., and nearly 60 in Portugal.

Customer: Total S.A.

History: Dating back to the 1920s

Market position: World's fourth largest oil and gas company

Business areas: Total operates across the entire oil industry chain, from oil and gas exploration and production to the gas downstream and refining, trading and shipping. Total is also a world-class chemicals player

Locations: Headquarters in Paris with around 17,000 service stations mostly in Europe and Africa and operations in more than 130 countries

Employees: Approximately 111,000

Sales: Around € 122 billion in 2004

In 2004, Total refined around 2.59 million barrels of oil per day

With NAMOS compact, Total has also opened up the ability to integrate further innovations across the breadth of its service station network. The Outdoor Payment Terminal (OPT) is one of these. Developed at Total's initiative and implemented with the help of the "Service Stations International" business unit within Wincor Nixdorf's Retail Division, the OPT—first piloted in June 2004—brings together a whole range of benefits. The 12-inch touchscreen is not just easy to operate, it also offers the opportunity to run promotional advertisements. In addition, the unit is suitable for multiple use, for instance also for car washes. The combination of the two procedures makes this solution, which is based on standard banking and retail equipment, such an innovation. "This gives us a unique model and, at the same time, one we can deploy globally," says Basbayon.

No chance for burglars or vandals. Almost more importantly, the jointly designed and developed OPT has been given its approvals by the French "Antiskimming-Antifrauds" association (ASAS). This organization looks at best practice for equipment designed to be as secure as possible against destruction and fraud. Forty percent of all service station fraud takes place at unmanned stations. Pooling the experience of Total in the service station business and Wincor Nixdorf in banking has enabled a real step forward to be made in this respect. The first 200 OPTs are to be up and running in France by the end of 2005.

Also up and running is the next stage of the partnership between the two companies. Future projects will be dealing with mobile ePOS systems for indoor and outdoor applications, environmental control and cash management. Total's and Wincor Nixdorf's vision is a central ePOS system on which each and every aspect of a service station can be managed. At Wincor Nixdorf, this vision has a name: i-SERVICE-STATION. i for integrative, innovative and international. ■

A software solution for everything: NAMOS compact supports all business processes at a filling station, from measuring tank levels to controlling the car wash.

FROM THE ELBE TO THE SEINE.

Wincor Nixdorf's Rainer Brockmann, leader of the Total project, has relocated from his office on the Elbe River to the Seine River in Paris. Initially, four weeks were planned for his stay in Paris, but in the end they numbered 18. It was a time of great learning for the 47-year-old Brockmann, including the fact that much business in the country is done late at night over a meal. Today, Brockmann is managing the project from Hamburg but remains close to customers. "Even here today, I can call staff in the evening and manage things under four eyes," he says. ■

Rainer Brockmann, project director at Wincor Nixdorf.

Core business still our focus: expanding our range of products, software and services · Expanding into attractive supplementary markets · Growing our solutions and services business as an integral part of our solutions offering · Continued growth of service resources and infrastructure · Global expansion by accompanying customers into new markets, tapping into growth regions and our global production model

CONTINUING ALONG THE PATH OF SUSTAINED GROWTH.

We are pursuing a clear growth strategy. It guides us in our daily activities and serves as a yardstick to measure the quality of our performance. Consistent implementation of this strategy has enabled us to improve our market position and our business performance continuously in recent years. This path of profitable growth is one we intend to continue.

GROWING OUR CORE BUSINESS AND CORE COMPETENCIES.

Serving the branch-based business operations of banks and retailers is at the heart of what we do. Our strength lies in combining hardware, software and services to create complete solutions, which make branch and store-based business processes truly leading-edge. All our solutions, which are based on open standards, can be integrated easily into customers' existing IT environments.

Our Portfolio. Our products comprise self-service terminals, automation solutions and electronic checkout systems (ePOS). In developing innovative products, we apply our technological capabilities in core disciplines such as mechatronics and image recognition. Our latest innovations include the check and cash deposit module (CCDM) for accepting and processing checks and cash, and self-checkout systems, which allow customers to check out their own purchases at supermarkets. Thanks to an effective and efficient combination of hardware, software and services, our cash management solution automates the entire cash circulation processes of stores and bank branches, thus saving time and reducing costs.

We aim to grow our solutions and services business. Long term, our goal is to generate around 50 % of net sales revenue from solutions and services. A key enabler will be our solutions development work, for example in the area of application software. Our ProClassic/Enterprise software architecture platform for unifying different sales channels in retail banking and our "TP.net" in-store software for merging the various business processes in the retail sector will also play an important role.

Services are now a major revenue generator in our non-product business area, having become an integral part of our offerings to improve business processes. In fact, they have gained such a successful foothold in the market that we are now winning service-only contracts independently of product deals. A key enabler of success in this business is the ability to manage not only our systems but also those of other manufacturers. To drive the business still further, we are expanding our international service delivery resources and customer care infrastructures as well as broadening and upgrading our offerings.

WORLDWIDE BUSINESS EXPANSION.

In recent years, Wincor Nixdorf has grown strongly abroad, especially in Europe, and has emerged as an international provider of integrated solutions. We intend to further improve our global market position.

Global Expansion. We continue to increase our business with existing international customers, accompanying them as they expand into new markets. At the same time, we are striving to win new customers operating locally in high growth regions. To this end, we are continuously expanding our network of subsidiaries. Under our Group-wide "Road to the Top" program, we are guided by "best practice" examples for bundling and applying our strengths even more effectively within individual countries.

A key component of our worldwide expansion is our global manufacturing model. By operating local production facilities, especially in high growth regions, we are able to be close to our customers and can thus meet their requirements more quickly and cost-effectively. Our application-related development activities also help us meet customers' specific regional requirements.

We are tapping into further growth potential through our services business, which we are strengthening with an extensive service delivery network. This network is now established in Europe, and we are currently rolling it out in Asia and the Americas.

Wincor Nixdorf – at the opening of a Metro supermarket in Vietnam.

TAPPING INTO NEW GROWTH POTENTIAL.

We are increasingly applying our core competencies in branch and store-based business processes in banking and retail to other sectors. In so doing, we are expanding into attractive supplementary markets, which include operators of lottery, service station and hospitality chains as well as postal service companies, which operate among some of the world's largest branch networks. This expansion complements our core retail and banking business.

Reverse Vending Systems. A further area of growth is the market for reverse vending systems, which handle returned bottles and cans. These systems round off our range of retail automation and self-service solutions and, at the same time, broaden our technology and capability base in the area of image recognition.

Outsourcing. In fiscal 2004/2005, we succeeded in winning more large outsourcing orders for our branch business. Our expert knowledge of business processes in branch-based operations and our integrated service offering make us a strong outsourcing partner. By outsourcing select operations to Wincor Nixdorf, customers are able to concentrate on their core competencies and, at the same time, achieve levels of cost for their branch IT operations in line with market levels.

700 employees developing hardware, software and services | Everything based around customer processes | Intelligent deposit and withdrawal capability and automation of entire transaction processes | Net-centric software | New solutions for monitoring and running installed solutions | Cash management and cash recycling functionality aiming for closed-loop cash cycles | Intelligent security technology for hardware and software

DEVELOP ONCE, USE OFTEN.

Banks and retailers face many of the same challenges globalization, fierce competition and growing cost pressure that require similar action. Both sectors are rationalizing processes and procedures and optimizing their customer interfaces. Wincor Nixdorf is assisting this process by providing innovative products, solutions and IT services that can be used to change business processes and entire administrative functions. In addition, banks and retailers are increasingly meeting the requirements of the future with processes that, technologically, are becoming more and more similar. For us, this convergence is creating opportunities in a wide variety of areas in which we have excellent technological capabilities, such as self-service, cash deposit and recycling solutions as well as net-centric software architectures.

Innovation Geared to Customer Processes. We gear our innovation strategy to our customers' business processes and, in our research and development efforts, are moving in several innovative directions (within controlled parameters) to ensure continuous ongoing development of our customers' processes.

Intelligent Deposit. One key area of innovation is our ongoing development work on intelligent deposits. Examples include intelligent cash and check deposits and automated handling of returns of bottles and cans for retailers. Our banking solution verifies cash and checks for authenticity using the latest image-processing technology, which enables automation of the entire account-entry process and thus eliminates the need for further manual processing of cash and checks.

Net-centric Software. With net-centric software, we aim to help our customers in banking and retail organizations further reduce their costs over entire installed lifetimes (total cost of ownership). Under this approach, the entire software required for operating terminals is no longer installed on the ATMs or ePOS systems, but rather on a central server. The result: Lower costs for software distribution and maintenance. Additional functions can be added to net-centric software, enabling it to be deployed in other industries as well, such as postal service organizations and service stations.

Monitoring and Control of Customer Systems. Another key innovative direction are solutions for monitoring and controlling systems at our customers' premises. As a service business, we offer these solutions to achieve the best possible overview of the processes in retail and banking environments and to show the operational status of all systems on the networks at any time. For instance, our solutions manage and control product platforms using specific diagnostic functions, report on the operating status of equipment and monitor complete business processes within multivendor networks. They can even take over full operational management under an outsourcing model.

Cash Management. In the area of cash management, we are optimizing the cash cycle for our customers and, wherever possible, streamlining the process from the outset with ATMs equipped with cash recycling functionality. This applies to retail outlets and bank branches alike. We are also developing software solutions using algorithm-based optimization models that are able to pinpoint ideal replenishment intervals for ATMs and automated teller safes. In this way, we lower our customers' cash logistics costs, without compromising availability, and reduce the amount of interest expenses. Long-term, we intend to couple new hardware and software solutions as well as intelligent IT services to develop a cross-industry cash management model for a new type of cash circulation that is as efficient, local and demand-led as possible. We refer to this development as "closed-loop" cash cycles.

Security. Security is an issue of major importance to all our customers. As a result, we are working to pull together new, innovative base technologies in an intelligent way. Our aim is to further improve existing concepts such as the distribution of electronic keys for optimizing cash logistics, anti-virus protection for IT networks, secure data communications and anti-fraud protection for our systems and solutions, and to develop new security products as well.

Cross-industry Management Control. All the innovative directions that we have described act as guiding principles for cross-industry management control of the innovation process and platform design. We separate operational development work for our banking and retail segments to achieve the best possible industry focus. It has been our tradition to involve customers and suppliers closely in the development process from the start.

Around 700 Development Employees. At our seven development locations in Germany, Burgdorf (Switzerland), Singapore, Jakarta, Shanghai and Boston, approximately 700 employees are working to implement this development strategy. Our core competencies are mechatronics, embedded software, platform software and application software, as well as image recognition. We also generate valuable expertise from our fundamental research activities undertaken with technology leaders with whom we engage in goal-based partnerships.

We have included all R&D activities in our Group-wide effort to reduce production costs. The purchasing team works with suppliers to provide transparency of their upstream processes, thereby identifying the best production options and, in turn, achieving further improvement in our competitive position.

ATM-TECHNOLOGY FROM GERMANY FOR THE TAIWANESE POSTAL AND FINANCIAL SERVICES GIANT.

The advantage is often the result of history. To meet its universal mail service obligation, the Chunghwa Post Co., Ltd. built a delivery network that spans all of Taiwan, and it is this network that the group is using today to deliver financial services. The company is relying increasingly on technology from Wincor Nixdorf.

Presence is a key success factor for all service providers. The Chunghwa Post offers that with more than 1,300 branches nationwide, ensuring 100 percent coverage. In these outlets, customers are not only able to send or fetch their mail but also manage their banking business; ATMs are now available in all branches.

But it has been a long journey from the days when the Chunghwa Post started delivering mail to the group's move to introduce financial services. The post office was established in 1896 to provide a mail delivery service. But in the 1930s, it began to expand into financial services, including insurance in 1935 (the company is celebrating its 109th anniversary this year).

Yeh Shun-Min,
Vice President at
Chunghwa Post.

ATMs with German engineering for the largest bank of Taiwan. The Chunghwa Post continues to expand its financial service activities. Each one of its 1,320 branches is now equipped with at least two ATMs for a total of 3,160 systems. Wincor Nixdorf's share of that business is growing continuously.

As part of a two-phase contract, the Chunghwa Post ordered 532 ProCash 2000xe terminals in May 2004, followed by an additional 116. The systems were customized to meet the individual requirements of the local branches, and can be quickly and easily modified to include new functions. The rollout has been successfully completed.

This contract is significant, given the fact it was won as part of a fiercely competitive public tender process. A key requirement of the Chunghwa Post public tender was for competing systems to pass a user acceptance test. Within eight hours, all systems had to prove their ability to fully meet all user requirements. Wincor Nixdorf's technology not only passed the test in every single category but also satisfied the special requirement to read chip cards.

Customer: Chunghwa Post Co., Ltd.

Founded: 1896

Market position: The largest network of retail outlets in Taiwan, the second largest ATM network operator in Taiwan

Business field: Postal service, stamp mail, hybrid mail, EMS enquiry, stamp collecting, zip code, postage rates, address writing, postage rates enquiry, post office locations; banking services: Postal savings, postal simple life insurance, postal giro, government bonds; postal museum

Locations: More than 1,300 post offices

Employees: 25,000

Turnover in 2004: TWD 304,745,461,000 (around € 7.62 billion)

Tested for excellence in the field. Today, the Chunghwa Post is totally satisfied with the performance of Wincor Nixdorf's ATM systems, the first ever to come from the German vendor. The group praises Wincor Nixdorf's high software stability, hardware design and service. For banking service director Chou Wuu-Shyong, the deployment of ATM technology using German engineering offers key advantages. The open system architecture enables not only higher vendor independence but also problem-free implementation into the existing network. "With Wincor Nixdorf products, we have been able to upgrade our operations to a high quality

level, meeting all our expectations," says Wuu-Shyong. Adds vice president Yeh Shun-Min, who is responsible for IT operations, banking and insurance service of the Chunghwa Post: "We look forward to collaborating with Wincor Nixdorf in implementing additional projects in the future."

New business software deployments are currently being discussed, as well as the implementation of additional functions in the ATMs, which currently provide cash-dispensing and money transfer services.

Advancing to a technology leader with quality from Germany. Even if the future of the Chunghwa Post has yet to be decided, one thing is already certain: The launch of new self-service technologies will continue to meet the demands of both the group and its customers. For sure, only those companies with cutting-edge technologies will be successful in the growing and competitive Taiwanese banking market. ■

OVERCOMING HURDLES TOGETHER.

Elvis Wang, director of applications software at Wincor Nixdorf Taiwan, and sales director Giles Chang Hang have successfully convinced Chunghwa Post of Wincor Nixdorf's winning solutions. One of the largest hurdles to overcome in replacing the solutions provided by a rival vendor was the user acceptance test. "We had just seven hours to enable our software to provide all functions required by Chunghwa Post," says Wang. None of the top three suppliers passed this test in the past 10 years. "The fact that we passed this test is largely the result of the excellent teamwork of the five members in our powerful software team," says Wang proudly. ■

Elvis Wang and Giles Chang at Wincor Nixdorf in Taiwan.

Equal priority given to shareholders, employees and society | Certified environment management system | Sustainability across the entire product life cycle | Wide range of professional training and development programs for employees | Disability-friendly product design | Collaborations with academic institutions | Research projects with the Fraunhofer Institute

CAPABILITY, COMMITMENT AND RESPONSIBILITY.

Only those who act with social and ecological responsibility can enjoy long-term business success. Wincor Nixdorf is guided by this key principle of strategic sustainability, demonstrating that the interests of shareholders, employees and the Company need not oppose each other.

Our goal is to unite the interests of ecology and society with our long-term business objectives. Keenly aware of this responsibility, we are continuing to step up our efforts toward sustainable development. As an international business, we observe the local laws and regulations in the different countries and regions in which we operate. We also comply with all relevant regulations and human rights. International labor law treaties are the basic tenets on which we base our actions.

FOCUS ON ENVIRONMENTALLY RESPONSIBLE ACTION.

As part of our strategy to achieve sustained growth in products and, increasingly, in services, we pursue a consistent environmental protection policy. Environmentally responsible action is at the heart of all our business activities.

Environment Management System Extended. Our environmental performance is monitored by an environment management system. This system, audited and approved to DIN EN ISO 14001 by the German Management System Certification Company, ensures that we consistently implement our environmental policy.

