

# WIRE CARD

GLOBAL PAYMENT & COMMUNICATION

**Report on the  
second quarter 2005**

# Key Data

Wire Card (Group)			Q2 2005	Q2 2004	H1 2005	H1 2004
			Actual	"as-if"	"as-if"	"as-if"
Total revenues	TEUR		14,018	7,024	24,097	14,822
Operating profit (EBIT)	TEUR		1,926	551	2,969	1,030
Earnings per share	EUR		0.03	k.A.	k.A.	k.A.
Shareholders' equity	TEUR		58,481	k.A.	58,481	k.A.
Total assets	TEUR		89,154	k.A.	89,154	k.A.
Cash flow from operating activities	TEUR		2,366	k.A.	k.A.	k.A.
Workforce per 30.06.2005			192	k.A.	192	k.A.
Plus part-time workforce			213	k.A.	213	k.A.
			Q2 2005	Q2 2004	H1 2005	H1 2004
			Actual	"as-if"	"as-if"	"as-if"
<b>EPRM*</b>	Total revenues	TEUR	13,425	6,187	22,351	12,801
	EBIT***	TEUR	2,384	856	3,364	1,484
<b>CCS**</b>	Total revenues	TEUR	1,312	837	3,100	2,092
	EBIT***	TEUR	-212	-305	-144	-454
<b>Other</b>	Total revenues	TEUR	-	-	-	-
	EBIT***	TEUR	-24	-	-29	-
<b>Consolidation</b>	Total revenues	TEUR	-719	-	-1,354	-71
	EBIT***	TEUR	-222	-	-222	-
<b>Total</b>	Total revenues	TEUR	14,018	7,024	24,097	14,822
	EBIT***	TEUR	1,926	551	2,969	1,030

\* Electronic Payment/Risk Management \*\*Call Center & Communication Services \*\*\*Operating profit

# Index

The Company's Stock	02
Letter from the Management Board	03
Consolidated Management Report	04 - 09
Consolidated Balance Sheet	10 - 11
Consolidated Income Statement	12 - 13
Consolidated Statement of Changes in Shareholders' Equity	14 - 15
Consolidated Cash flow Statements	16
Notes to the Consolidated Financial Statements	17 - 25
Stock related Data	26
Imprint	28

## Wire Card - the Company's Stock

By the end of the second quarter, Wire Card AG's stock price had risen to EUR 2.75, equivalent to a 12% increase compared the beginning of the second quarter (EUR 2.45). In the course of the months from April through May, the share price fell to a low of EUR 2.25, followed by a steady recovery from May 18 to reach EUR 2.75 at the end of the period under review. The mean price for the second quarter was EUR 2.32. On August 15, 2005, the share price reached a new 52-week high of EUR 3.05, up by more than 24% compared with the quotation of April 1.

At the June 30, 2005 reporting day, ebs Holding AG did own 87.2% of the outstanding share capital. The free float amounts to 12.8%, with 7.1% thereof currently being approved for trading. The stock market listing of the 42,135,788 new shares from the capital increase by means of the non-cash capital contribution of Wire Card Technologies AG as well as of the 2,738,493 new shares from the share capital increase with subscription rights of May 17, 2005 will be effected by December 31, 2005 at the latest. As at June 30, 2005, the Company registered capital amounted to EUR 55,408,228.00, divided up into 55,408,228 shares.



## Letter from the Board of Management

Dear Shareholders:

I am delighted to tell you today within the scope of this quarterly report that we managed to continue our successful business trend recorded in the first quarter. In the period under review, we once again managed to achieve our targeted growth, with our successful distribution efforts in the first quarter being realized for the first time in revenue terms, as expected.

At the same time, we managed to sign up a large number of new customers, both for the Wire Card FSCM platform and our CLICK2PAY product, including such well known enterprises as L'Tur, GTI Travel, Lastminute.de, the Swiss Ringier Group or Victor Chandler.

In extending our existing distribution organization and our network of partners in Germany and the United Kingdom and by creating new, dedicated distribution structures in France and Spain, solid foundations were laid for future growth in the European core market.


In addition to reinforcing traditional distribution channels, we focused in particular on the further internationalization and extension of our network of partners. In the process, it was possible to acquire important new cooperation partners in such fields as banking, software and consultancy services.

The stable business trend also made a substantial contribution to our rising stock price, which reflects the confidence of our shareholders in the future of our common enterprise.

In the second quarter – after the current Group structures had meanwhile been implemented – within the scope of preparing the quarterly report it was possible to bring about a complete consolidation of all Group segments across the entire period under review. Since this had not been the case in the corresponding period a year earlier, in this report we have also included a „as if“ statement of the previous year's figures for your convenience – in addition to the mandatory section. This reflects a comparison of the segments of today's Wire Card AG with the same business divisions a year earlier, even though these were not part of the Group at the time.

The highly successful business trend of the second quarter has once again reaffirmed our positive expectations for fiscal 2005 and indicates that we remain on target concerning our planned growth for the year as a whole.

Berlin, August 2005

  
Dr. Markus Braun  
CEO

# Consolidated Management Report

## Preliminary note

Since the presentation of the report on the first quarter of 2005, consolidated reporting has been based on the following segments:

### ► **Electronic Payment / Risk Management (EPRM)**

The EPRM division comprises all services in the field of payment processing, particularly services performed by the Wire Card Financial Supply Chain Management (FSCM) software platform and by the product CLICK2PAY.