Compliance with Statutory Environmental Protection Regulations. For some time, a key aspect of our environmental activities has been the implementation of the European directives regulating the return and disposal of waste electrical and electronic equipment (WEEE) and the restricted use of certain environmentally hazardous substances in new electronic equipment (RoHS). Suitable actions, such as product re-designs, are in hand to ensure these are implemented. In so doing, we are making a major contribution to the environment.

Sustainable Products. Our ecological responsibility applies not only to the production process, but also to the entire life cycles of our products from development and production to deployment and, ultimately, recycling. At the early development stage, we ensure that our products have long life cycles. In the manufacturing process, we avoid the use of materials and substances that can damage the environment. We are prudent in our use of resources by striving to reduce and reuse as many materials as possible.

PEOPLE AT WINCOR NIXDORF.

Around 7,000 employees support our business on all continents. They are, so to speak, the face of Wincor Nixdorf to customers and partners. The sum total of their individual performance forms the basis for our business success. For that reason, we regard the development and growth of our employees as a key investment in our future.

High Emphasis on Professional Training. Training of young people has traditionally been a high priority at Wincor Nixdorf. Alongside the social obligation of securing high-quality training places for young people, we also need to cover our own requirements for highly trained people with specialist skills. After finishing their training successfully, all our apprentice trainees are offered starts to their careers at Wincor Nixdorf. In addition to apprentices in the engineering and technical professions, we train people in IT and administrative functions. Moreover, Wincor Nixdorf assists dual-course students in technical and business management disciplines with grants.

Developing Potential. Only attractive employers draw the best people. For this reason, we have a corporate culture that fosters experience, knowledge and creativity. We support the ongoing personal and professional development of individual staff members. For instance, we have expanded internationally our "Young Professionals" development program, which was introduced successfully last year. The program helps prepare staff over a period of three years for management positions that will become available across the Group in the medium term.

In the "Peer Group" program, employees have the opportunity to develop strategic knowledge and capabilities together with colleagues from other countries and other parts of the Company.

In order to increase the performance of our employees and strengthen their identification with the Company, we offer performance-related pay to reward them for their role in our business success.

Creative Ideas. Through creative ideas, our employees also make an additional, concrete contribution to improving the performance and thus competitiveness of the Company. In the fiscal year, nearly 900 suggestions were submitted in Germany alone.

Many Different Opportunities to Acquire and Exchange Knowledge. A key component of Wincor Nixdorf's success is in-depth communication between management and employees, aided by regular encounters. In addition to internal communication, continuous in-depth customer contact is a major priority. Once a year, we hold larger individual events, which have meanwhile established themselves as important platforms for our customers to share knowledge and experience. The events include the international "Wincor World" exhibition, the "International Management Seminar" (IMS) and banking industry conferences such as the top-level International Retail Banking Conference, which we sponsor jointly with the German financial newspaper "Börsen-Zeitung."

New Learning Concept Introduced. We provide both professional and on-the-job training to expand the collective expert knowledge of our employees and advance their development opportunities. To improve our development training, we introduced an "eTraining" program in the fiscal year. With this initiative, participants from all countries come together in a virtual group and take part in online events such as training courses and conferences, which give them an opportunity to share knowledge as well as specific information and documents. As for the key benefits of this new program, training events become part of daily work routines, and more employees can be reached, and the company can reduce costs.

SOCIAL RESPONSIBILITY.

To be successful, Wincor Nixdorf must cultivate relationships of trust with its employees and partners. We therefore strive at all locations to be a reliable partner and an attractive employer committed to our social responsibility. This responsibility also includes maintaining a dialog with universities, academic and research institutions. We are equally involved with socially disadvantaged groups in society, trying to apply the right solutions to make our products accessible to them.

Design for the Disabled. When designing products and systems, we ensure that they are both functional and suitable for the disabled. With our technology, disabled people are able to manage their banking tasks independently thanks to ergonomically designed keys and controls, voice-driven menu controls, large-sized numeric keys with special embossed characters and ATMs that can be used from a wheelchair. In this area we also work with organizations like the German Society for the Blind and Visually Impaired (DBSV) and take care to comply with international standards including ergonomics and other design issues.

Collaborations with Academic Institutions. We support academics and scientists with a variety of initiatives and projects. Together with universities and colleges, we are conducting studies on issues such as "The Outlet of the Future." Moreover, we ensure access to the latest knowledge and findings in specific areas of work by awarding dissertation places, student grants and work placement schemes and by engaging in direct interaction with the academic and scientific community. We provide selected institutions with hardware and software and also send experts to the various faculties to give lectures and seminars. In the fiscal year under review, we launched an extensive research project on "The Future of Banking" in conjunction with the Fraunhofer Institute. We are also working with the Fraunhofer Institute on new technologies aimed at increasing the security of ATM usage for consumers and our customers.

WHAT COUNTS IN THE INTERNATIONAL BUSINESS OF A.S. WATSON: LOCAL KNOW-HOW AND SPEED.

Few retailers understand international markets better than the A.S. Watson Group and few, arguably, are as hardnosed about profitability and simplicity as this global player.

In business for nearly 190 years, the group has evolved into one of the world's largest international retailers with operations in 34 markets.

Today, A.S. Watson has more than 6,800 stores, running the gamut from health and beauty, luxury perfumes and cosmetics to food, electronics, fine wines and a wide variety of bottled beverages. A member of the Hong Kong-based conglomerate Hutchison Whampoa Ltd., it employs more than 88,000 people in retail chains throughout Asia and Europe.

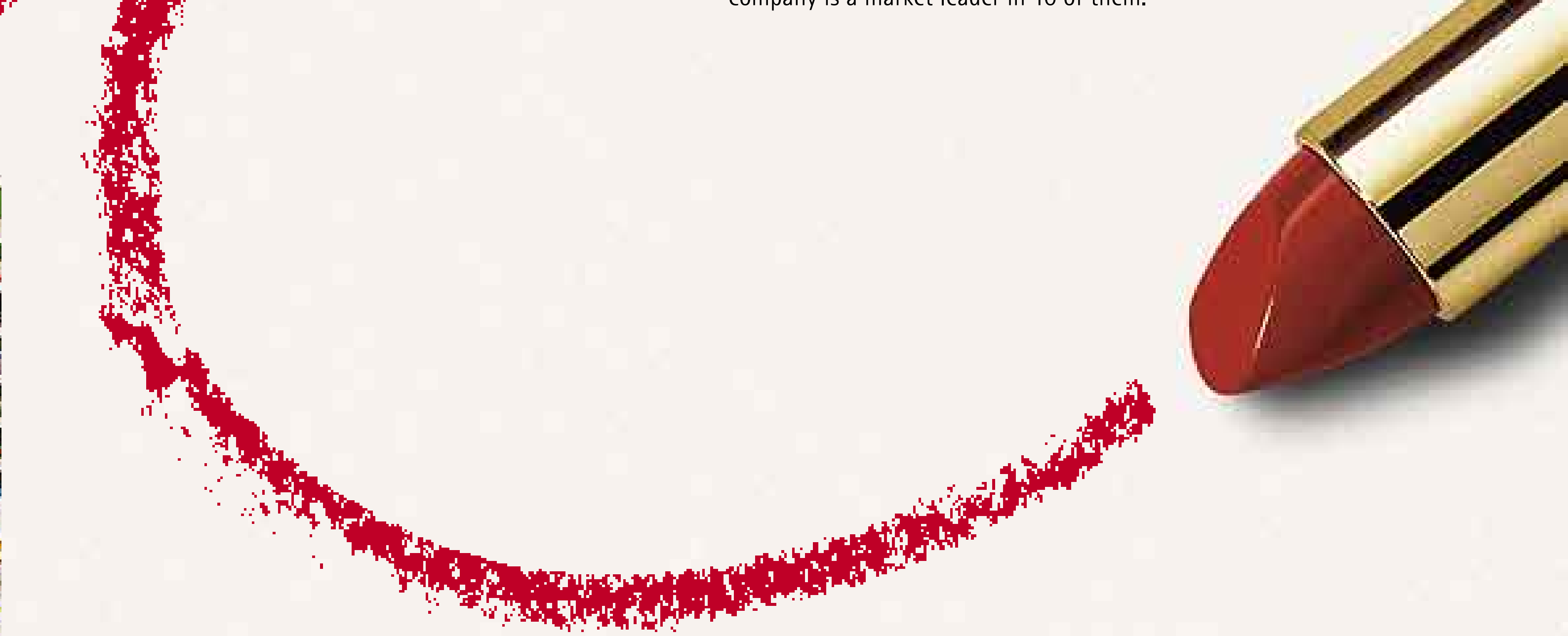
What has made A.S. Watson stand out among its competitors is the company's ability to combine local knowledge with international expertise and deliver products and services that customers want and need at prices they can afford.

Lower costs, higher profits through modern IT. In a sector battling razor-thin margins, A.S. Watson views information technology as a means to help lower operating costs and increase profits. With an eye to both, the Group has chosen Wincor Nixdorf as a strategic IT partner to supply advanced ePOS (electronic point of sale) systems and services at competitive prices to its retail chains

In its Superdrug chain of health and beauty shops in the U.K., for instance, A.S. Watson has put Wincor Nixdorf in charge of managing a program to replace more than 4,000 ePOS systems in 450 stores. The IT vendor and service provider is collaborating with an Israeli software specialist, which supplies the POS software.

"We won the bid against some tough competition because we were able to provide exactly what the customer demanded," says Stuart Saunders, Sales Manager Retail at Wincor Nixdorf. "A.S. Watson wanted an ePOS platform provider that was able to deliver hardware on a global basis in order to maximize purchasing power and reduce complexity."

More recently, A.S. Watson has chosen Wincor Nixdorf in the U.K. to deploy new, state-of-the-art ePOS technology in the Savers Health & Beauty chain of shops in the U.K., which were acquired in 2000, and in Paris-based Marionnaud, Europe's largest perfumeries and cosmetics retailer. Marionnaud is the latest addition to the A.S. Watson family. The leading perfumery chain in France, with a market share of 30 percent, has meanwhile established a 1,226-store network that stretches to 13 other countries. The company is a market leader in 10 of them.



The beginning of a success story: A pharmacy in Guangzhou. In Asia, A.S. Watson continues to grow, with Wincor Nixdorf by its side. The retailer now has more than 1,100 stores spread across the Asia-Pacific region, with the greatest concentration in its home base, Hong Kong. It meanwhile has an installed base in Hong Kong of more than 2,400 POS systems. Another 1,000 are in China, the birthplace of A.S. Watson, which began as a small dispensary in Guangzhou, China. The remaining POS systems are located in other markets, such as Taiwan, Malaysia, Singapore, Thailand, Korea and the Philippines.

Wincor Nixdorf's service in China includes deploying and maintaining not only its own hardware and software but also managing the equipment of other suppliers to the retail giant. "We provide a full service, handling all of A.S. Watson's IT retail-related services," says Steve Chan, Managing Director of Wincor Nixdorf Hong Kong and Regional Director of Retail Systems of Wincor Nixdorf Asia.

Indeed, whether it is Asia or Europe, the German IT company today offers A.S. Watson a singlepoint of contact, providing platform, implementation and maintenance services through its local subsidiaries and partners. And more: The vendor meets all the group's challenging demands for fast communication, attractive prices, flexibility and simplicity.

"We chose and continue to work with Wincor Nixdorf as a partner as they are the Total Cost of Ownership (TCO) leader and they approached the relationship in an open and direct fashion," says Gert Vos, A.S. Watson Group IT Director. "We have very clear lines of communication established to deal with issues and opportunities, and Wincor Nixdorf has delivered on all these. The company has provided a winning mixture of centralized responsibility and local delivery teams." ■

Customer: A. S. Watson Group

History: Dating back to 1828

Market position: The largest health & beauty retailer in the world

Business field: Health & beauty, luxury perfumeries & cosmetics to food, electronics, fine wines and airport retail arms. Also an established player in the beverage industry

Locations: Over 6,800 retail stores in 34 countries

Employees: Over 88,000

MANAGER IN FAST MARKETS.

Steve Chan is a fast-moving manager in a very fast-moving area of the world: Greater China, which includes the economic boom areas of China and Hong Kong. As the Hong Kong Country Manager and the Asia Pacific Regional Director for North Asia Retail Systems, Steve is on the front-line of Wincor Nixdorf's growing business operations in the region. "I wear many hats," he says. Since 2000, Chan has also been in charge of the Hong Kong-based A.S. Watson Group. As China continues to lure investors from Europe, Japan and North America, Steve has observed a change in the country's business mentality. "In the past, business was all about personal relationships," says Steve. "Now it's about processes, about being cost-effective and competitive. There has been accelerated reform in China in recent years, and its is far from over."

Steve Chan, Asia Pacific Regional Director for North Asia Retail Systems.

DECLARATION BY THE BOARD OF DIRECTORS.

The Board of Directors of Wincor Nixdorf Aktiengesellschaft, in Paderborn, is responsible for compiling the consolidated accounts and the Group management report.

The consolidated accounts have been compiled in accordance with International Financial Reporting Standards (IFRS).

Reporting conformity and compliance with statutory requirements is ensured at the instruction of the Board of Directors through the establishment of effective internal control systems within the businesses included in the consolidated accounts. In addition, training and education initiatives ensure that the responsible employees are able to meet the requirements made of them. Observance of the directives and regulations, and reliability and proper functioning of the control systems are subject to continuous checks performed by the internal audit function.

These initiatives and the reporting conducted in accordance with uniform directives across the Group ensure that numeric depiction of business activity represents a true reflection of reality and that the Board of Directors is in a position to identify changes in business and financial performance, together with resultant risks to the company's asset and financing positions, at an early stage.

The risk management systems established for use within the Group ensure, in accordance with the requirements made of joint stock corporations (public limited companies), that developments potentially able to pose a risk to the continued existence of the company, Wincor Nixdorf Aktiengesellschaft, and the Wincor Nixdorf Group are perceived in good time and that corrective action can be taken, wherever relevant. This also creates the basis for accurate information in the consolidated accounts and Group management report, including the individual company accounts forming part thereof.

The Board of Directors is committed to the goal of continuously increasing the value of Wincor Nixdorf. The Group is managed and run under the principles of sustainable business management in the interests of shareholders and in awareness of its responsibility to employees, society and the environment in all countries in which Wincor Nixdorf operates.

The Board of Directors and the Supervisory Board of the Company have passed a joint declaration of compliance, pursuant to Article 161 of the German Joint Stock Corporation Law, with the recommendations of the German Corporate Governance Code.

The consolidated accounts and Group Management report have been audited by KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft in accordance with the resolution passed by the Annual General Meeting of shareholders and the instructions issued by the Supervisory Board. The auditors have prepared their corresponding report on this matter (page 113). The consolidated accounts, the Group management report and the auditor's report are discussed in detail in the Supervisory Board's Finance Committee, with the auditors in attendance. The Supervisory Board's report contains details of the outcome of these deliberations.

The Board of Directors of Wincor Nixdorf Aktiengesellschaft

MANAGEMENT REPORT 2004/2005.

BUSINESS ENVIRONMENT.

The World Economy. High oil and steel prices have had a negative impact on world economic growth in 2005. The International Monetary Fund (IMF) expects the world economy to grow by 4.3 % in 2005. Economic output in all the world's key regions rose by 5.1 % in 2004, a growth rate not seen for 30 years. However, the growth momentum declined somewhat during the latter half of the year.

According to the Organization for Economic Cooperation and Development (OECD), the high oil and steel prices are impacting the euro-zone more acutely than other parts of the world. The European economy is suffering from low consumer demand, and rising energy prices are expected to continue to have an unfavorable effect on consumer behavior. Exports are being subjected to additional pressure from the strong euro. The OECD predicts that member states of the European Union (EU) will experience growth of 1.2 % in 2005 (2004: 1.8 %).

The German economy continues to lag behind the economic performance of other EU member states in 2005. Economic research institutes project that, after a weak first half, exports and capital investment will indeed rise during the second half of 2005, but that gross domestic product will increase by 1.0 % at most. Weak domestic demand, primarily the result of the poor conditions in the labor market and the resultant uncertainty, is hindering economic growth.

The most important engine of growth of the global economy remains the United States. In 2004, U.S. gross domestic product (GDP) rose 4.2 %. For 2005, the IMF projects GDP growth of 3.5 %. Latin America again achieved strong growth after overcoming some crises.