- Companies:
  - Wire Card Technologies AG
  - Click2Pay GmbH
  - United Payment GmbH  
(along with its subsidiary Nobitec GmbH)
  - Awito GmbH  
(along with its subsidiary cardSystems FZ LLC (Dubai))
  - net sales GmbH
  - Wire Card, Inc. (USA) \*
  - Wire Card ESP. S.L. (Spain) \*
  - Paysys Limited (Mauritius) \*

\* these companies will only commence operations in Q3

### ► **Call Center & Communication Services (CCS)**

The CCS division comprises the distributed (virtual) and stationary call center services at the locations of Berlin and Leipzig.

- Companies:
  - Wire Card AG (formerly: InfoGenie Europe AG)
  - United Data GmbH
  - InfoGenie UK Ltd. (UK)

### ► **Other**

This division reflects other income not generated by the EPRM or CCS segments. At present, no business activities are being recorded in this segment. Historical data in this segment relate to fields of activity no longer engaged in today.

- Company:
  - InfoGenie Global GmbH

## Business trends and order situation of the reporting segments

In order to ensure optimum comparability of current business trends year-on-year, within the scope of presenting the management report the following key figures are compared with the relevant data of the previous year as part of a „as if“ analysis. This reflects a comparison (below) of the segments of today's Wire Card AG with the same business divisions a year earlier, even though these were not part of the Group at the time.

### ► **Electronic Payment / Risk Management (EPRM)**

Substantial growth was recorded in the Group's EPRM division, both in the second quarter and in the full first semester of 2005. Compared with the same period in the preceding year, revenues rose by approx. 217% (TEUR 13,425 vs. TEUR 6,187 in the previous year) and operating income (EBIT) were up by 279% (TEUR 2,384 vs. TEUR 856 in the previous year). Accordingly, in addition to absolute growth it was also possible to achieve a considerable improvement in operating margins.

As expected, against the backdrop of the industry orientation introduced at the end of 2004, the successful distribution efforts of the first quarter bore fruit in revenue terms for the first time in the period under review.

By successfully making two new business contacts in the field of TV shopping operational, it was possible to consolidate the organization's clear market leadership in Germany – with market share amounting to just under 80%. We also anticipate further growth in this industry segment for the remaining fiscal year.

In parallel, the Travel & Transportation division once again proved to be an interesting growth market. Sales revenues for online travel reservation services were up by 43% year-on-year. Online travel services meanwhile account for some 20% of Germany's total eCommerce trading volume. Apart from organic growth generated with portfolio customers, the Company also managed to acquire new customer and partner relationships in the travel segment (e.g. 2e Systems, GTI Travel). The strategic importance of the tourism market was additionally enhanced by the opening of a dedicated distribution branch in the Spanish market, which is of key importance for the industry as such.

With CLICK2PAY, Wire Card again succeeded in defending its position in the sophisticated international market for alternative payment systems.

In the North American region, the degree of brand recognition was boosted further by means of joint marketing and promotional campaigns involving customers (e.g. joint TV commercials), making it possible to almost double the number of new customer registrations compared with the first quarter of 2005. The strong position on the strategically important European home market was further extended due to the ongoing expansion of the regional and national partner network (e.g. Datacash Ltd.).

In general, the existing segment-specific distribution organization was additionally reinforced in Germany and the United Kingdom. At the same time, new dedicated distribution structures were created in France and Spain. This will ensure solid foundations for further growth in the European core market.

# Consolidated Management Report

## ► Call Center & Communication Services (CCS)

In the second quarter, the Group's CCS division generated TEUR 1,312 in sales revenues (previous year: TEUR 837), bringing about a reduction of the operating loss (EBIT) to minus TEUR 212 (previous year: minus TEUR 305) year-on-year. On the whole, the business volume developed on target in the period under review, in line with the usual seasonal fluctuations prevailing in this sector.

In the field of virtual call center services, in the first quarter it was possible to boost the minute volume by approx. 41% year-on-year, to 341,201 minutes.

Apart from new customer relationships that became operational, the key growth driver in the second quarter was the extension of the value added depth within the customer portfolio. For instance, value added services in the field of end-customer acquisition and insurance services were performed for a renowned credit card company for the very first time.

The strategic change unfolding in the CCS reporting segment is based on the successfully concluded restructuring of call center operations in the previous year and the standardization, across all reporting segments, of strategic targets and the industry orientation of the Group as a whole.

## ► Other

In the period under review, there were no activities of note outside the company's core operations.

The operating loss amounting to TEUR 24 was caused by the operating costs of InfoGenie Global GmbH.

## Business trends in the Group

### a) Sales revenues and earnings of the Wire Card Group

Business trends for the Group as a whole are recorded and stated below in line with international consolidated accounting principles according to IAS/IFRS.

For the comparative period of the previous year, in accordance with the regulations only the Group structure of former InfoGenie Europe AG is depicted. In addition, in departure from the quarterly report of the previous year, the presentation was made in line with IAS/IFRS (previously: U.S. GAAP). The essential differences were already dealt with as part of the consolidated annual financial statements for fiscal 2004.

In the second quarter of 2005, Wire Card AG generated TEUR 14,018 in Group sales, up by approx. TEUR 12,473 on the second quarter of 2004 (previous year: TEUR 1,546).

Due to the consolidation described above and the change to the Group's structure in relation to the same quarter in the previous year, a year-on-year comparison is only possible to a limited degree.

Earnings before interest and taxes (EBIT) for the second quarter up to June 30, 2005 came to TEUR 1,926, equivalent to an almost twenty-fold year-on-year increase (previous year: TEUR 97).

The operating profit for the second quarter of 2005 amounted to TEUR 1,442, compared with an operating loss of minus TEUR 74 in the same quarter a year earlier.

Earnings per share in the second quarter of 2005 amounted to EUR 0.03, compared with a loss of minus EUR 0.01 in the corresponding previous-year period. The average number of shares registered rose from 10,533,947 to 54,023,935 year-on-year as a result of the non-cash capital increase and the cash capital increase being assigned to the appropriate period.

Again, we wish to advise that due to the consolidation and the new corporate structure, a year-on-year comparison is only possible to a limited degree.

### b) „As if“ comparison of sales revenues and earnings of the Wire Card Group with the corresponding business units of the previous year

In order to ensure optimum comparability of current business trends in relation to the corresponding period under review of the previous year, the second quarter of 2005 is compared below with the same business divisions of the previous year, even though these were not yet part of the Group at the time.

In the second quarter of 2005, Wire Card AG generated TEUR 14,018 in Group sales, up by approx. TEUR 6,994 or 99.6% on the second quarter of 2004 (previous year: TEUR 7,024).

This revenue growth resulted from the development of all two Group segments as planned, with the EPRM division benefiting in particular from the successful distribution activities in connection with CLICK2PAY and the market segment Travel & Transportation.

At the same time, revenue growth was also boosted with portfolio customers by extending the depth of the value added chain.

# Consolidated Management Report

Earnings before operating income (EBIT) for the first quarter up to June 30, 2005 amounted to TEUR 1,926, representing a year-on-year increase of more than 250% (previous year: TEUR 551). EBIT growth is attributable both to the increase in sales revenues and to an improvement in the EBIT margin from 7.8% in the same pre-year period to 13.7% in the second

quarter of 2005. The increase in the EBIT margin is based above all on the exploitation of synergy effects and the disproportionately high share of higher-margin services (CLICK2PAY).

The essential parameters and key figures of the „as-if“ statement are as follows:

			Q2 2005	Q2 2004	H1 2005	H1 2004
			Actual	„as-if“	„as-if“	„as-if“
<b>EPRM*</b>	Total revenues	TEUR	13,425	6,187	22,351	12,801
	EBIT***	TEUR	2,384	856	3,364	1,484
<b>CCS**</b>	Total revenues	TEUR	1,312	837	3,100	2,092
	EBIT***	TEUR	-212	-305	-144	-454
<b>Other</b>	Total revenues	TEUR	-	-	-	-
	EBIT***	TEUR	-24	-	-29	-
<b>Consolidation</b>	Total revenues	TEUR	-719	-	-1,354	-71
	EBIT***	TEUR	-222	-	-222	-
<b>Total</b>	Total revenues	TEUR	14,018	7,024	24,097	14,822
	EBIT***	TEUR	1,926	551	2,969	1,030

\* Electronic Payment/Risk Management \*\*Call Center & Communication Services \*\*\*Operating profit

## Outlook

Once again, the positive business trends of the second quarter affirmed the decision on the strategic reorientation of the Group as a whole at the end of last year. Not least, the anticipated synergies from the standardized industry orientation of the Electronic Payment and Risk Management (EPRM) and Call Center & Communication Services (CSS) segments materialized in the period under review.

For the second semester of 2005, efforts will focus on a further expansion of the portfolio of products and services throughout the Group. Above all, this will include optimized support for the specific characteristics of local geographical markets by increasingly allowing local banking and risk management partners to participate in strategic product development.

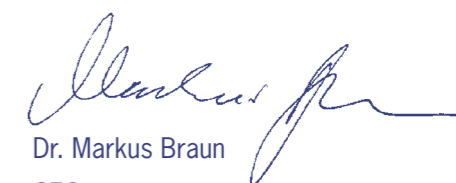
CLICK2PAY will also manage to further extend its strong position on the market for alternative payment methods in the second semester by its ongoing, steady product localization measures, i.e. support in additional languages and local payment procedures and by realizing new, industry-specific product functionalities.

We are particularly delighted to see that our employees have actively taken part in the new staff participation program and that they therefore identify all the more so with the successful operations of Wire Card AG.

At the overall Group level, negotiations currently under way with potential strategic partners are expected to be concluded in the forthcoming two quarters. In the medium term, not only does this indicate joint expansion and an enlargement of our portfolio of services, but also opportunities for strategic investments.

Even though the second quarter was slightly above target, positive development is expected to remain on track for the year as a whole.

Berlin, August 2005

  
Dr. Markus Braun  
CEO

# Consolidated Balance Sheet

ASSETS	Quarterly Report	Annual Report	LIABILITIES AND SHAREHOLDERS' EQUITY	Quarterly Report	Annual Report
	Date of current quarter	Date of last annual report		Date of current quarter	Date of last annual report
	06/30/2005	12/31/2004		06/30/2005	12/31/2004
	EUR	EUR		EUR	EUR
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	13,512,715.55	672,666.10	Short-term debt and current portion of long-term debt	4,771,900.49	435,741.74
Trade accounts receivable	14,755,459.29	4,382,475.77	Trade accounts payable	18,652,481.45	1,783,840.50
Accounts receivable due from related parties	5,916,709.84	67,168.87	Accounts payable due to related parties	151.86	4,771,366.35
Inventories	197,160.22	0.00	Advance payments received	0.00	0.00
Prepaid expenses and other current assets	4,467,441.04	4,231,788.96	Accrued expenses	3,988,229.48	374,498.15
Other marketable securities	75,000.00	150,000.00	Other current liabilities	2,724,642.13	311,264.59
OTHERS	0.00	0.00	Total current liabilities	30,137,405.41	7,676,711.33
Total current assets	38,924,485.94	9,504,099.70			
			<b>NON-CURRENT LIABILITIES</b>		
<b>DEFERRED TAXES</b>			Deferred revenues	110,582.15	139,662.11
Deffered Taxes	1,089,000.00	1,550,000.00	Debenture loans	425,500.00	0.00
Deffered Taxes	1,089,000.00	1,550,000.00	Total non-current liabilities	536,082.15	139,662.11
			Minority interest	0.00	0.00
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment	639,050.09	306,198.46	<b>SHAREHOLDERS' EQUITY</b>		
Intangible assets	581,727.90	374,656.40	Share capital	55,408,228.00	10,533,947.00
Goodwills	47,903,739.37	4,535,024.83	Additional paid-in capital	3,104,958.37	1.00
Investments	16,053.36	342,850.00	Retained earnings / accumulated deficit	-71,165.56	-1,764,342.04
Total non current assets	49,140,570.72	5,558,729.69	Accumulated other comprehensive income / loss	38,548.29	26,849.99
			Total shareholders' equity	58,480,569.10	8,796,455.95
<b>TOTAL ASSETS</b>	<b>89,154,056.66</b>	<b>16,612,829.39</b>	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>89,154,056.66</b>	<b>16,612,829.39</b>
of which short-term	38,924,485.94	9,504,099.70	of which short-term	30,195,565.33	7,734,870.85