Asia saw continuing growth in 2005. According to the Asian Development Bank (ADB), local economies are set to grow by an average of 6.6 %. However, this growth will also have a negative effect on the world economy: Strong economic growth in Asia, particularly in China, is one of the causes behind the increase in the prices of oil and raw materials such as steel.

(Sources: International Monetary Fund (IMF), Organization for Economic Cooperation and Development (OECD) and the Asian Development Bank (ADB))

Currency Trends. The U.S. dollar depreciated significantly against the euro during the year under review. At its peak, the euro was worth US$ 1.36, but by the end of the fiscal year, the euro's momentum had weakened significantly with one euro worth US$ 1.20.

Developments in the Retail and Banking Sectors. The banking industry continues to focus on growing the retail banking business as a stable source of profit. Key objectives include strengthening existing customer ties, winning additional retail customers through acquisitions and mergers and driving international growth. Competitive pressure is the main factor driving banks to deploy the latest information technologies in a move to reduce costs and boost efficiency. Banks continue to invest in retail banking systems and are working hard to expand their service offerings to clients. The trend is to use different sales channels in parallel. In this context, the traditional bank branch remains a highly attractive means of promoting direct customer contact. Increasingly, branches are being equipped with complex, multifunctional products that offer new services or automate processes to reduce staff workload. Also in high demand are software solutions that strengthen customer relationships as part of a bank's customer loyalty activities. Another potential area is cost cutting by optimizing the cash flow cycle. Many banks also hope to achieve international growth through takeovers and mergers.

In geographical terms, the market offers a differentiated picture. Banks in Germany continued to invest cautiously while many retail banks in Western Europe invested in IT to rationalize their branch operations. Eastern European countries continued to experience strong market growth. Following the infrastructure replacement of recent years, banks in this region began equipping their branches with new self-service and automation solutions in line with growing customer expectations and demands. In North America, too, self-service and automation solutions remained in strong demand. This demand was driven in part by so-called "off-premises" providers that continue to expand their ATM networks. The Latin American market continued to grow at good levels. Strong competition among Asian financial institutions has also spurred growth. The worldwide trend toward expanding branch banking operations is now increasingly taking hold in Africa and the Middle East.

Banks are concentrating more heavily on their profitable core businesses and consolidating their IT structures. In so doing, they aim at harmonizing and optimizing their existing IT platforms with a view to reducing costs. For this reason, many banks are outsourcing parts of their IT operations to IT service partners. Some, in fact, are signing contracts to outsource complete business processes such as ATM services and even their entire IT operations.

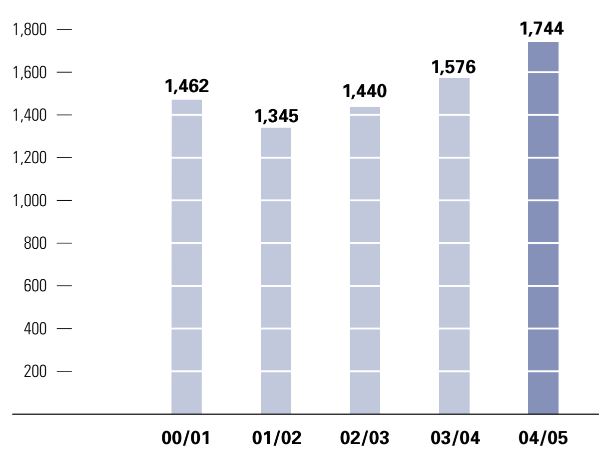
The retail sector is characterized today by large international corporations engaged in fierce competition. New business opportunities are emerging through their international expansion, particularly in Eastern Europe and Asia. Strong competition in domestic markets has resulted in price wars. Retailers are using new tailored services to differentiate themselves from competitors. All striving to streamline internal processes as much as possible, with IT seen as a key competitive tool. Standardized point-of-sale and store management software simplifies global deployment. At the same time, customers are being offered new self-service solutions such as self-checkout systems and reverse vending machines for returning bottles and other containers.

BUSINESS PERFORMANCE.

In fiscal 2004/2005, Wincor Nixdorf once again continued its successful business performance of previous years. Strong growth outside Germany encouraged the Company to continue its international expansion. Net sales revenue increased 11 % compared to the previous year. The Group also improved its profitability, growing operating profit (EBITA) by 17 %.

As a result, we outperformed our forecasts made at the beginning of fiscal 2004/2005 when we predicted 7 % growth in net sales revenue and an 8 % increase in operating profit (EBITA). We revised both targets in the second quarter upwards to a minimum 12 % rise in EBITA and a minimum 10 % increase in net sales revenue. As a result of our initiatives to expand business and improve performance, which proved better than expected, we were able to maintain our strong momentum for the entire fiscal year.

Net Sales History. €m



Change on previous year	–8 %	+7 %	+9 %	+11 %

Net Sales. The Group increased its net sales revenue to € 1,744 million in the fiscal year just ended, up 11 % from € 1,576 million the year before. Excluding exchange rate fluctuations, net sales were up 12 %. This increase was primarily the result of organic growth, with acquisitions contributing only € 27 million, or 1.7 %, to the increase.

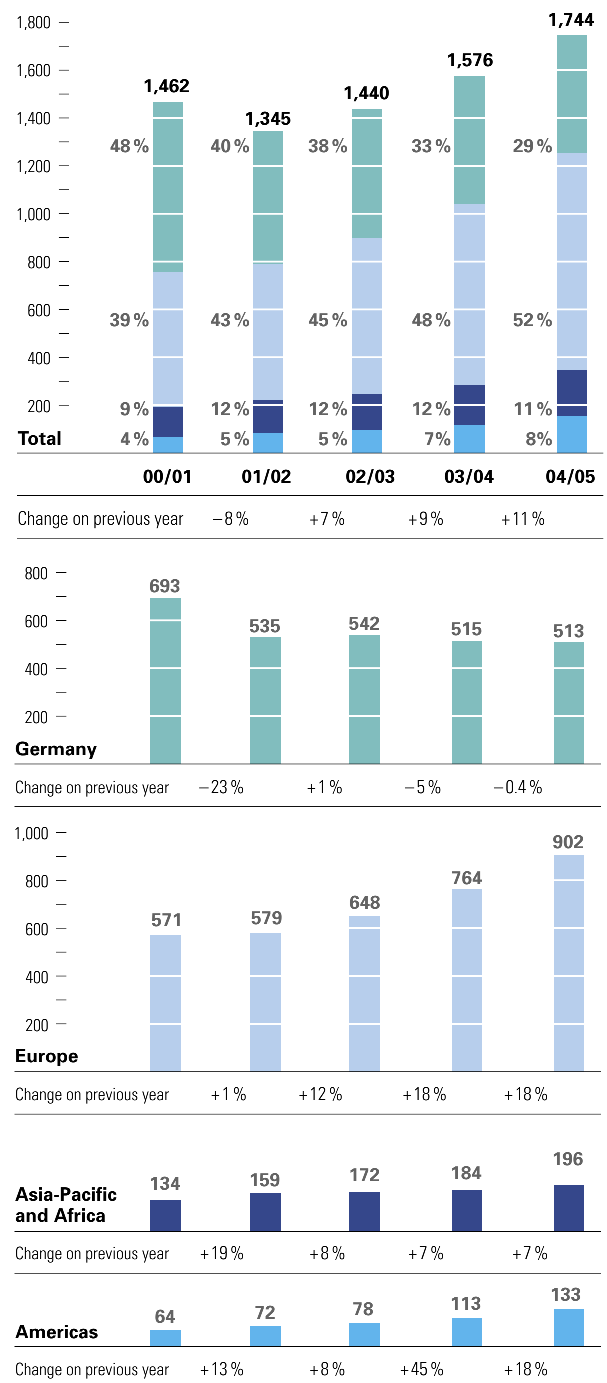
Regional Performance. Our international business was solely responsible for the rise in net sales revenue in the fiscal year, enabling us to internationalize our operations still further.

In Germany, net sales slipped 0.4 % to € 513 million (previous year: € 515 million). These sales as a percentage of total revenue were down significantly to 29 % (previous year: 33 %).

Europe experienced strong growth with revenue up 18 % to € 902 million (previous year: € 764 million). A key contributor to the positive development was our international business growth program "Road to the Top." With this program, we aim at becoming the market leader in Europe, a goal that we have already achieved in the retail segment. As a percentage of total revenue in fiscal 2004/2005, European sales (excluding Germany) rose to 52 % (previous year: 48 %).

An even higher percentage increase was achieved in the Americas, where net sales increased by 23 % in U.S. dollar terms. Converted into euros, net sales revenue rose 18 % to € 133 million (previous year: € 113 million). The Americas represented 8 % of total revenues (previous year: 7 %).

Changes in Regional Sales Profile. €m



In Asia-Pacific and Africa, which are also dollar-based, revenues were up 11 % in U.S. dollar terms. After conversion to euros, sales increased 7 % to € 196 million (previous year: € 184 million). Their percentage of total net sales revenue was 11 % in the fiscal year, compared to 12 % the year before.

Performance by Business Stream.

Product Business. In fiscal 2004/2005, our production facilities in Singapore and Shanghai were expanded to include production of existing product lines. The move was aimed to further expand our global production capabilities.

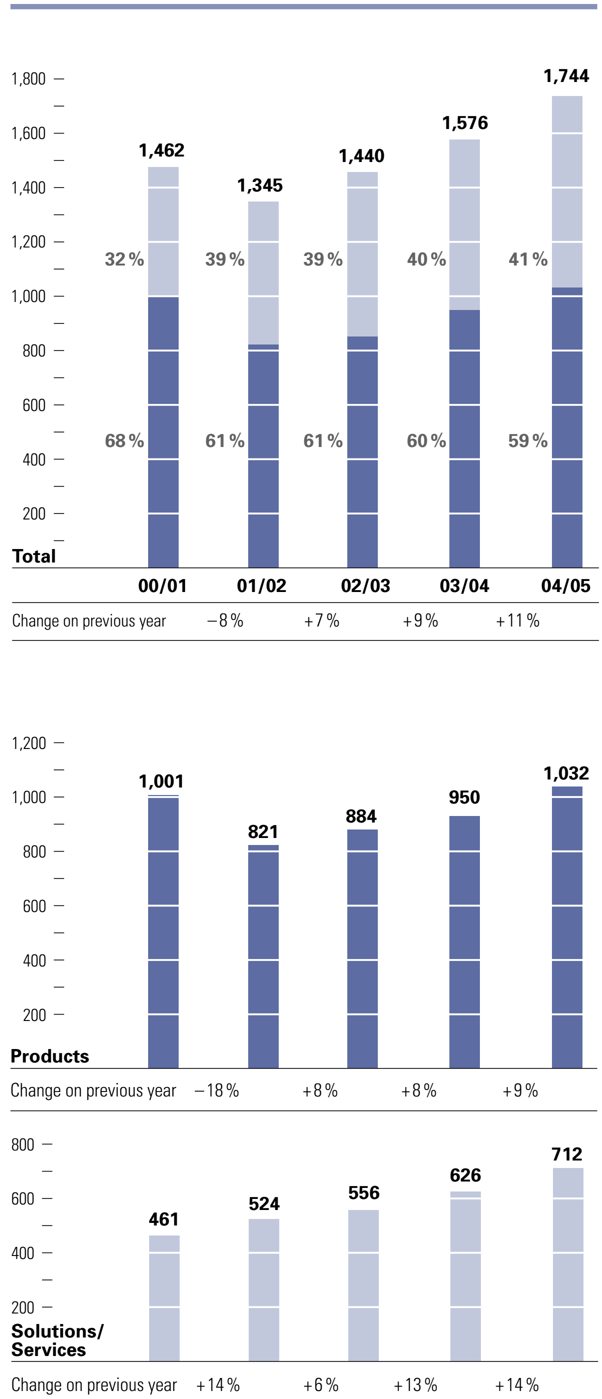
The Company's global development and production facilities are organized on a decentralized basis but all units operate in close collaboration. Central quality and product management ensures compliance with our high levels of quality.

Product revenues rose 9 % to € 1,032 million (previous year: € 950 million). The product business accounted for 59 % of total net sales (previous year: 60 %).

Solutions & Services. Revenues from solutions and services grew strongly, up 14 % to € 712 million (previous year: € 626 million). Solutions and services now account for 41 % of total net sales revenue (previous year: 40 %). In the long term, we are looking to grow the solutions and services share of our business to approximately half of our net sales revenue.

We were able to successfully grow our solutions business internationally in the fiscal year. Our global network of local competence centers was extended to ensure that we can implement, update and integrate solutions worldwide within our customers' IT environments. Close collaboration on the ground also ensures that we are involved more closely in the ongoing development of our customers'

Net Sales Split: Products and Solutions/Services. €m



business processes and are able to offer them new solutions. In both the banking and retail segments, openness and stronger internationalization of software solutions are top priorities.

We won key orders with our open multichannel software architecture, ProClassic/Enterprise, which offers banks flexibility and investment security. We were able to further consolidate our already strong position in middleware for retail banks. Demand was also strong for installation of software to operate multivendor ATM networks. We received several orders from large international banks for this software.

An important step toward becoming a complete solutions provider was made with our in-store solutions for retailers. These solutions are not limited merely to applications for operating checkout systems; they also support a wide variety of different types of checkout systems as well as other in-store processes and new automation solutions using one software. Deployed internationally, the solutions offer a uniform operating platform for store operations.

Our services business continued its strong growth track of recent years, complementing our products and solutions with a comprehensive portfolio of services built around all the IT systems used by our customers. These services range from traditional maintenance and management of multivendor IT infrastructures to complete operation of entire business processes.

In the future, standardized, cost-optimized service offerings will be available through our newly introduced uniform "eServices Platform". This platform is designed to simplify procedures and interfaces to customers and partners. It meets the requirements of large multinational corporations for uniform IT infrastructures and transparent processes. The "eServices Platform" enables services to be handled efficiently and customer service to be managed and controlled using agreed indicators (key performance indicators).

Our range of Customer Care Center solutions was expanded significantly in the fiscal year. The portfolio now includes online monitoring for remote diagnosis, Customer Excellence Center services, escalation management and end-user helpdesk services for retail and banking customers. The use of the "eServices Platform" for all services performed by the Customer Care Center allows swift access to relevant customer-related system data, simplifies internal processes, and therefore makes customer care activities much more efficient. The platform also benefits our own performance capability within outsourcing projects.

We will continue efforts to grow our outsourcing projects business. Several large-scale outsourcing projects were won in the fiscal year. To achieve this, we strengthened our in-house interdisciplinary capabilities in the areas of project administration and operational estimation and planning, for example risk management across all stages of an outsourcing project. In order to run these projects successfully, we have built up international infrastructures such as specialist data centers, helpdesks and technician organizations, and have installed a network of partners to manage services not provided by us in-house. One of these services, for example, is the supply of cash stocks to ATMs.

Costs. In the fiscal year, we continued to work on improving our cost base. The Group-wide "ProImprove" profit enhancement program provides the foundation for efficient management of costs. It aims to offset profit risks presented by price attrition, growth in lower-margin regions, expansion of the services business and factor-cost increases by focusing on cost of sales and, in particular, selling and general administration costs. This, together with other measures, produced an increase in our return on net sales revenue at EBITA level of 0.5 percentage points to 7.9 % (previous year: 7.4 %).

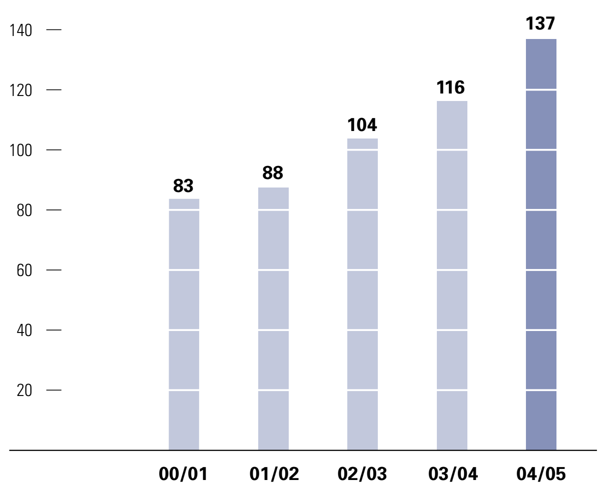
As a percentage of net sales revenue, selling and general administration costs were reduced by 1.5 percentage points to 15.5 % (previous year: 17.0 %). In absolute terms, these costs totaled € 271 million (previous year: € 268 million)[1] and, at 1 %, rose at a much slower rate than the 11 % increase in net sales revenue.