# Consolidated Income Statement

	Quarterly Report II/2005 <b>04/01/2005 - 06/30/2005</b> EUR	Quarterly Report II/2004 <b>04/01/2004 - 06/30/2004</b> EUR		Quarterly Report <b>01/01/2005 - 06/30/2005</b> EUR	Quarterly Report <b>01/01/2004 - 06/30/2004</b> EUR
Revenues	14,018,371.91	1,545,592.45	Revenues	18,712,985.89	2,878,649.11
Other operating income	246,156.37	149,451.40	Other operating income	303,313.66	219,911.25
Changes in inventories of finished goods and work in progress	-86,375.00	0.00	Changes in inventories of finished goods and work in progress	171,921.00	0.00
Production of own fixed assets capitalized	0.00	45,000.00	Production of own fixed assets capitalized	0.00	90,000.00
Cost of purchased materials and services	-7,381,943.42	-799,351.75	Cost of purchased materials and services	-10,505,968.76	-1,340,638.40
Personnel expenses	-2,902,727.66	-391,080.19	Personnel expenses	-3,433,397.57	-728,373.46
Depreciation and amortization	-95,246.63	-59,811.13	Depreciation and amortization	-165,408.88	-115,143.79
Amortization (and impairment of goodwill)	-53,888.63	0.00	Amortization (and impairment of goodwill)	-64,618.93	0.00
Other operating expenses	-1,818,277.14	-393,277.97	Other operating expenses	-2,434,002.92	-687,291.36
OTHERS	0.00	0.00	OTHERS	0.00	0.00
<b>Operating income / loss</b>	<b>1,926,069.80</b>	<b>96,522.81</b>	<b>Operating income / loss</b>	<b>2,584,823.49</b>	<b>317,113.35</b>
Interest income and expense	-58,136.03	-244.08	Interest income and expense	-88,305.03	-633.18
Income from investments and participations	0.00	0.00	Income from investments and participations	0.00	0.00
Income / expense from investments accounted for by the equity method	0.00	0.00	Income / expense from investments accounted for by the equity method	0.00	0.00
Foreign currency exchange gains / losses	-2,804.22	0.00	Foreign currency exchange gains / losses	8,076.53	0.00
Other income / expense	0.00	0.00	Other income / expense	0.00	0.00
<b>Result before income taxes (and minority interest)</b>	<b>1,865,129.55</b>	<b>96,278.73</b>	<b>Result before income taxes (and minority interest)</b>	<b>2,504,594.99</b>	<b>316,480.17</b>
Income tax	-831,233.50	-170,267.78	Income tax	-989,174.59	-220,708.48
Extraordinary income / expenses	408,151.13		Extraordinary income / expenses	177,756.08	0.00
<b>Result before minority interest</b>	<b>1,442,047.18</b>	<b>-73,989.05</b>	<b>Result before minority interest</b>	<b>1,693,176.48</b>	<b>95,771.69</b>
Minority interest	0.00	0.00	Minority interest	0.00	0.00
<b>Net income / loss</b>	<b>1,442,047.18</b>	<b>-73,989.05</b>	<b>Net income / loss</b>	<b>1,693,176.48</b>	<b>95,771.69</b>
Net income per share (basic)	0.03	-0.01	Net income per share (basic)	0.05	0.01
Net income per share (diluted)	0.03	-0.01	Net income per share (diluted)	0.05	0.01
Weighted average shared outstanding (basic)	54,023,935	10,533,947	Weighted average shared outstanding (basic)	36,589,378	10,533,947
Weighted average shares outstanding (diluted)	54,082,518	10,533,947	Weighted average shares outstanding (diluted)	36,647,961	10,533,947



## Consolidated Statements of Shareholders' Equity

<b>for the term until June 30, 2005</b>		Common Stock	Additional paid-in capital	Accumulated result	Other compre- hensive loss	Total share- holders' equity	Comprehensive result
	Shares	Amount EUR	EUR	EUR	EUR	EUR	EUR
<b>Balance at December 31, 2003</b>	<b>10,533,947</b>	<b>10,533,947.00</b>	<b>1.00</b>	<b>-1,817,278.47</b>	<b>22,019.31</b>	<b>8,738,688.84</b>	
Consolidated Result 1. Term 2004				95,771.69		95,771.69	95,771.69
Comprehensive loss					6,974.98	6,974.98	95,771.69
<b>Balance at June 30, 2004</b>	<b>10,533,947</b>	<b>10,533,947.00</b>	<b>1.00</b>	<b>-1,721,506.78</b>	<b>28,994.29</b>	<b>8,841,435.51</b>	
<b>Balance at December 31, 2004</b>	<b>10,533,947</b>	<b>10,533,947.00</b>	<b>1.00</b>	<b>-1,764,342.04</b>	<b>26,849.99</b>	<b>8,796,455.95</b>	
Consolidated Result 1. Term 2005				1,693,176.48		1,693,176.48	1,693,176.48
Comprehensive loss					11,698.30	11,698.30	1,693,176.48
Capital increase by cash	2,738,493	2,738,493.00	2,984,957.37			5,723,450.37	
Capital increase by asset	42,135,788	42,135,788.00				42,135,788.00	
Convertible bonds			120,000.00			120,000.00	
<b>Balance at June 30, 2005</b>	<b>55,408,228</b>	<b>55,408,228.00</b>	<b>3,104,958.37</b>	<b>-71,165.56</b>	<b>38,548.29</b>	<b>58,480,569.10</b>	

## Consolidated Cash flow Statements

	Quarterly Report (current year to date) <b>01/01/2005- 06/30/2005</b> EUR	Quarterly Report (comparative period prev. year) <b>01/01/2004- 06/30/2004</b> EUR
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit / loss	1,693,176.48	95,771.69
Adjustments for:		
Depreciation and amortization	230,027.81	115,143.79
Increase / decrease in provisions and accruals	3,613,731.33	-996,800.20
Other	11,698.30	6,974.98
Movements in trade payables und other liabilities	14,481,724.04	2,217,251.67
Change in net working capital	-16,119,336.79	-1,122,256.85
Transactions arising from initial consolidations not impacting an payments	-1,544,337.55	0.00
<b>Net cash provided used in operating activities</b>	<b>2,366,683.62</b>	<b>316,085.08</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	-184,254.29	-105,912.59
Income from sale of equipment	52,511.00	0.00
Repayment of notes receivable	0.00	0.00
<b>Net cash used in investing activities</b>	<b>-131,743.29</b>	<b>-105,912.59</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of share capital	5,843,450.37	0.00
Deposits from short-or long-term loans taken out	425,500.00	0.00
Cash repayments of amounts borrowed	0.00	0.00
<b>Net cash provided used in financing activities</b>	<b>6,268,950.37</b>	<b>0.00</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,503,890.70</b>	<b>210,172.49</b>
Cash and cash equivalents at beginning of period	236,924.36	295,995.10
<b>Cash and cash equivalents at end of period</b>	<b>8,740,815.06</b>	<b>506,167.59</b>

## Notes to the Consolidated Financial Statements

### Principles and methods

The quarterly financial statements as at June 30, 2005 – like the consolidated annual financial statements as at December 31, 2004 – were prepared in accordance with IAS/IFRS. The notes to the consolidated annual financial statements as at December 31, 2004 are of analogous application to the quarterly financial statements as at June 30, 2005. Any departures from the above are explained below. In addition, IAS 34 „Interim Financial Reporting“ was applied.

### Presentation

The presentation of the balance sheet, income statement and capital flow account is effected in accordance with the stock exchange rules of the Frankfurt Stock Exchange, taking account of the principles of reporting by maturities.

### Comparability

As at June 30, 2005 and as early as March 31, 2005, a total of 11 companies were fully consolidated. As at December 31, 2004, there were 5 such companies.

Following the commercial register entry of March 14, 2005, 100% of the shares of Wire Card Technologies AG (along with its 5 subsidiaries) were merged into Wire Card AG in the form of a non-cash capital contribution.

As regards the comparability in principle, it should be noted that due to this non-cash capital contribution registered in the first quarter of 2005, the increase in the nominal capital in this connection and the associated substantial increase in the consolidation perimeter and in the balance-sheet items on account

of this contribution, a comparison of line items as at June 30, 2005 in relation to December 31, 2004 is only possible to a limited degree.

On account of the initial consolidation of Wire Card Technologies AG required to reflect the date of the commercial register entry (March 14, 2005), comparability of the income statement is likewise restricted as regards the corresponding previous year quarter and semester, respectively.

The same applies to the presentation of the Group's cash flow statement since, in particular, such items as „changes to net current assets“ and „changes to trade payables and other liabilities“ reflect substantial changes year-on-year in the wake of the non-cash capital contribution.

As regards the separate presentation of specific statements in order to achieve a certain comparability, reference is made to the management report.

Due to the changeover in the consolidated financial statements of Wire Card AG as at December 31, 2004 from US-GAAP to IAS/IFRS, as of the year 2005, quarterly reporting will also be effected in accordance with IAS/IFRS.

### Accounting and valuation principles

In the course of preparing the quarterly financial statements as at June 30, 2005, the same accounting and valuation principles were used as for the consolidated annual financial statements as at December 31, 2004 and in the previous period under review (January 1, 2004 through June 30, 2004).

# Notes to the Consolidated Financial Statements

Goodwill, amounting to TEUR 47,904, relates to the following subsidiaries:

	06/30/2005	06/30/2004
	TEUR	TEUR
Wire Card Technologies AG	43,369	0
InfoGenie Global GmbH	2,300	2,300
net sales GmbH	167	167
Click2Pay GmbH	2,068	2,068
	<b>47,904</b>	<b>4,535</b>

Based on resolutions passed by the Board of Management and Supervisory Board, the companies net sales GmbH and InfoGenie Global GmbH will be merged under Wire Card AG by the end of 2005.