Our effective cost management succeeded in offsetting a 1 percentage point reduction in gross margin, before amortization of product know-how, to 28 %. This deterioration was mainly the result of international growth and a stronger increase in the solutions and services business.

Research and development costs rose by € 5 million, or 7 %, to € 78 million (previous year: € 73 million). The R&D expenses as a percentage of sales were 4.5 % (previous year: 4.6 %).

Profit. Operating profit before amortization of product know-how (EBITA) improved by € 21 million to € 137 million (previous year: € 116 million), representing a rise of 17 %.

EBITA History. €m



Change on previous year	+6 %	+18 %	+12 %	+17 %

Return on sales at EBITA level was up 0.5 percentage points to 7.9 % (previous year: 7.4 %). This good performance was the combined result of the rise in net sales revenue and the leveraging of economies of scale in products and the "ProImprove" profit enhancement program.

We counter exchange rate fluctuations that could have adverse effects on profit through comprehensive natural hedging techniques such as vendor selection and location-related decisions. We also make use of financial derivatives.

Financial results were negative, showing a net result of € 20 million (previous year: € 19 million). Of that, € 11 million was interest paid on debt.

[1] Without amortization of goodwill.

The interest expenses of € 7 million (previous year: € 6 million) for pension commitments and retirement provision and also the accounting profit of € 1 million (previous year: € 1 million loss) arising from changes in interest rates and other parameters are reported in the financial result, among others. Last year, these profits/losses were reported under functional costs.

Profit before taxes increased to € 91 million (previous year: € 66 million). This € 25 million improvement is the result of the significant rise in net sales revenue and cost savings.

The Group's effective rate of tax in the year under review was 39 % (previous year: 33 %).

Net profit for the period rose by € 11 million to € 55 million (previous year: € 44 million). Net profit for the period before amortization of product know-how increased by € 10 million to € 71 million (previous year: € 61 million). The product know-how was created at the Company's carve-out from the Siemens Group in 1999. Expressed as a return on sales, net profit improved to 3.2 % from 2.8 % the previous year.

Dividend. The Board of Directors proposes to the Supervisory Board and the Annual General Meeting of shareholders (AGM) that, of Wincor Nixdorf AG's final distributable net profit of € 46,084,064.94, the sum of € 34,739,237.40 (equivalent to € 2.10 per share) be distributed to shareholders, payable immediately following the AGM on February 21, 2006. The residual profit (€ 11,344,827.54) is to be carried forward.

SEGMENT PERFORMANCE.

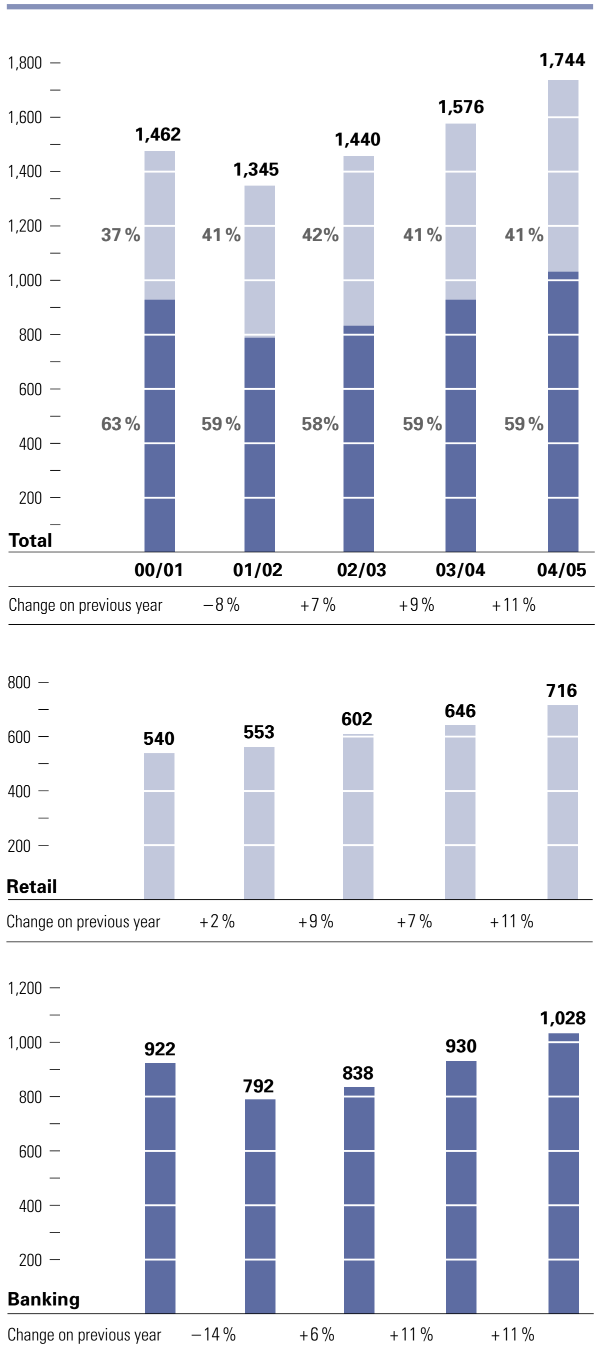
Both the banking and retail segments contributed to the increase in Group revenue and profit with double-digit growth rates. In the year under review, the banking segment accounted for 59 %, and the retail segment 41 %, of total net sales revenue.

Banking Segment. In the fiscal year just ended, the banking segment grew its revenue by 11 % to € 1,028 million (previous year: € 930 million). This growth was achieved largely in other European countries. Operating profit (EBITA) climbed € 13 million to € 105 million (previous year: € 92 million), representing a rise of 14 %. This increase in profit was the result of higher net sales revenue and strict management of costs. Return on sales improved to 10.2 % (previous year: 9.8 %).

Our competitive advantages are not just our high product quality but, in particular, our solution concepts that combine hardware and software as well as services that cover entire business processes within bank branches and thus, the total cost of ownership (TCO) of a system over its installed life. One of our key strengths is that we offer products, solutions and IT services worldwide for all areas of self-service and front-office automation in branch banking. In addition, our extensive range of consulting services helps with specific branch redesigns and reorganization activities.

These skills as well as our accumulated know-how and business process knowledge in the retail segment are transferable to a large extent to the reorganization and redesign of post office branches. As a result, we are well positioned to compete in this market segment.

Net Sales Split: Banking and Retail. €m



Viewed geographically, the investment restraint of banks in Germany saw our business in this market drop slightly over the previous year.

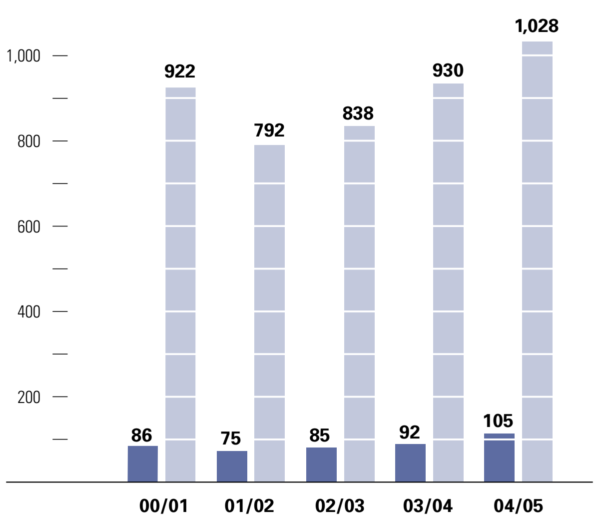
In most Western European countries, our business benefited from the continued modernization of retail banking. Particularly banks in the United Kingdom, Italy and France were investing in their retail banking activities. In these markets, we succeeded in winning key contracts for our high-end products as well as our solutions and services. Business in Eastern Europe performed at the same solid levels of the previous year. We noted a favorable change in the quality of orders, with a strong trend toward high-end products as well as solutions and services. In Turkey, where we booked significantly more orders, we achieved a disproportionately high level of growth. Business with postal service providers also performed well in Europe.

Business in the Americas varied by country. In the U.S., we were not able to achieve the same high level of sales as we did in the previous year, which benefited from a large order. Business in Canada and the Latin American countries of Chile, Columbia, Venezuela and Mexico performed very well.

We expanded our business in Asia, winning key orders in Taiwan. We took a huge step forward in growing our business in China by achieving "certified supplier" status at all of the country's large banks. In Thailand, we made a successful and promising market entry. In Korea and Vietnam, we posted our first sales.

Our banking business in the Middle East and Africa continues to be successful, with several large orders booked in Iran. In Africa, our business is focused mainly on three countries: We entered the South African market in the fiscal year and achieved good levels of growth in Algeria and Morocco.

Net Sales and EBITA History: Banking. €m



Net Sales
Change on previous year – 14 % +6 % +11 % +11 %

EBITA
Change on previous year – 13 % +13 % +8 % +14 %

Key Performance Indicators: Banking. €m

	04/05	03/04	Change
Net sales	1,028	930	+ 11 %
EBITA	105	92	+ 14 %
EBITA Return on Sales (%)	10.2 %	9.8 %	+ 0.4
Capital Investment	26	23	+ 13 %

Products. Our product revenues increased significantly with key contributions from the cash systems business, which includes ATMs and automated teller safes.

In the low-cost monofunction systems segment, we achieved cost and price benefits through high scale. At the same time, the number of multifunction systems in the upper price segment increased significantly compared to the previous year.

The business worldwide was driven by new installations as well as by the replacement of previously installed systems. Orders came from banks and independent sales organizations (ISOs) that operate their own ATM networks. Demand was also bolstered by self-service systems that can be used for standard transactions such as bank transfers. With this technology, routine activities are being moved increasingly onto electronic systems, giving bank staff more time for customer advisory services.

The Company has reinforced its strong position in the market for intelligent deposit technologies, thanks in large part to its new intelligent Cash and Check Deposit Module (CCDM). In the automated teller safe market, a newly introduced recycling model has been very well received. In Germany, we succeeded for the first time in convincing a large public-sector customer to migrate its withdrawals service to self-service systems.

Our non-cash products business increased its volumes and won additional, strategically significant customers for voucher and document printers. We positioned our kiosk terminal, the ProInfo 1000, successfully in other sectors, including department stores, large supermarkets and hospitals.

Solutions and Services. Again in fiscal 2004/2005, we were able to grow our solutions and services business. Contributing to this growth were the multichannel solution ProClassic/Enterprise, the ProSales direct marketing solution and ProCash/IFX. ProCash IFX software, which uses the IFX (Interactive Financial eXchange) communications standard, enables ATMs from different vendors to be operated in an ATM network.

The ProClassic/Enterprise software platform enables banks to run different terminals and applications on a uniform, server-based software architecture. All relevant business processes and banking products run on one server and are accessible to all sales channels. Banks benefit from lower TCO and the ability to adopt new technologies more quickly. We have implemented this software at several banks and data centers.

The Business Process Monitoring Center offers banks a unique opportunity to map all the processes used by a self-service network. With this technology, they can produce detailed analyses and reports on self-service equipment and their business processes quickly and without outside assistance or any programming knowledge.

Also in high demand were security concepts for self-service systems and software, such as anti-skimming solutions that use special sensors to check the entire card insertion area for unauthorized devices affixed to them.

The services business in Europe is increasingly moving in the direction of complete, full-service offerings for branches. Demand is growing not only for hardware and software, but also for services such as cash management, end-user helpdesks and operating services.

Using in-house resources and the services of our partners, we significantly improved our quality of services in Germany, the U.K., France and Belgium. In addition, we replaced the company servicing the self-service equipment of large banks in Germany.

The outsourcing of branch banking activities is becoming an ever more important aspect of our business. In the fiscal year, we won several large contracts with durations of several years. In branch banking, we take over and ensure the ongoing operation of banks' self-service systems. Many banks no longer view the operation of ATMs, statement printers, PC clients, servers and IT networks as core business processes. These systems and, in some cases, employees and the management of cash logistics are outsourced to us. In the U.K. and the Netherlands, two internationally well-known banks transferred the entire operation of their self-service systems to us. In Germany, we took over the operation of major elements of IT operations for two large savings banks. Together, we created the dedicated joint venture company Wincor Nixdorf Portavis, whose shares are held by the two savings banks and by Wincor Nixdorf with the Company holding a majority stake in the venture.

Retail Segment. The retail segment also reported double-digit sales revenue growth, with net sales climbing 11 % to € 716 million (previous year: € 646 million). This significant rise is primarily the result of the expansion of our solutions and services business. In addition, we grew our business with retail-related industries such as lottery companies, the hospitality sector (including restaurant and hotel chains) and service stations.

The retail segment's operating profit (EBITA) increased 28 % to € 32 million (previous year: € 25 million). This favorable performance was also reflected in the improvement of the EBITA margin to 4.5 % (previous year: 3.8 %).

On the product side, the uniform system platform of the BEETLE systems proved to be a great competitive advantage for the Company. This platform forms the basic foundation for all our point-of-sale, self-checkout, kiosk and lottery systems and is also used in our automatic reverse vending machines (used for returning bottles and other containers). It helps achieve much lower TCO by enabling systems to be integrated more easily with uniform application platforms at customer premises, and by making them cheaper and easier to run and maintain. BEETLE systems can also be adapted easily to meet specific customer requirements.

A "unique selling proposition" is our own application software, which is based on international standards. The software can be deployed worldwide, thanks to an architecture that enables country-specific and customer-specific enhancements.

Growth was also driven by orders from other European countries, and despite a difficult market environment we were able to achieve a moderate increase in revenue in Germany as well.

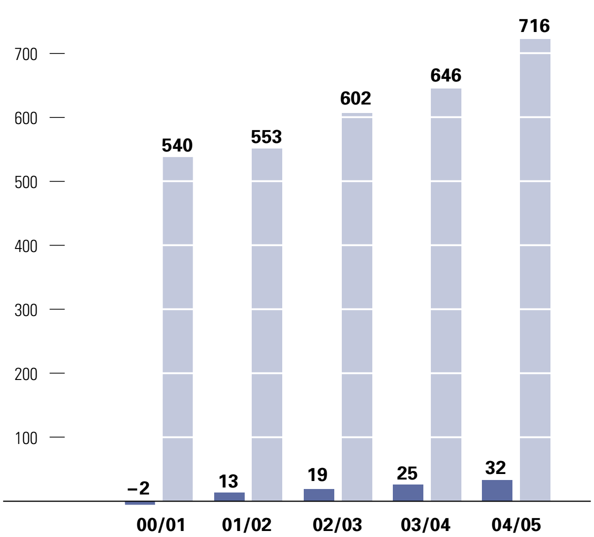
The highest rates of growth were achieved in the United Kingdom. This growth came largely from replacement investment and new customers. Growth in Europe was also fueled by strong performance in Central and Eastern Europe where we benefited from further expansion of retail groups with international operations. We were also able to develop the service stations business significantly.

Outside Europe, our business in the Americas remained at the good levels seen last year. Although the product business grew in this region, performance of the services business was somewhat weaker. In Asia, we were unable to continue the excellent growth in our product business last year when we had benefited, among other things, from a large project carried out in the lottery business.

Product Business. In the fiscal year just ended, we made further progress in growing sales of point-of-sale terminals for retail outlets, further reinforcing our market leadership position in Europe.

In established markets such as Western Europe and North America, our ePOS systems dominated retailers' investments in replacement equipment. In Eastern Europe and Asia, these systems also benefited from the expansion of international retail chains and local suppliers. We achieved further growth in reverse vending and lottery systems.

Net Sales and EBITA History: Retail. €m



	00/01	01/02	02/03	03/04	04/05
Net Sales Change on previous year		+2 %	+9 %	+7 %	+11 %
EBITA Change on previous year		–	+46 %	+32 %	+28 %

Key Performance Indicators: Retail. €m

	04/05	03/04	Change
Net Sales	716	646	+ 11 %
EBITA	32	25	+ 28 %
EBITA Return on Sales (%)	4.5 %	3.8 %	+ 0.7
Capital Investment	12	12	–

Continued success was also seen in neighboring sectors such as service stations and hospitality. At the same time, we developed new system solutions for in-store use such as self-checkout systems, cash management solutions, reverse vending systems and kiosk systems.