The initial consolidation of Wire Card Technologies AG (along with its subsidiaries) took place as at March 14, 2005. The purchase was accounted for using the acquisition method. The purchase price was allocated to the assets acquired based on the date of acquisition. At Wire Card AG, the (initial) capital consolidation for Wire Card Technologies AG net sales as at March 14, 2005 generated TEUR 43,369 in goodwill. The results of Wire Card Technologies AG (in addition to its subsidiaries) will be included in the company's consolidated figures as of March 14, 2005. The operating results of Wire Card Technologies AG (and its subsidiaries) prior to initial consolidation were taken into account solely in terms of the capital consolidation.

In consideration of deferred taxes, Wire Card AG applies the liability method in accordance with the rules of „Accounting for Income Taxes“. Under the liability method, deferred taxes are determined according to the temporary differences between recognition of asset and liability items in the financial statements and

the tax balance sheets using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation adjustments to deferred tax assets are made if the probability of a tax benefit being realized is below 50 %.

The item extraordinary income/expenses essentially includes TEUR 178 in income derived from the reversal of liabilities with an impact on profit and loss.

The consolidated income statement for the period from January 1, 2005 through June 30, 2005 includes income tax expenses amounting to TEUR 989. Essentially, these relate to TEUR 461 in utilizations of deferred tax assets as well as approx. TEUR 545 in accrued/deferred taxes as at June 30, 2005 concerning Wire Card Technologies AG.

Assets and liabilities relating to the joint venture include assets and liabilities in connection with companies forming part of the consolidation perimeter of the Group's parent company, ebs Holding AG. Assets and liabilities of companies within the subgroup of Wire Card AG were consolidated.

## Shareholders' equity

On the basis of the authorization passed at the extraordinary general meeting of Wire Card AG, Berlin, on December 14, 2004 and entered in the commercial register of the Berlin local court on March 14, 2005, the Board of Management of the company passed a resolution on April 11, 2005 with the approval of the Supervisory Board on the same day to raise the company's capital stock from EUR 52,669,735.00 by up to EUR 3,931,951.00, to reach up to EUR 56,601,686.00 by issuing up to 3,931,951 new no-par-value bearer shares with a pro-rata amount of the capital stock of

EUR 1.00 per share. The new shares are fully eligible for dividend participation in fiscal 2005.

In the wake of these resolutions, within the scope of the cash capital increase effected in the 2nd quarter of 2005, due to the issue of 2,738,493 new shares the value of the company's capital stock rose by EUR 2,738,493, from EUR 52,669,735.00 to reach a current level of EUR 55,408,228.

## Events of particular significance after June 30, 2005

No events of particular significance have taken place since the end of the period under review.

## Reporting by segment

In accordance with IAS 14, the companies whose participation certificates are traded publicly are required to publish information (segment revenues, segment expenses, segment earnings, segment assets and segment liabilities) regarding the operational business segments or geographical segments (in each case, cf. IAS 14, paragraph 9) and notes concerning their products and services, locations, as well as main customers.

Following the integration of Wire Card Technologies AG, Wire Card AG has acquired a new, forward-looking orientation. The integration has now been concluded following the commercial register entry on March 14, 2005.

In the past, sales revenues have been segmented in geographical terms by production sites; in addition, as in the previous quarter, sales are segmented by the following operating divisions.

Distinctions are drawn here between the divisions „Electronic Payment and Risk Management“, Call Center & Communication Services“ and „Other“.

**Electronic Payment and Risk Management („EPRM“)** represents the biggest and most important segment by far for the Wire Card Group. In this division, all products and services are listed from the comprehensive portfolio of financial services.

**Call Center & Communication Services („CCS“)** is the segment in which we report the extraordinary value added depth of our call center activities, with the other products such as after-sales service of our customers and mailing activities also being included as subcategories.

In the segment „Other“, items are listed that cannot be assigned to the classifications of the other divisions indicated above.

In the following segment reporting, reference is likewise made to the statements above concerning comparability in the course of time.

# Notes to the Consolidated Financial Statements

Segment reporting WD AG Group	Qu I+II 2005 TEUR	Qu I+II 2004 TEUR	Qu II 2005 TEUR	Qu II 2004 TEUR
<b>REGIONAL REVENUE BREAKDOWN</b>				
Germany	19,156	2,570	14,515	1,445
United Kingdom	324	387	157	179
Other	65	-	65	-
	<b>19,545</b>	<b>2,957</b>	<b>14,737</b>	<b>1,624</b>
Consolidation	-832	-78	-719	-78
<b>Total geographical revenue breakdown</b>	<b>18,713</b>	<b>2,879</b>	<b>14,018</b>	<b>1,546</b>
<b>BREAKDOWN OF SALES REVENUES BY OPERATING DIVISIONS</b>				
Call Center & Communication	2,492	1,792	1,312	720
Electronic Payment and Risk Management	17,053	1,165	13,425	904
Other	-	-	-	-
	<b>19,545</b>	<b>2,957</b>	<b>14,737</b>	<b>1,624</b>
Consolidation	-832	-78	-719	-78
<b>Total revenues by geographical region</b>	<b>18,713</b>	<b>2,879</b>	<b>14,018</b>	<b>1,546</b>
<b>OPERATING RESULT I BY OPERATING DIVISIONS</b>				
(Gross profit on sales)				
Call Center Services	2,146	862	1,625	285
Electronic Payment and Risk Management	6,302	570	4,994	354
Other	-	184	-	185
	<b>8,448</b>	<b>1,616</b>	<b>6,619</b>	<b>824</b>
Consolidation	-69	-78	-69	-78
<b>Total operating result I</b>	<b>8,379</b>	<b>1,538</b>	<b>6,550</b>	<b>746</b>
<b>OPERATING RESULT II BY OPERATING DIVISIONS</b>				
(Earnings before taxes)				
Call Center Services	-148	-316	-212	-300
Electronic Payment and Risk Management	3,015	552	2,384	340
Other	-31	15	-24	20
	<b>2,836</b>	<b>251</b>	<b>2,148</b>	<b>60</b>
Consolidation	-251	66	-222	37
<b>Total operating result II</b>	<b>2,585</b>	<b>317</b>	<b>1,926</b>	<b>97</b>