We developed additional product innovations in the areas of self-scanning solutions and with the BEETLE/iSCAN product family. We launched the Personal Shopping Assistant (PSA), a mobile solution that enables customers to scan their own purchases while shopping.

Solutions and Services. In the solutions business, demand grew from other European countries for system integration solutions. Another major success was the market launch of our store software, TP.net.

TP.net is a newly developed application platform for retailers. It can be used internationally as a standard software package and is easy to adjust to meet different local requirements. The software enables simple administration of software installed on ePOS systems and can be used with various different checkout concepts. We succeeded in implementing our Namos solution at several international service station chains.

In the services business, we focused on growing our own capability and improving profitability in product-related services.

For this reason, we expanded our service offerings for other manufacturers' equipment (multivendor services) and boosted our efficiency in this business. At the same time, we broadened our network of service partners in order to ensure an even greater coverage for our retail customers with global operations in the future. Maintenance service for lottery and reverse vending systems were established and expanded in several European countries.

In the U.K., we were able to grow significantly our services business with retailers through Datalect Group Ltd., which was acquired last year. We successfully integrated this business into the rest of the organization and improved availability and quality of service in the U.K. market. Datalect offers helpdesk, network administration, hardware maintenance and software support services. In Germany, we signed an outsourcing agreement with a retail company for maintaining and operating its SAP Retail system.

ACQUISITIONS AND DISINVESTMENTS.

In fiscal 2004/2005, we enhanced our technology capability with the acquisition of BEB Industrie-Elektronik AG in Burgdorf, Switzerland. We acquired 100 % of the company's share capital effective January 1, 2005. BEB Industrie-Elektronik AG specializes in the development and production of banknote readers that use image recognition processes. This acquisition extends our technology reach in the high-growth area of self-service cash deposit applications and combined deposits and withdrawals where image recognition is a key component of ATMs. BEB Industrie-Elektronik has grown strongly in recent years. At the time of the acquisition, the company had around 90 employees.

On October 1, 2004, we acquired the remaining 49.99 % of the shares in Wincor Nixdorf OY, Espoo, Finland, a sales and services company. We also acquired the share capital of a Finnish service company.

Wincor Nixdorf Retail and Banking Systems (Suzhou) Co. Ltd. Suzhou, China was dissolved. Its business activities were transferred to Wincor Nixdorf Retail and Banking Systems (Shanghai) Co., Ltd. in Shanghai.

In Morocco, third parties acquired a 3.5 % equity stake in our Moroccan sales company.

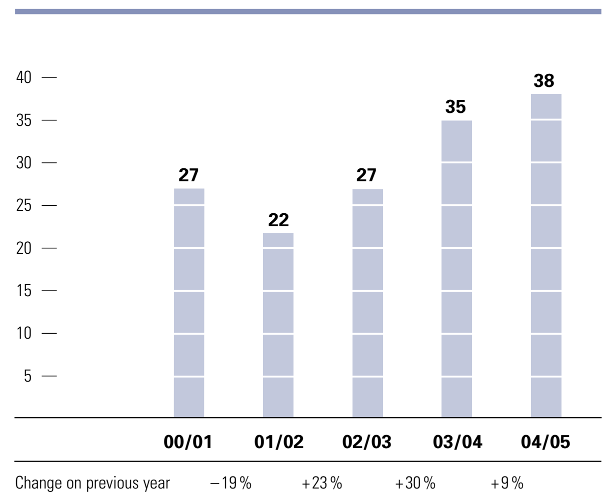
We opened a sales representation in Thailand in the previous fiscal year. Further representations exist in Russia and India.

We refer to the complete presentation of changes in Consolidation Group in the Notes to the Group Accounts.

CAPITAL INVESTMENTS.

Our capital investments are primarily intended to grow capacities and improve our productivity and quality of services.

Capital Investment History. €m



We invested € 38 million (previous year: € 35 million) in commercial patents, licenses and tangible assets. The investments included data-processing systems, specialist tools, production facilities, software and miscellaneous office and factory equipment. We spent € 7 million on acquiring fixed assets for use in an outsourcing deal.

ASSETS, PROFITABILITY AND FINANCING.

At the end of the reporting period, Wincor Nixdorf had assets of € 1,110 million, down € 34 million (3 %) from the year before. The reduction in our asset base resulted from our decision to pay down financial debt and renew the Group's financing arrangements.

Intangible assets decreased by € 18 million to € 401 million (previous year: € 419 million). The change is mainly the result of a € 26 million amortization of product know-how (previous year: € 28 million) capitalized during the demerger from the Siemens Group. This was offset by fresh capitalization of € 7 million worth of non-patented technology at BEB Industrie-Elektronik AG.

Tangible fixed assets increased by € 6 million to € 106 million (previous year: € 100 million). Investment was mainly in specialist tools, data-processing systems, computer workstations and other types of office and factory equipment.

Assets. €m

	Sept.30,2005	Sept. 30, 2004
Assets		
Intangible assets	401	419
Tangible assets and financial assets	106	100
Inventories	237	235
Receivables and other assets	315	299
Marketable securities and cash at bank	51	91
Total assets	**1,110**	**1,144**
Equity and Liabilities		
Equity (incl. minority interests)	234	199
Pension accruals	123	109
Other accruals	153	137
Financial debt	227	325
Other liabilities and deferred income	373	374
Total equity and liabilities	**1,110**	**1,144**

Current assets, deferred tax assets and prepaid expenses fell by € 22 million to € 603 million (previous year: € 625 million). Current assets now represent 54 % of total assets. The value of inventories remained largely unchanged at last year's level of € 237 million (previous year: € 235 million). As a result of higher levels of net sales revenue, trade receivables ended the year € 12 million higher than the year before. The liquid funds, which were used to offset financing debt, dropped € 14 million to € 51 million (previous year: € 65 million) due to a more active cash management. Deferred tax assets and prepaid expenses were € 2 million higher at € 40 million (previous year: € 38 million).

Equity, including minority interests, rose € 35 million to € 234 million (previous year: € 199 million). The ratio of equity to total capital employed was 21 % (previous year: 17 %).

Consolidated profit/loss in fiscal 2004/2005 increased by € 50 million to € 91 million, including net profit of € 56 million. The consolidated profit/loss declined as a result of dividend payments of € 20 million for the previous fiscal.

Other changes to Group equity are set out in the "Changes in Group Equity" table.

The Group's accruals for pensions, taxes, operational business risks and personnel increased by € 30 million (previous year: € 34 million).

The group achieved a significant reduction in financial debt to € 227 million, down from € 325 million in the previous year, producing a sustained improvement in its financing structure. As of September 30, 2005, financing debt less liquid funds was € 176 million compared to € 234 million the year before.

On August 2, 2005, the existing syndicated loan financing was replaced by a new € 350 million revolving credit facility for the benefit of Wincor Nixdorf AG and Wincor Nixdorf International GmbH with a term of 7 years. The new syndicate consists of a group of 10 banks providing funds over terms of 1, 2, 3, 6 or 12 months, or other terms by agreement. Interest is payable at the EURIBOR rate plus a margin.

The new financing arrangements have increased the Company's financial flexibility, firstly because the revolving nature of the facility means the amount of the loan is available throughout the entire term and, secondly, because with the exception of the end of the seven-year term there are no ongoing capital repayment obligations. The reduced interest rate margins also help ease our interest expenditure.

Profitability. Wincor Nixdorf's after-tax profit in fiscal 2004/2005 increased to € 56 million (previous year: € 44 million). This rise was the result of the successful growth of our business and also the cost savings achieved through our profitability program.

EBITDA increased by € 25 million to € 168 million (previous year: € 143 million), with the EBITDA return on net sales at 9.6 % (previous year: 9.1 %).

Reconciliation of net profit to profit from business operations (EBITDA) €m

	2004/2005	2003/2004
Profit after taxes	56	44
+ Taxes on profit	35	22
+ Financial result	20	19
+ Amortization of goodwill	0	3
+ Amortization of product know-how (exceptional item)	26	28
EBITA before charges arising from the carve-out	**137**	**116**
+ Depreciation of tangible fixed assets and licenses	31	27
EBITDA before charges arising from the carve-out	**168**	**143**

Financial Position. Cash flow from ongoing operations rose to € 133 million compared to € 122 million last year. It was derived mainly from operating profit (EBITA) of € 137 million (previous year: € 116 million). Tax expenses were € 14 million higher than last year, essentially due to higher profit.

Derivation of cash funds from EBITDA (Group, before exceptionals) €m

	2004/2005	2003/2004
EBITDA	**168**	**143**
Cash flow from ongoing operations	133	122
Cash flow from investment activities	–55	–49
Cash flow from financing activities	–130	–20
= Change in cash	**–52**	**+53**
Cash funds and cash equivalents at the beginning of the period	51	–2
Cash and cash equivalents at the end of the period	**–1**	**51**

Working capital as a percentage of sales remained at or around last year's level of 12 % of revenue (previous year: 12 %). Working capital is made up of inventories, trade payables and trade receivables, prepayments received and deferred income. Working capital added as a result of the acquisition of business units was excluded from cash flow from ongoing operations and reported under cash flow from investment activities.

Cash flow from investment activities shows a € 55 million outflow of funds (previous year: € 49 million) of which € 19 million was spent on acquisitions. This consisted mainly of payment of the remaining consideration for Wincor Nixdorf Systèmes Bancaires S.A.S., Plaisir, France, and the purchase of the entire share capital of BEB Industrie-Elektronik AG, Burgdorf, Switzerland.

We invested € 32 million in tangible fixed assets and € 6 million in intangible assets.

Cash flow from financing activities showed an outflow of funds of € 130 million in fiscal 2004/2005. The main components influencing this were loan repayments of € 324 million and the taking out of new credit finance in the amount of € 209 million. We paid a dividend of € 20 million for the previous fiscal year. On the other side, there are financial leasing liabilities and miscellaneous changes amounting to € 5 million.

RESEARCH & DEVELOPMENT.

We invested approximately € 78 million in research and development (R&D) in fiscal 2004/2005 (previous year: € 73 million), representing a 7 % increase on last year and putting R&D expenses as a percentage of net sales revenue at 4.5 % (previous year: 4.6 %).

With a view to reinforcing our technological strength in the future, we recruited additional R&D staff. At the end of the reporting period, the number of employees working in R&D was 714 (previous year: 660), equivalent to 10.3 % of total headcount. The R&D employees work at our development facilities in Germany, Switzerland, Singapore, Indonesia, the U.S. and China.

They have been working on a large number of new developments. Worldwide, we registered 55 new patents, bringing the total number of active patents up to 866.

R&D Areas of Focus. In terms of technology, the banking and retail sectors are increasingly seeking the same base technologies. In the retail segment, self-service-based transaction processes are leading to this convergence. Examples of this include cash recycling and self-checkout systems that retailers are using to automate cash handling activities. Also, ePOS and kiosk systems are being adapted to meet the requirements of postal service companies.

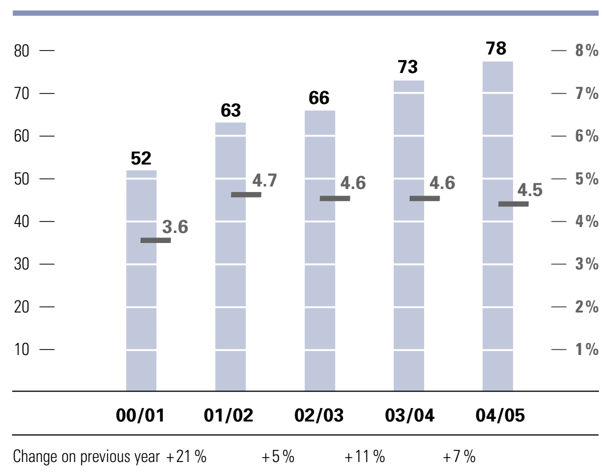
In the banking segment, we have concentrated on deposit and recycling technology for use in strategic markets. Both technologies have been adapted to meet the specific requirements of key countries. Our ATM portfolio has also been extended with a compact cassette-based recycling system.

As for software, the focus has been on the development of net-centric applications to manage large self-service networks (ProClassic/Enterprise). We are paying particular attention to establishing and growing an extensive IT security product family designed to keep self-service networks safe from external attack.

Our key product families in the banking segment, such as ATMs and terminal systems, have been the subject of continuous ongoing enhancement and complementation.

In retail, we expanded our portfolio with a new reverse vending system for the return of non-deposit PET bottles or aluminum cans, which are taken back and compacted separately by material.

History of R & D Expenses plus embedded R & D Ratio.



In the self-checkout segment, we have developed customer-specific variations for different projects and implemented these successfully in test applications at customer sites. We have developed a new standardized solution concept to support closed-loop cash handling for stand-alone checkout systems, such as those used in service stations. The product families currently offered in the retail business, such as the BEETLE ePOS systems and terminal solutions for lottery companies, have been undergoing continuous enhancement and complementation.

The emphasis in software development has been on adding new features to our TP.net point-of-sale software. The software enables simple administration of software installed on ePOS systems and can be used with various different checkout concepts. In addition, it automatically provides all available checkout functions in Web-based form for running mobile solutions.

PURCHASING AND LOGISTICS.

At Wincor Nixdorf, all purchasing activities are coordinated by Group Purchasing, which is also responsible for long-term goals, strategies and directives. The main principle behind our purchasing activities is a decentralized organization which is, however, managed from the center. This ensures that all purchasing activities within the Group are undertaken in close collaboration with local offices and production facilities.

Products, components and assemblies as well as services and software products are sourced from suppliers using a Group-wide, international purchasing system with a uniform contract database. This approach helps us achieve the best possible terms and, as a result, lower costs.

One area of focus of the strategic purchasing function during the fiscal year was the further internationalization of our supplier base, specifically in the Asian market. Key activities in this market include coordinating local purchasing operations, finding new low-cost suppliers, expanding existing relationships and adjusting these to meet various quality requirements within the Group. In the fiscal year, we also concentrated on reducing supplier lead times and achieving further cost savings.

Consistent improvement of our production logistics has enabled us to further reduce the throughput time between order entry and product installation. This resulted in faster, more flexible fulfillment of customer orders as well as improvements in the capability and deadline-compliance of our suppliers especially important in view of the Group's ever-increasing international business activities.

EMPLOYEES.

The total number of people employed within the Group increased by 823 to 6,937 as of the end of the reporting period (previous year: 6,114 employees). This rise was the result of our international business expansion. Our headcount abroad rose significantly. The number of new employees hired outside Germany was 676, bringing the number of people working outside the country to 3,542 (previous year: 2,866). This means, that Wincor Nixdorf employed more people internationally than at home. But in Germany, the headcount also increased, up 147 to 3,395 (previous year: 3,248).

Most new employees were recruited to work in our Services business. In this business field, we hired 518 new employees, 133 of them in Germany and, of the remainder, 62 in the U.K., 37 in France, 36 in the Czech Republic and 30 in Belgium. We recruited an additional 105 new service employees in Asia-Pacific and Africa.

We also expanded our international sales network, with 2,075 employees now working in sales (previous year: 1,988).

The newly acquired BEB Industrie Elektronik AG in Switzerland had 76 employees as of the end of the reporting period.

Headcount by region (As of September 30):

	04/05	03/04	02/03	01/02	00/01	99/00	98/99
Germany	3,395	3,248	3,032	2,936	2,926	2,563	2,358
Europe	2,076	1,707	1,009	794	710	506	472
Asia-Pacific & Africa	1,291	1,009	816	766	675	529	479
Americas	175	150	126	122	122	96	120
Total	**6,937**	**6,114**	**4,983**	**4,618**	**4,433**	**3,694**	**3,429**

Areas of Focus in Personnel Management. The integration of new recruits has been one of the areas of focus of our personnel team. Our international management development program has also been expanded.

Another area of focus has been the implementation of market conditions of employment within our German subsidiaries. This measure will help reduce personnel costs and protect jobs at Wincor Nixdorf International GmbH by introducing further flexibility of working hours. To this end, appropriate arrangements were agreed with employee representatives and the parties to the collective bargaining agreements.

Our Thanks. Fiscal 2004/2005 was a successful year for Wincor Nixdorf, and our employees played a major part in this success. The Board of Directors wishes to express its gratitude to all employees for their good work and their performance during the year.

RISK REPORT.

Risks and Opportunities Policy. At Wincor Nixdorf AG, the management of opportunities and risks is one of the key elements of activity in managing the Company. For us, it is a simple fact of life that opportunity and risk management is a permanent, integral part of our reporting procedures. It ensures that financial targets are met and, in general, enhances the worth of the Company. We regard the management of opportunities and risks as a value-adding activity.

As an international business, we are exposed to a range of risks inseparably linked to entrepreneurial activity. The job of opportunity and risk management is to contain these risks and make them simple to understand and monitor. The management control tools that we have implemented for this purpose enable us to register and monitor risks centrally in a regular manner. This ensures that the Board of Directors is always kept up to date on current and future risks. The aim, however, is not just to manage and avoid risks, but also to use our control and risk management activities as a means of creating room for maneuver. For example, we can manage and control new acquisitions and projects for large customers by using uniform global guidelines and directives that set out threshold-based authorization trees. Checklists are used to ensure structured analysis and highlight potential risks and opportunities alike.

Management of Opportunities and Risks. As part of our overall responsibilities, we expanded and refined our opportunity and risk management activities in the fiscal year just ended. Opportunity and risk management is an integral part of our financial control reporting systems. Specifically, this management function involves Group planning and budgeting, period-based actual/forecast reporting and variance analyses.

Dual-Level Controlling. Opportunity and risk management is integrated into the Group controlling process and is performed by the internal audit department. At Wincor Nixdorf, the controlling function works on two levels. One of these is a decentralized control function, which focuses on output and financial data of subsidiaries and business units. The other level is the Group holding company control function at the head office, which ensures strategic management control within the Company and across all business units.

Compliance, Financial Economy & Security. The Group internal audit function performs the monitoring and control function within the Group and reports as an independent body directly to the Board of Directors and the Supervisory Board. The internal control systems and business processes both of the subsidiaries and of the head office functions are audited regularly for compliance, operational efficiency and security. Internal audit checks monitor, specifically, compliance with directives, profit-and-loss account data and the contents, and also make process improvement suggestions.

Risk Management System Audited & Attested. In fiscal 2004/2005, we asked our auditors to check how well our opportunity and risk management system works. The auditors filed no objections.

Macroeconomic Risks. Wincor Nixdorf expects world economic growth in 2006 to continue, in particular in Asia and Eastern Europe. The economic environment in Germany may not improve significantly. Consequently, our growth potential will need to come from outside the country. We view potential risks to the world economy as a further rise in raw material prices and continuing dollar weakness. Both could have a negative effect on global economic activity and subsequently on our business. In addition, risks from unexpected events such as natural disasters and terrorist attacks are on the rise.

Corporate Strategy Risks. In all its business dealings, the Company strives for profitable growth. Investment and acquisition/disposal decisions have been, and will continue to be, assessed against this criterion. At present, we do not perceive any risks that could have a negative effect on our profitability or on our asset or cash positions.

Outsourcing was successfully added to our range of offerings in the fiscal year. Given that business processes are generally more complex than products, problems can emerge in the value chains. When we assume responsibility for running customers' business processes, we risk the possibility of our budgeted gross margin for the business shrinking should these processes fail. We take out insurance against such failures in order to avoid liability risks. Nevertheless, it can happen that individual claims and entitlements are not covered by insurance policies. We work with our customers to optimize processes in such a way as to avoid any potential interruptions to operations and to avert a resulting loss of image.

Financial Risks. Wincor Nixdorf's business is exposed to credit risks, currency risks and interest rate risks. The Group treasury function and the limitation of financial risk are conducted centrally. Interest expenses are mainly linked to the short-term variable market interest rate (EURIBOR), plus a margin. This margin is subject to change as certain financial ratios vary. Being tied to a market interest rate means that we are exposed to an interest rate risk. Rising interest rates could lead to interest expenses higher than originally planned. We have entered into interest rate options to hedge these risks. As a result, the interest rate on our financial debt fluctuates within a band between 1.75 % and 5.0 % (plus margin). In the fiscal year under review, we continued to reduce our financial liabilities.

The global nature of Wincor Nixdorf AG's business produces flows of deliveries and payments in different currencies. Incoming and outgoing payments in individual currencies are netted off against each other. Thus, by selecting suitable suppliers and making location-related decisions, we actively seek to generate natural hedging effects to the extent possible. The remaining currency exposures are then hedged mainly by means of currency futures. The netted-off amounts represent the exchange rate risk in each currency. The remaining currency risks are then hedged up to 100 % (depending on currency and volume) on a rolling 12-month basis by means of suitable financial instruments.

Financial instruments are not used to hedge against currency translation risks arising from the conversion of accounts of Group subsidiaries, which do not prepare their accounts in euros.

We reduce credit risks by consistently obtaining credit reports, setting credit limits and running a proactive debtor management function including a payment reminder system and active debt collection. Letters of credit are used to secure receivables from countries classified as presenting a credit risk.

Market & Competition Risks. Banks and retailers are operating in markets characterized by fierce competition. This intense competition can result in price pressure for our products and services. With our productivity programs, we are constantly working to improve our cost position.

In the current fiscal year, we expect considerable price pressure to continue. Although we have built this into our budgets, aggressive competition may produce additional price reductions, with consequent negative effects on gross margin.

Purchasing, Productivity and Production Risks. Our manufacturing penetration requires active management of our portfolio of vendors within our supply markets. In order to avoid production risks caused, for example, by potential disruptions of deliveries of materials, we are further expanding our strategic purchasing function. This involves the selection of qualified vendors to minimize dependency on strategic suppliers. The quality assurance process at work within the supply chain ensures compliance with quality standards.

The Company is constantly working to consolidate its purchasing and save costs through good purchasing management. A further rise in prices for raw materials such as oil and steel, however, may result in an increase in the purchase prices of components and assemblies we require. Other negative effects could include, for example, statutory requirements through higher levies on purchase prices.

On the other hand, we expect a boost to productivity through changes to employment conditions in Germany. These will impact both the cost of sales and selling and general administration expenses.

Technology and Quality Risks. We strive to strengthen our market position by offering products and services that are internationally competitive. This goal requires a meticulous process of innovation and development to enable us to meet high customer demands for quality. In addition, we endeavor to work closely with our customers, especially our key accounts, in the hope of tapping new markets and applications at an early stage. These endeavors often result in innovative business ideas, which, ideally, lead to standard applications.

In terms of innovation and quality, Wincor Nixdorf enjoys a leading position that differentiates the Company from the competition. Errors and mistakes in our quality processes, or products developed in a way that fails to reflect customer needs, can impact our sales prospects. With this in mind, we have set up a program specifically aimed at promoting and encouraging innovation and quality.

High quality of products and services are essential for a steady flow of customer orders. However, good quality is also about reducing the cost of carrying out guarantee repairs or meeting damage claims. Because of this, we operate a quality and environmental management system as well as a product approvals procedure right across the Group.

IT Risks. Appropriate availability (up-time) of our own IT systems is a basic requirement for us to be able to meet our productivity objectives and avoid damage claims from business customers, especially in outsourcing.

In fiscal 2004/2005, we were able to achieve the planned level of availability of our IT systems despite a series of attacks by viruses and trojans in particular. In the current fiscal year, too, attacks on our IT systems may affect availability levels. We are working continuously to optimize our systems in terms of information security, and to improve them by conducting specific protection requirement analyses. To prevent operational disruptions caused by external factors such as viruses penetrating the computer system, we always deploy the latest hardware and software components available on the market.

Legal Risks. We are not presently aware of any actual or threatened legal dispute that could affect our financial position in any meaningful manner. In the future, though, such risks cannot be ruled out entirely.

Personnel Risks. Employee output is essential for Wincor Nixdorf's future development and growth. We are in competition with other businesses for highly qualified specialists and managers. In order to attract and retain them in the long term, we offer attractive compensation packages and social benefit schemes in addition to extensive training and development opportunities.

We do not see any issues that may pose a risk to filling specialist or management posts in line with our growth objectives.

Overall Risk. At present and in the foreseeable future, we perceive no individual risks that could pose a danger to the continued existence of Wincor Nixdorf AG. The sum total of risks, also, does not show Wincor Nixdorf AG to be in any danger.

POST-YEAR-END EVENTS.

Effective October 1, 2005, the Supervisory Board expanded the Board of Directors from two to five members and appointed Philip Mantle, Jürgen Wilde and Stefan Auerbach as new executive directors of Wincor Nixdorf AG. At the beginning of the new fiscal year, Philip Mantle assumed responsibility for the worldwide banking business. Jürgen Wilde became responsible for retail, and Stefan Auerbach was put in charge of our services business. At the same time, Eckard Heidloff was appointed Executive Vice President.

In Mexico, two new subsidiaries commenced sales and service activities on October 1, 2005.

Wincor Nixdorf Portavis GmbH, which is registered in Hamburg, began operation on October 1, 2005. As majority shareholder, we set up this joint venture together with two large savings banks, Hamburger Sparkasse ("Haspa") and Sparkasse Bremen. Each of the banks has outsourced large parts of its IT operations to the new company. Wincor Nixdorf Portavis GmbH is owned to 51 % by Wincor Nixdorf, 38 % by Haspa Finanzholding and 11 % by Sparkasse Bremen.

Wincor Nixdorf Retail Services GmbH was incorporated in October 2005. It provides maintenance and other services to retail companies.

OUTLOOK.

Wincor Nixdorf has successfully pursued its path of constant, sustained growth since its initial public offering (IPO) in 2004. Fiscal 2004/05 saw operating profit rise more strongly than revenue for the eighth time in a row, successfully increasing the value of the Company by a considerable margin. We have set ourselves equally ambitious goals for the next few years.

Essential for us is the need to make ongoing improvements to our performance capability for customers and to continue growing our market position. Given our highly qualified, motivated employees, our innovative strength and our well-proven strategy, we see ourselves well placed to accomplish this. The foreseeable development of the world economy and our chosen sectors position us well for the task.

World Economy. Economic research institutes view the world economy in good shape this fall. The Institut für Weltwirtschaft (IfW), which is based in Kiel, Germany, predicts world economic growth of approximately 4% in both 2005 and 2006. However, growth drivers vary geographically. For example, growth of the U.S. economy, which has been the main engine of growth in recent years, is expected to slow down.

At the same time, IfW projects economic growth to increase slightly in Western Europe and Japan. As a result, real gross domestic product growth will largely remain unchanged in industrialized countries.

In emerging markets, the IfW expects growth to weaken again slightly next year, primarily due to an expected cooling-off of the Chinese economy.

Developments in the Banking and Retail Sectors. We expect further growth in our retail banking and retail businesses, based on market analyses. In particular, we anticipate greater growth from solutions and services business than from products.

In banking, in the established financial markets of Western Europe and North America, we expect continued high levels of investment in retail banking, which has established itself as a stable source of income. The investment will be driven, in large part, by ongoing reorganization and modernization of local branch banking. Banks want to improve efficiency and productivity, and are turning to automation and competitive IT service offerings for support. Replacement installations and new installations of ATMs, in particular by off-premises providers, will continue to generate sales growth on the product side.

Replacement of installed ePOS checkout systems has also been the main driver in the retail product business in Western Europe and North America. A surplus of retail space, especially in major urban areas, and associated price competition are the main developments influencing the investment behavior of large retail groups. At the same time, a trend toward opposing business models is on the rise. Discount and "hard discount" models are proving just as successful as customer-led business models that occupy the higher-price segments of the market. What both developments require are the very latest IT solutions and services designed to reduce costs through improved business processes or improved customer service. Automation and self-service solutions play an increasingly important role in both. All in-store solutions are connected to what is often a completely re-designed in-store IT infrastructure, which, in turn, is linked into the financial and logistics information chains of the relevant retail group.

In the world's growth regions of Eastern Europe, Asia, Latin America and increasingly the Middle East, the solutions and services business in the retail and retail banking sectors will continue to grow strongly. We estimate that both sectors will continue to invest to expand and modernize their local operations.

Continued Growth in Net Sales and Profit. At the time of our IPO, we set ourselves the medium-term business development goal of growing net sales revenues by an average of 6 % and operating profit by an average of 8 % over the medium term. At the same time, we repeatedly said that, if possible, we wanted to do better than this and would take every opportunity to do so.

For fiscal 2005/2006, we are expecting revenue growth of approximately 8 %, with the banking segment contributing more strongly to this growth than the retail segment. In terms of products, solutions and product-based services, we benefit from our global production strategy, our world-encompassing network of software development competence centers and our resources for developing applications tailored to local requirements. We intend to continue growing through our highly competitive service offerings, as we have strengthened our services network with state-of-the-art infrastructure and authorized service partners, thus securing key competitive advantages in the process.

We expect to continue growing our market share. We will continue our successful "Road to the Top" program as a key instrument for this growth. The program supports best practice in the way markets are addressed and has already improved our market positions in all countries participating in this program. Thus, we are getting ever closer to our goal of securing the number one position in both our business segments in Europe. The "Road to the Top" program has accelerated the internationalization of our business across the entire Group. As a result, a lull in the German economy will no longer thwart the Group's growth. In the German retail sector, we anticipate revenue from reverse vending systems for returned beverage containers. We expect other EU countries to introduce compulsory return laws similar to those in Germany in the next few years.

Wincor Nixdorf should be able to increase sales still further in Asia and the Americas where, to date, we have grown at a comparatively high rate and at the same time continuously enhanced our standing in these markets. In the coming years, we expect to deliver growth at the same level.

Our solutions and services activities, which we are expanding continuously, are playing an ever more important role in our growth. The services business, for example, has been expanding in Asia and the Americas. We expect further growth as a result.

In our newly developed outsourcing business for branch banking, where we are experiencing rising demand, we expect to secure further contracts. Part of this involves existing business being converted into a new form of cooperation with customers, something that can result in actual lower revenue in a given period.

We project an approximate 10 % improvement in operating profit (EBITA) on the year and plan to achieve this and also the net profit for the period through higher net sales revenue coupled with a lower rate of growth in the cost base. The retail business will increase its return on sales further. In order to gain ground on the cost side, we will introduce new measures under the successful "ProImprove" efficiency improvement program.

Our shareholders will continue to participate fully in profit growth as we stick to our declared intention of paying a dividend roughly equivalent to half our net profit for the year, adjusted for the amortization of product know-how.

Maintaining and Enhancing our Financial Strength. We seek to keep the amount of funds tied up in the Group, and with it the ratio of net sales revenue to working capital, at a low level.

The Company's operating cash flow, which we use to finance ongoing business operations, will continue to increase during the current fiscal year.

Targeted Capital Investment Projects. Prudent application of invested capital is a key rule of successful business management and one that has been firmly anchored in our Company, not only since we were owned by private equity investors. Therefore, targeted smaller corporate acquisitions, which complement and round out our areas of operation, are a part of our strategy. We will maintain this approach during the current fiscal year. Further acquisitions could be made to strengthen our international services, for instance.

Safeguarding our Future. We expect our headcount to exceed 7,000 people across the Group in the first quarters of fiscal 2005/2006. The new hires will be predominantly outside Germany and intended mainly to strengthen our service and international sales resources.

For the German locations of Wincor Nixdorf International GmbH, we agreed in July 2005 to an extensive package aimed at making working hours more flexible for non-exempt employees. This agreement will improve the competitiveness of the jobs and secure them over the medium term.

In the coming years, we will continue our high level of investment in research and development in order to advance our leading-edge innovation projects.

At the same time, we will continue to expand our global production network. Associated with this is the establishment of additional international development and implementation resources on the ground to respond more directly to the requirements of our customers. In this way, we will improve our proximity to growth regions and give ourselves ideal platforms for mastering the challenges posed by pricing trends.

CONSOLIDATED STATEMENT OF INCOME FOR THE PERIOD OCTOBER 1, 2004 THROUGH SEPTEMBER 30, 2005.