	June 30, 2005 TEUR	December 31, 2004 TEUR
<b>GEOGRAPHICAL BREAKDOWN OF LONG-TERM ASSETS</b>		
Germany (fixed assets and deferred taxes)	56,304	5,230
United Kingdom	109	118
Other regions	-	-
	<b>56,413</b>	<b>5,348</b>
Consolidation	-6,183	1,761
<b>Total long-term assets</b>	<b>50,230</b>	<b>7,109</b>
	Qu I+II 2005 TEUR	Qu I+II 2004 TEUR
<b>INVESTMENTS IN INTANGIBLE ASSETS *</b>		
Germany (fixed assets deferred taxes)	150	90
United Kingdom	-	-
Other	-	-
<b>Total</b>	<b>150</b>	<b>90</b>
Investments from consolidations	-	-
<b>Total</b>	<b>150</b>	<b>90</b>
<b>INVESTMENTS IN TANGIBLE ASSETS*</b>		
Germany	34	16
United Kingdom	-	-
<b>Total</b>	<b>34</b>	<b>16</b>
Investments from consolidations	-	-
<b>Total</b>	<b>34</b>	<b>16</b>
<b>INVESTMENTS IN FINANCIAL ASSETS*</b>		
Germany	-	-
United Kingdom	-	-
Other	-	-
	-	0
Investments from consolidations	-	0
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Total investments</b>	<b>184</b>	<b>106</b>

\*Investments not effective for payment purposes and which were based on the non-cash capital contribution as at March 14, 2005 were not included in the segment calculation. These are TEUR 1,077 in intangible assets (thereof TEUR 889 in goodwill); TEUR 445 in tangible assets and TEUR 7,278 in financial assets. All these investments would have been assignable to the region of Germany.

# Notes to the Consolidated Financial Statements

	June 30, 2005 TEUR	December 31, 2004 TEUR
<b>GEOGRAPHICAL BREAKDOWN OF SEGMENT LIABILITIES</b>		
<b>Germany</b>		
I. Provisions	3,567	329
II. Other liabilities		
a) Long-term liabilities	536	118
b) Short-term liabilities		
b1) Trade payables	18,497	518
b2) Interest-bearing liabilities	4,772	435
b3) Other liabilities	20,940	11,947
	<b>48,312</b>	<b>13,347</b>
<b>United Kingdom</b>		
I. Provisions	34	45
II. Other liabilities		
a) Long-term liabilities	-	-
b) Short-term liabilities	-	-
b1) Trade payables	75	98
b2) Interest-bearing liabilities	-	-
b3) Other liabilities	66	77
	<b>175</b>	<b>220</b>
<b>Other</b>		
I. Provisions	387	-
II. Other liabilities		
a) Long-term liabilities	-	-
b) Short-term liabilities	-	-
b1) Trade payables	80	-
b2) Interest-bearing liabilities	-	-
b3) Other liabilities	3	-
	<b>470</b>	<b>-</b>
	<b>48,957</b>	<b>13,567</b>
Consolidation	-18,284	-5,751
<b>Total geographical breakdown of segment liabilities</b>	<b>30,673</b>	<b>7,816</b>

	June 30, 2005 TEUR	December 31, 2004 TEUR
<b>BREAKDOWN OF SEGMENT DEBT BY OPERATING DIVISIONS</b>		
<b>Call Center &amp; Communication</b>		
I. Provisions	454	345
II. Other liabilities		
a) Long-term liabilities	536	118
b) Short-term liabilities	-	-
b1) Trade payables	361	575
b2) Interest-bearing liabilities	-	14
b3) Other liabilities	4,390	3,437
	5,741	4,489
<b>Electronic Payment and Risk Management</b>		
I. Provisions	3,514	17
II. Other liabilities		
a) Long-term liabilities	-	-
b) Short-term liabilities	-	-
b1) Trade payables	18,291	29
b2) Interest-bearing liabilities	4,772	421
b3) Other liabilities	14,593	5,940
	41,170	6,407
<b>Other</b>		
I. Provisions	20	12
II. Other liabilities		
a) Long-term liabilities	-	-
b) Short-term liabilities	-	-
b1) Trade payables	-	12
b2) Interest-bearing liabilities	-	-
b3) Other liabilities	2,026	2,647
	<b>2,046</b>	<b>2,671</b>
	<b>48,957</b>	<b>13,567</b>
Consolidation	-18,284	-5,751
<b>Total breakdown of segment liabilities by operating divisions</b>	<b>30,673</b>	<b>7,816</b>

# Notes to the Consolidated Financial Statements

## Employees

As at June 30, 2005, the Group had a workforce in the various companies as detailed below:

	Full-time	Part-time
▶ Wire Card AG	14	2
▶ Wire Card Technologies AG	77	9
▶ United Payment GmbH	6	1
▶ United Data GmbH	89	200
▶ Click2Pay GmbH	4	-
▶ InfoGenie UK Ltd.	2	-
▶ AWITO GmbH	-	1
<b>Total</b>	<b>192</b>	<b>213</b>

## Securities transactions and subscription rights liable to disclosure

Wire Card AG and its subsidiaries held no shares in the Company as at the reference date for reporting purposes (June 30, 2005). Accordingly, no stock portfolios are recorded under the Company's current assets.