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	Note	Oct. 1, 2004 – Sept. 30, 2005	Oct. 1, 2003 – Sept. 30, 2004
1. Net sales	1	**1,743,732**	**1,575,947**
2. Cost of sales		–1,283,746	–1,146,491
3. Gross profit	2	**459,986**	**429,456**
4. Research and development expenses		–78,007	–72,908
5. Selling, general and administration expenses	3	–270,619	–268,166
6. Other operating income		993	11
7. Other operating expenses		–1,965	–3,762
8. Investment result	4	0	413
9. Net profit on operating activities		**110,388**	**85,044**
10. Financial result	5	–19,426	–19,147
11. Net profit on ordinary activities		**90,962**	**65,897**
12. Taxes	6	–35,384	–21,540
13. Profit after taxes		**55,578**	**44,357**
14. Minority interests		–669	–588
15. Net profit for the period		**54,909**	**43,769**
Shares for calculation of basic earnings per share (in thousands)		**16,542**	**14,954**
Shares for calculation of diluted earnings per share (in thousands)		**16,589**	**14,954**
Basic earnings per share (€)	7	**3.32**	**2.93**
Diluted earnings per share (€)	7	**3.31**	**2.93**

GROUP BALANCE SHEET AS OF SEPTEMBER 30, 2005.

Assets

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	Note	Sept. 30, 2005			Sept. 30, 2004		
A. Fixed Assets	8						
I. Intangible assets			400,800			418,694	
II. Tangible assets			106,338			100,389	
III. Financial assets			148	**507,286**		233	**519,316**
B. Current Assets							
I. Inventories	9		236,948			234,958	
II. Receivables and other assets	10		274,665			259,968	
III. Marketable securities	11		69			26,674	
IV. Cash in hand and at bank (incl. checks)	12		50,859	**562,541**		64,788	**586,388**
C. Deferred tax assets	13			**24,691**			**23,002**
D. Prepaid expenses				**15,482**			**14,809**
Total assets				**1.110,000**			**1,143,515**

Equity and Liabilities

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	Note	Sept. 30, 2005			Sept. 30, 2004		
A. Equity	14						
I. Subscribed capital			16,542			16,542	
II. Additional paid-in capital			169,136			168,289	
III. Retained earnings			2,919			7,262	
IV. Other consolidation reserves			-47,200			-32,461	
V. Consolidated profit/-loss			91,304			41,414	
VI. Currency translation adjustments			-5,068	**227,633**		-7,031	**194,015**
B. Minority interests	15			**6,140**			**4,520**
C. Accruals							
1. Accruals for pensions and similar commitments	16	122,935			108,513		
2. Tax accruals	17	18,303			19,394		
3. Other accruals	17	135,324		**276,562**	117,746		**245,653**
D. Liabilities	18						
1. Financial liabilities		226,695			325,082		
2. Advances received on orders		26,571			39,503		
3. Trade payables		194,529			197,975		
4. Other liabilities		82,434		**530,229**	85,173		**647,733**
E. Deferred tax liabilities				**12,320**			**4,553**
F. Deferred income	19			**57,116**			**47,041**
Total equity and liabilities				**1.110,000**			**1,143,515**

GROUP CASH FLOW STATEMENT[1].

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	2004/2005	2003/2004
EBITA[2]	**136,601**	**116,303**
Amortization of commercial patents and licenses plus depreciation of tangible assets	31,316	26,296
EBITDA	**167,917**	**142,599**
Interest expenses, less interest income, plus other financial expenses, less other financial income	–19,426	–23,049
Taxes on income and profit	–35,384	–21,540
Loss/Profit on disposal of fixed assets	–20	–135
Increase in accruals	35,542	36,810
Other non-cash expenses, less other non-cash income	–2,462	–738
Increase in working capital	–10,220	–14,656
Increase/Decrease in other items within net current assets	–3,310	2,981
Cash flow from operating activities	**132,637**	**122,272**
Payments received from the disposal of tangible fixed assets	1,064	933
Payments received from the disposal of financial fixed assets	90	4,982
Payments received from the disposal of consolidated affiliated companies	0	1,625
Payments made for investment in intangible assets	–5,683	–7,250
Payments made for investment in tangible fixed assets	–31,699	–27,283
Payments made for acquisition of consolidated affiliated companies and other business units	–18,667	–21,602
Payments made for investment in financial fixed assets	–5	–736
Cash flow from investment activities	**–54,900**	**–49,331**
Payments received from shareholders	0	101,736
Payments made to shareholders	–20,016	–160,000
Payments received from syndicated loan draw-downs	208,500	140,831
Payments received from minority shareholders	2,870	0
Payments made to minority shareholders and other distributions	–357	–269
Payments made for repayment of financial loans	–323,773	–117,388
Payments received due to special items	2,582	15,462
Cash flow from financing activities	**–130,194**	**–19,628**
Change in liquidity	**–52,457**	**53,313**
Change in cash and cash equivalents from exchange rate movements	192	–126
Change in cash and cash equivalents arising from changes to consolidation group	0	–4
Cash and cash equivalents as of October 1	51,080	–2,103
Cash and cash equivalents as of September 30	**–1,185**	**51,080**

[1] For further explanations see Note 29.

[2] Following eliminanition of profit charges arising from the carve-out (see Note 27).

GROUP CHANGES IN EQUITY[1].

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	Subscribed capital	Add. paid-in capital	Miscellaneous retained earnings	Revaluation reserve	Own shares reserve	Other consolidation reserves	Consolidated profit/loss	Currency translation adjustments	Total
Adjustment arising from first-time application of IFRS 3	0	0	0	0	0	193	0	0	193
As of October 1, 2003	**14,061**	**269,143**	**7,062**	**57**	**–1,011**	**–28,002**	**–39,364**	**–5,488**	**216,458**
Net profit for the period	0	0	0	0	0	0	43,769	0	43,769
Increase in share capital	2,481	94,179	0	0	0	0	0	0	96,660
Changes in own shares	0	–1,993	0	0	1,011	0	0	0	–982
Changes in reserves	0	171	–41	184	0	–4,459	3,798	0	–347
Distributions	0	–193,211	0	0	0	0	33,211	0	–160,000
Exchange rate changes	0	0	0	0	0	0	0	–1,543	–1,543
As of September 30, 2004	**16,542**	**168,289**	**7,021**	**241**	**0**	**–32,461**	**41,414**	**–7,031**	**194,015**
									0
As of October 1, 2004	**16,542**	**168,289**	**7,021**	**241**	**0**	**–32,461**	**41,414**	**–7,031**	**194,015**
Net profit for the period	0	0	0	0	0	0	54,909	0	54,909
Changes in reserves	0	847	77	–4,420	0	–14,739	15,071	0	–3,164
Distributions	0	0	0	0	0	0	-20,090	0	-20,090
Exchange rate changes	0	0	0	0	0	0	0	1,963	1,963
As of September 30, 2005	**16,542**	**169,136**	**7,098**	**–4,179**	**0**	**–47,200**	**91,304**	**–5,068**	**227,633**

[1] For further explanations see Note 14.

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

Group Changes in Fixed Assets.

	Cost of acquisition or production						
	B/F Oct. 1, 2004	Currency translation	Additions arising from the acquisition of business operations	Additions	Transfers	Disposals	Sept. 30, 2005
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	206,664	0	0	0	0	0	206,664
thereof impairment							
3. Goodwill	333,319[1]	173	242	1,039	0	20	334,753
thereof impairment							
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. Tangible assets							
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	122,651	528	198	27,025	3,182	9,231	144,353
thereof impairment							
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**
III. Financial assets							
1. Equity investments	1,638	0	0	0	0	0	1,638
2. Loans	233	0	0	5	0	90	148
	1,871	**0**	**0**	**5**	**0**	**90**	**1,786**
	808,386	**925**	**7,662**	**38,778**	**0**	**18,273**	**837,478**

[1] Adjustment due to initial application of IFRS 3.

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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**
1,638	0	0	0	0	0	1,638	0	0
0	0	0	0	0	0	0	148	233
1,638	**0**	**0**	**0**	**0**	**0**	**1,638**	**148**	**233**
289,070	**674**	**57,529**	**58**	**0**	**17,139**	**330,192**	**507,286**	**519,316**

Segment Report by Division.

€k

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

[1)] After elimination of profit charges arising from the carve-out (see Note 27).

[2)] For further explanations see Note 4.

Segment Report by Market Geography.

€k

	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)	**1,743,732** (1,575,947)
Segment assets	234,125 (229,714)	245,686 (218,407)	29,187 (102,301)	97,161 (28,282)	**606,159** (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)	**37,734** (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:

		Average rate		Closing rate	
1 € =	ISO-Code	**2004/2005**	2003/2004	**Sept. 30, 2005**	Sept. 30, 2004
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:

€k

	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
	–19,426	**–19,147**

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

6 Taxes.

€k

	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
	–35,384	**–21,540**

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
Group profit before tax	**90,962**	**65,897**
Expected tax expenses based on a tax rate of 39 % (2003/2004: 39 %)	**–35,475**	**–25,700**
Differences from expected tax costs		
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
Total adjustments	**91**	**4,160**
Actual tax expenses	**–35,384**	**–21,540**

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

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

€k

	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
	73,346	**60,975**	**76,127**	**57,678**
Netting off of deferred tax assets and liabilities	–48,655	–48,655	–53,125	–53,125
	24,691	**12,320**	**23,002**	**4,553**

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
Basic Earnings per share (€)	**3.32**	**2.93**
Weighted average of ordinary shares outstanding plus diluting share options (in thousands)	16,589	14,954
Diluted Earnings per share (€)	**3.31**	**2.93**

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
	236,948	**234,958**

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
	274,665	**5,101**	**259,968**	**4,301**

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.

Residual terms of present value of minimum lease payments receivable €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
	4,926

Residual terms of total gross investment in the lease €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
Present value of minimum lease payments receivable	**4,926**

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:

€k

	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.

€k

Balance as of October 1, 2003	**4,242**
Shares in profits	588
Takeover of shares by the Wincor Nixdorf Group (shares in losses)	–71
Dividend distribution	–239
Balance as of September 30, 2004	**4,520**
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
Balance as of September 30, 2005	**6,140**

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
Net liabilities	**122,935**	**108,513**

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
Total profit effect	**13,751**	**10,556**

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

€k

	2004/2005	2003/2004
October 1	**108,513**	**98,044**
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
September 30	**122,935**	**108,513**

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
Accrual for ongoing taxes on profit and other taxes	**19,394**	**109**	**–11,206**	**–233**	**10,239**	**18,303**
Miscellaneous accruals for personnel expenses	**57,577**	**232**	**–24,309**	**–4,313**	**33,505**	**62,692**
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
Total accruals associated with sales and procurement markets	**48,930**	**187**	**–25,989**	**–6,569**	**38,165**	**54,724**
Other miscellaneous accruals	**11,239**	**8**	**–6,541**	**–2,935**	**16,137**	**17,908**
Total other accruals	**117,746**	**427**	**–56,839**	**–13,817**	**87,807**	**135,324**

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.

€k

	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)
	530,229 (647,733)	**525,897** (359,392)	**3,431** (164,657)	**901** (123,684)

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
	2,582

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
Present value of minimum lease payments	**2,582**

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.

€k

	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
	965,090	**1,029,059**

22 Personnel Costs.

€k

	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
	417,428	**352,167**

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
	6,590	**5,575**

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
Future payment commitments from				
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)
Total	**86,184** **(66,428)**	**29,767** **(25,127)**	**43,927** **(37,033)**	**12,490** **(4,268)**

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
	557,013

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:

€k

	2004/2005	2003/2004
Amortization of product know-how	**26,213**	**28,093**

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

€k

	2004/2005	2003/2004
Net sales	**1,743,732**	**1,575,947**
Cost of sales	–1,257,533	–1,118,398
Gross profit	**486,199**	**457,549**
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
Operating profit (EBIT)	**136,601**	**113,137**
Goodwill amortization	0	3,166
EBITA	**136,601**	**116,303**
Depreciation of tangible assets and amortization of licenses	31,316	26,296
EBITDA	**167,917**	**142,599**

Net profit for the period before carve-out per share

€k

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

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
Total balance sheet assets	**1,110,000**	**1,143,515**
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
Segment assets	**606,159**	**578,704**
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
Segment liabilities	**278,216**	**284,519**

Reconciliation of Segment Profit to Group Profit

€k

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

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
Increase in working capital	–10,220	–14,556

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 %
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 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 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)[2)]	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, 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
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) [2)]	99.998
Wincor Nixdorf S.A. de C.V., Mexico City (Mexico) [2)]	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) [2)]	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

1) According to Section 264 b 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.

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 Brahms	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
	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
Audit Committee (Chairman) Personnel Committee, Mediation Committee	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 15 a 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

ATM USERS WANT ACCESSIBILITY, SIMPLICITY AND SECURITY.

Jean-François Mérette, Manager ATM and Point-of-Sale Access at Desjardins.

Canadian financial institutions have built one of the most extensive and sophisticated customer service networks in the world. The cooperative Desjardins Group, the largest financial cooperative group and the sixth largest financial institution in Canada, has been at the forefront of this development.

In a country where people clearly view the benefits of electronic banking, Desjardins today offers its 5.2 million customers convenient online services and, in its home base of Quebec, one of the densest ATM networks in the world with 3,000 ATMs at their disposal—24 hours a day, seven days a week.

After launching the first ATM at the city of Trois-Rivières-Quebec in 1981, Desjardins has seen interest in self-service banking soar not only in Quebec but across the country. Canadians are the highest per capita users of ATMs in the world. In 2003, they logged 43 ATM transactions per person, compared with 40 in the U.K. and 37 in the U.S., according to the Bank for International Settlements. Canada also has the highest penetration of ATMs of any country in the world with 1,394 per million inhabitants, compared with 1,275 in the U.S. and 895 in Japan.

"Our ATM users want accessibility, simplicity and security, and they receive all that and more from IBM and Wincor Nixdorf," says Jean-François Mérette, Manager ATM and Point-of-Sale Access at Desjardins. "The ATM channel is critical to maintain our leadership position with respect to the distribution of financial products and services online. This is seen in the fact that our members carried out more than 1.34 billion transactions using ATMs, point-of-sale terminals, Internet and telephone services in 2004, an increase of 16.3 % compared to 2003."

Partnership with IBM. IBM and Wincor Nixdorf have been collaborating together in Canada since 1999, a partnership that has since broadened to more than 30 countries, including the United States, Mexico and most of Latin America. The companies have aligned in these strategically important markets to provide industry leading self-service products, solutions and services, based on open architectures.

Customer: Desjardins Group

Founded: 1900

Market position: The largest cooperative financial group in Canada

Operations: Desjardins is the most accessible financial institution in Quebec. The bank's activities in the rest of Canada include its efforts to promote the cooperative movement through the caisse federations of Acadia, Manitoba and Desjardins Credit Union. Its operations extend to the United States as well with the Desjardins Bank in Florida and globally, Desjardins demonstrates a strong commitment to international cooperation and 2.5 million people in approximately twenty countries

Locations: Québec, Ontario, Manitoba and New Brunswick

Employees: 39,000

Assets: CAD 103.6 billion

In 2004, Desjardins placed its first order with IBM for 600 ATMs from Wincor Nixdorf in a move to modernize its automated teller network and reinforce its strategic position outside the province of Quebec. This new generation of ATMs includes support for the illiterate and the visually impaired, and offers several additional functions including passbook processing and envelope deposit. In 2005, the financial institution, which developed its own multi-vendor ATM application software, decided to order an additional 800 terminals.

IBM and Wincor Nixdorf are delivering ATMs, mainly the ProCash 2100, which are equipped with the company's anti-skimming device for protection against ATM fraud.