No securities transactions subject to mandatory reporting were entered into by members of the Board of Management or Supervisory Board in the period under review.

No subscription rights of Board members or of other employees of Wire Card AG or any of its subsidiaries existed as at the reporting reference date, except for the convertible bonds described below.

In the event of a conversion of convertible bonds into shares, this would lead to dilutive effects on the company's capital, which have been taken into account as such under diluted earnings in the income statement (1st quarter of 2005 and 1st semester of 2005, respectively).

### Staff participation program („SOP“):

Following the resolution passed by the Annual General Meeting of July 15, 2004, Wire Card AG („the Company“) created a staff participation program („SOP“) based on convertible bonds with the option of issuing up to 1,050,000 convertible bonds to members of the Management, consultants of the Company, its workforce as well as employees of associated companies.

The issue of up to 503,000 convertible bonds was approved by Supervisory Board resolutions of January 21, 2005 and May 4, 2005, respectively. A list of entitled subscribers and convertible bonds actually subscribed to as at July 15, 2005 is available. On July 15, 2005, the persons entitled subscribed to a total of 438,250 convertible bonds.

The convertible bonds have a term to maturity of 10 years and are interest-free.

The subscription price for each convertible bond is EUR 1.00.

The right to conversion relating to the convertible bonds is subject to a suspensive condition providing for time-based milestones in accordance with the following scheme (vested benefits):

- ▶ 25% after at least 12 months' uninterrupted service to the Company or its associated companies
- ▶ a further 6.25% after each of a further three months' service to the Company or its associated companies

The exercise price for conversion of the convertible bonds into shares of Wire Card AG in principle is 50% of the average closing price of Wire Card stock on the last ten banking business days prior to the date of exercise. For purposes of determining the average closing price, the respective closing prices for Wire Card stock determined in the electronic „Xetra“ trading system of the Frankfurt Securities Exchange on the last ten banking business day prior to the date of exercise are to be added and divided by ten.

The conversion period ends when the term to maturity of 10 years has elapsed.

Bearer of convertible bonds can only convert these to the extent that they have become vested benefits.

The right to conversion regarding convertible bonds not exercised as yet can only be exercised within the scope of fixed time periods. The conversion periods amount to three weeks in each case and begin to coincide with a public reporting date of the Company.

These reporting dates in principle are the day of presentation of the quarterly reports, the date of the financial press conference as well as the date of the Annual General Meeting. The exact dates are communicated to the persons eligible for conversion by public display.

Exceptions from the rules above, however, are detailed below:

- ▶ the period from the last date of deposit for shares prior to general meetings of the Company up to the third banking business day after the respective general meeting;
- ▶ the period of two weeks prior to the end of each fiscal year of the Company, and
- ▶ the period from the date on which the Company issues an offer to its shareholders for subscription to new shares or partial debentures with conversion or option rights (by letter to all shareholders or by publishing a notice in the Government Gazette of the Federal Republic of Germany) up to the date on which the shares of the Company conferring subscription rights are listed for the first time as „ex subscription rights“ on the securities exchange to which the Company's shares were introduced.

In these periods, convertible bonds cannot be converted or exchanged.



## Stock related Data

---

Year established	1996
Market segment (German Stock Exchange)	CDAX Prime All Share, Prime Standard
Primary instrument	No-par-value bearer common stock
Ticker symbol	IGP, Reuters IGPG.DE, Bloomberg IGP
ISIN	DE0007472060
WKN	747206
Number of Shares	10,533,947* (55,408,228)
Group accounting category	Exempting consolidated financial statements in accordance with IAS/IFRS
End of fiscal year	December 31
Total capital stock as of June 30, 2005	EUR 55.408.228,00
Beginning of stock-market listing	25 October 2000
Board of Management	Dr. Markus Braun
Supervisory Board	Klaus Rehnig (Chairman), Ralf Stark, Alfons Henseler
Shareholders' structure as of July 31, 2005	ebs Holding AG 87.2 % Freefloat 12.8 % (of which 7.1% has admission for trading as of July 31, 2005)

\* Once the new shares resulting from the non-cash capital increase in March 2005 and the share capital increase with subscription rights in May 2005 have been approved for a stock market listing, the total number of shares outstanding will amount to 55,408,228.

## Investor Relations calendar

Please visit our website [www.wirecard.com](http://www.wirecard.com) Investor Relations/ News & Events

---

Wire Card AG  
Investor Relations Office Munich  
Bretonischer Ring 4  
85630 Grasbrunn  
Germany

Phone +49 (89) 4424 0400  
Fax +49 (89) 4424 0500  
Email [ir@wirecard.com](mailto:ir@wirecard.com)



# Imprint

## **Issuer**

---

Wire Card AG  
An den Treptowers 1  
12435 Berlin  
Germany

Phone +49 (30) 72 61 02-0  
Fax +49 (30) 72 61 02-199  
Email [info@wirecard.com](mailto:info@wirecard.com)

## **Text**

---

Wire Card AG

## **Layout**

---

jodoz, München

## **Litho & Press**

---

rk Druck GmbH, Oberschleißheim

Head office: **Wire Card AG** • An den Treptowers 1 • 12435 Berlin • Germany  
Phone: +49 (0) 30 72 61 02-0 • Fax: +49 (0) 30 726102-199

Branch office: **Wire Card Technologies AG** • Bretonischer Ring 4 • 85630 Grasbrunn • Germany  
Phone: +49 (0) 89 4424-0400 • Fax: +49 (0) 89 4424-0500

[www.wirecard.com](http://www.wirecard.com)