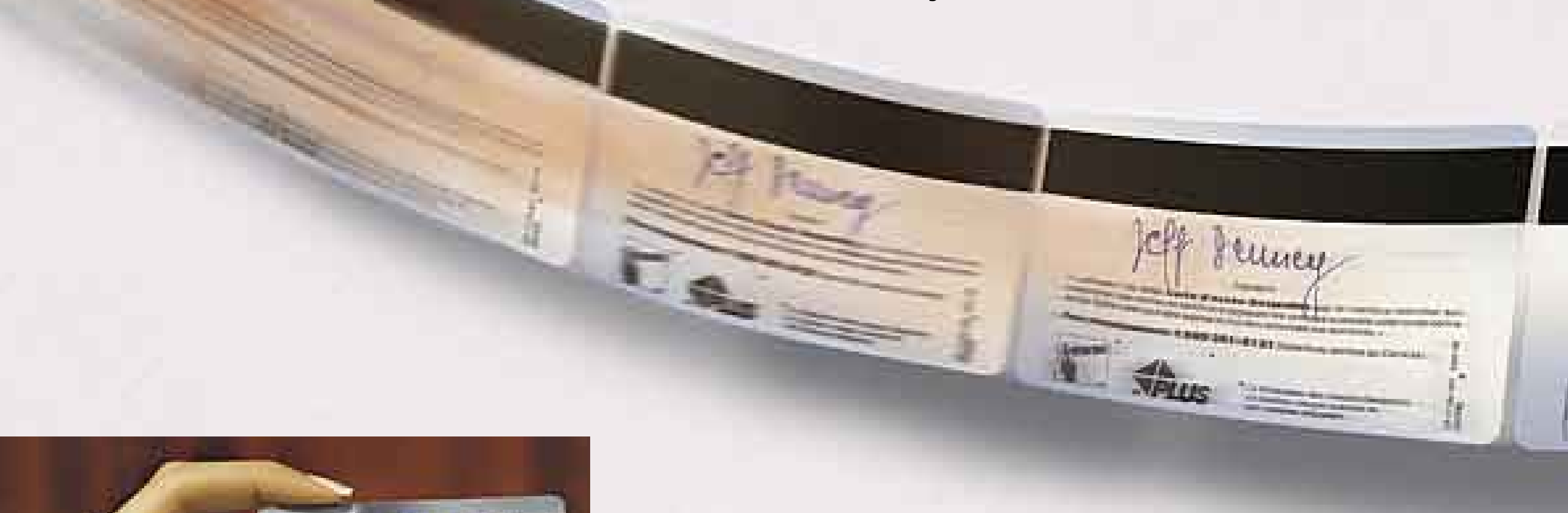
Desjardins is the first financial institution in Canada to use the Wincor Nixdorf anti-skimming feature. "Skimming attacks have gathered pace in recent years in Canada and ATMs are being manipulated more often through the use of devices attached to their card slots, capturing—in effect stealing—important personal data," says Lindsay Hunt, Self-Service Business Unit Executive at IBM Canada. "The anti-skimming module provides effective protection against fraudulent manipulation of ATMs."

Initiative for automating check processing. The ATMs at Desjardins can be tailored to meet the needs of the financial institution's individual branches, called "Caisses Desjardins." Moreover, their flexible design allows for new services to be easily added, such as cheque image capturing and chip card technology.

Every business day in Canada, approximately five million cheques are transported from one financial institution to another. The system is based on legislation that has been in place for more than one hundred years. Under the authority of the Canadian payment association (CPA), Desjardins has teamed up with the other Canadian financial institutions in a cheque imaging initiative to substantially reduce, if not totally eliminate, the need for physical cheque transportation. "The shift to image-based processing of cheques is one of Desjardins key initiatives under review and will not only improve efficiency but also allow introduction of new services that provide faster and more convenient access to cheque images for our customers and thus end the common practice of enclosing check images with customer statements," says Mérette.

With its unique and intelligent bundle cash and cheque deposit module (CCDM), Wincor Nixdorf allows financial institutions and their customers to move away from envelope cheque deposits to full, "straight-through" electronic check processing. "For financial institutions, cost savings and customer satisfaction are likely to be the major driver of deposit automation in Canada," says Jürgen Kisters, Sales Director North America at Wincor Nixdorf. "Projects in other countries have shown that customers are embracing the new technology and appreciate the advantages over envelope deposit. One such advantage would be immediate credit to their accounts."

In the future, Desjardins can upgrade any of the existing full-function Wincor Nixdorf ATMs by exchanging the current envelope deposit module with the CCDM. But new cheque image capture technology is only one of several new services in the pipeline at Desjardins. The bank's primary goal is to provide customers with the most convenient and secure service possible. "Using advanced and innovative ATM technology," says Mérette, "is one good way to achieve this goal."



SATISFYING DETAILED REQUIREMENTS FULLY.

International success has many faces, and Udo Thiel is one of them. As Product Manager of ATM's at Wincor Nixdorf, Thiel was determined from the very beginning to ensure that the many detailed requirements of hardware and software developments involved in the ATM project with Desjardins and IBM Canada were fully satisfied. One area of focus was the integration of security solutions, proventing bank card data to be skimmed at ATMs. "The requirements and our correspondence fill files," says Thiel. "But it's definitely worthwhile to satisfy our customers. Initially, Desjardins ordered 600 ATMs, but the bank ordered an additional 800 in spring."

Udo Thiel, Product Manager of ATMs at Wincor Nixdorf.

Mentor for Self-Service Banking in Canada. A company that has been instrumental in building up the huge self-service infrastructure in Canada for more than 25 years is IBM. The IT giant is a key supplier of ATM solutions to the country's leading financial institutions, including Desjardins. IBM offers solutions that include consulting, software, hardware, integration, research and services. The terminals are manufactured by Wincor Nixdorf.

GLOSSARY.

COMPANY TERMINOLOGY.

Banking (Segment): Development, production, logistics, marketing and sales of self-service and automated solutions and other products, together with software solutions and services for Wincor Nixdorf´s banking customers.

Business Process Monitoring Center: System for checking operating statuses within ATM networks.

Cash Management: Managing the flows of cash within a store or bank branch.

Cash Recycling System: A cash system which counterfeit-checks deposited cash and then uses it for withdrawals.

Cash Systems: Cash systems include equipment and systems for dispensing or depositing cash as well as combined cash recycling systems for self-service and serviced teller/cashier use.

Category Management: A method for optimizing product ranges and pricing, enabling manufacturers and retailers to respond more quickly to trends and plan their logistics more efficiently.

CCDM, Cash/Check Deposit Module: Modules automating the process of accepting and identifying banknotes and checks.

Checkout Systems: Systems, made up of hardware and software, used for the process of scanning and payment of goods in retail outlets.

Distribution Channels: Distribution channels (or sometimes, sales channels) are the various channels of communication open to customers. Offering products and services through a number of different distribution channels is often referred to as multichannel distribution (see also Multichannel).

Electronic Funds Transfer (EFT): Electronic handling of cashless card payments.

Electronic Point-of-Sale System (ePOS): ePOS systems refer to all types of point of sale systems functioning on an electronic basis.

Embedded Software: The term for a software program which runs inside technical equipment but is almost completely unnoticeable to the user.

EMV: EMV describes a specification for payment cards equipped with processor chips and for the associated chip card equipment (ePOS systems and ATMs). The letters EMV stand for the three companies which developed the standard: Europay, MasterCard and VISA.

End User Help Desk: (see Service Desk).

Enterprise Resource Planning (ERP): The management task of scheduling resources available within an enterprise as efficiently as possible for business processes and activities. The ERP process is often supported by complex ERP systems (software).

Front-office Automation: Automation of counter processes (teller processes) within a bank branch, e.g. migrating cash withdrawals to automated teller machines.

Integrations Software Program: Software, which links dispersed processes or data to one another.

Intelligent Deposit: Solutions, consisting of hardware and software, which automate the process of taking in and processing items such as bottles (reverse vending systems) or cash (CCDM).

ISO – Independent Sales Organization: Provider (other than a bank) of ATM services at off-premises locations such as supermarkets, etc.

Kiosk Terminals: Computer-supported, network-compatible information and interactive systems, with which mostly transient and often unidentified users download multimedia information or execute transactions (usually while standing) in a relatively short period of time. The applications are controlled primarily through intuitive and easy-to-use touch screens. Sound cards, card scanners, (ticket) printers, motion sensors or scent cartridges can be integrated into the kiosk systems as additional components and used to upgrade their range of use.

Middleware: Middleware is the term used for software which acts as a go-between between two software programs, i.e. between applications running on self-service systems and applications running on back-office systems.

Multichannel: The multichannel principle allows transactions executed using various distribution or sales channels, such as counter, Internet or ATM transactions, to be settled and managed through a single standard system (hardware, operating system software, applications, users, installation and maintenance phases).

Multifunctional Terminal: Devices that, unlike monofunctional devices, have more than one function, e.g. multifunctional cash systems, which permit not only cash withdrawals but also cash deposits.

Multivendor: Under the multivendor principle, the products of one supplier can be combined with the products of another supplier, or the products of a third-party supplier that are already installed in a customer's system may be integrated into a specific software architecture. Multivendor software, hardware and service can be viewed as separate items.

Net-centric Software: In the case of applications designed around this principle, the entire software required to run equipment is no longer installed on the client systems, ATMs or ePOS systems, but rather on a central server.

Off-premises Provider: Provider of ATM services in third-party locations such as supermarkets, etc.

Open System Architectures: Systems of distributed hardware and software modules with standard interfaces or standard software components, which allow the products of one supplier to be combined with the products of another supplier.

Outdoor Payment Terminal (OPT): A self-service system located right next to the petrol/gas pump allowing customers to conduct the payment process themselves.

Outsourcing: Refers to delegating operational functions and duties to outside suppliers.

PC Clients: PCs connected to servers on a network. Applications may be installed on the PCs or the servers.

Programmable ePOS-System: Programmable electronic point-of-sale system.

Radio Frequency Identification (RFID): Unlike a barcode, RFID technology is a wireless communication technology that communicates using radio signals and could one day replace the barcode. The information stored on transponders is emitted through radio signals and then read using special decoders. The retail industry expects this new technology to produce great cost-cutting benefits in logistics and IT solutions, particularly in application areas such as ePOS (checkout), store management, inventory, inventory tracking (out of stock), article surveillance and company resource management.

Remote Monitoring: Monitoring of customer's terminals from a remote location.

Retail (Segment): Development, production, logistics, marketing and sale of hardware products, together with software solutions and other services for Wincor Nixdorf's retail customers.

Rollout: Process of implementing new technologies, products or applications; in other words, the launch for final use and consumption. Alternatively, it can also mean large-scale installation projects (in this case, for example, of ePOS systems or ATMs) in branch offices or stores under a stipulated project timetable.

Self-checkout: This checkout procedure is executed at the checkout counter without any cashier. The customer scans the products and pays for them at the machine using cash or a debit or credit card. The customer performs the scanning and payment procedure himself. The goal here is to achieve a higher level of customer satisfaction and a reduction in processing costs.

Self-service Products: Equipment or devices which permit consumers or bank customers to execute transactions without the assistance of service or sales personnel or banking staff. Self-service products are, for example, ATMs, self-checkout systems or kiosk terminals.

Service Desk: The central point of contact for everyday matters between service providers and users, including fault reporting and placing of service instructions.

Software Solutions: This phrase generally refers to a software solution, which was tailored to a customer's individual needs, consists of one or more software products, and is integrated into the customer's environment. The package is capable of supporting and/or steering complete processes.

TCO, Total Cost of Ownership: The total costs of a product or service, including all direct and indirect costs (incl. resultant consequential costs).

FINANCIAL TERMS.

Amortization: Amortization of tangible fixed assets and amortization of commercial patents and similar rights/items plus licenses to such rights.

Carve-out: The demerger of one or more business units from a company, group of companies or a group corporation. The retail and banking business was demerged from Siemens Group on October 1, 1999.

EBITDA: Profit before interest, taxes and amortization of goodwill, product know-how and tangible assets and licenses.

Net Debt: Miscellaneous securities plus cash in hand and at bank (incl. checks), minus bank liabilities.

Net Profit for the Period: Annual profit after taxes following deduction of the element of profit attributable to minority shareholders outside the Group.

Net Profit for the Period (excl. Carve-out): Net profit for the period after adding back in amortization of product know-how identified as part of the carve-out and also after adjusting for the amount of deferred tax benefit produced by such amortization.

Operating Profit (EBITA): Profit before interest, taxes and amortization of goodwill and product know-how. Wincor Nixdorf uses EBITA as an indicator of the underlying profitability of its core retail and banking businesses.

R&D Expenses: Expenses on research and development activities.

Working Capital: Working capital is defined as inventories plus trade receivables, less trade payables, less prepayments received and deferred income.

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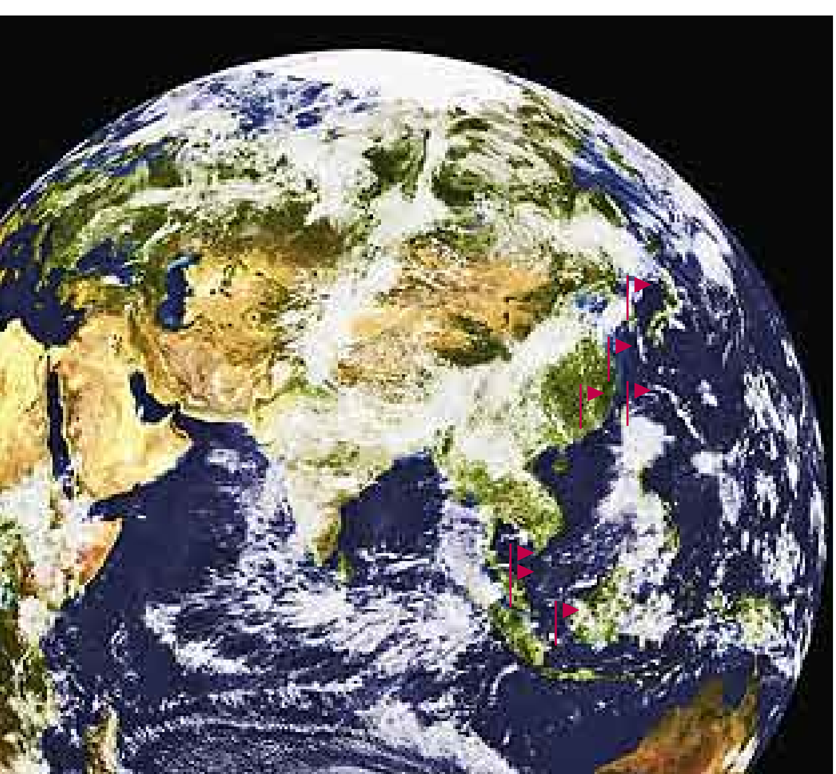

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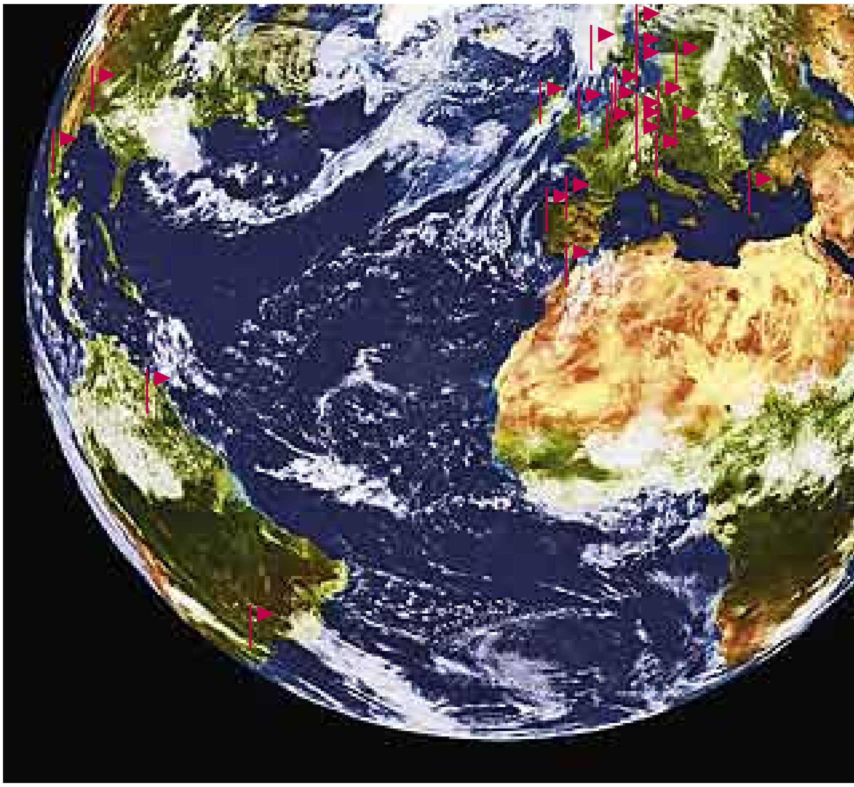

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FINANCIAL CALENDAR 2005/2006*

January 24, 2006:
Interim report on Quarter 1, 2005/2006

February 21, 2006:
Annual General Meeting of Shareholders in Paderborn

April 27, 2006:
Half-year interim report, 2005/2006

July 27, 2006:
Nine-month interim report, 2005/2006

For further up-to-date investor relations dates, please refer to the Investor Relations section of our Group website at: www.wincor-nixdorf.com.

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