

WIRE CARD

GLOBAL PAYMENT & COMMUNICATION

Annual Report 2004

Wire Card AG (formerly InfoGenie Europe AG)

Overview of Wire Card

Markets and trends in 2005

For most companies, 2005 has once more been a year overshadowed by the need to reduce costs and increase efficiency. In this context, the integration, optimization and networking of business processes and the development of new distribution channels will in particular spur the demand for software and IT services.

Above all, analysts see a huge potential for the optimization of business processes. Current studies show that two of three CFOs of German top 1,000 corporations are „not satisfied“ with their financial processes [eFinance Lab / 2005]. At the same time, the global savings potential in the field of the Financial Supply Chain is estimated at more than 260 billion dollars per annum [Killen / 2002].

Primarily due to the necessity and complexity associated with a comprehensive integration of individual sub-processes, in particular suppliers such as Wire Card, whose range of services cater for all the needs of the financial supply chain, will benefit from the new market in line with the general trend towards business process outsourcing (BPO) [EITO / 2005].

CLICK2PAY

In the area of alternative Internet payment systems, CLICK2PAY is benefiting from the sustained strength and dynamism of the Anglo-American market. This positive trend is being reinforced by initial stimuli from within the continental European and Asian markets. In this context, CLICK2PAY has an excellent basis for a disproportionately high level of growth in the next few years and for maintaining its position in relation to Anglo-American competitors thanks to its international orientation.

Due to the rapidly growing market for the settlement of and payment for digital content such as music and games, a disproportionately high increase in revenues for providers of alternative payment methods is anticipated. For this reason, industry experts forecast the market for online gaming alone to yield growth in volume of 1.4 billion dollars year-on-year, with a total volume of 9.9 billion dollars being recorded in 2005 [Christiansen Capital Advisors / 2005]. In parallel to this, the market for online sport betting will grow to around 86 billion dollars in 2005 [Merrill Lynch / 2004]. In the area of settlement of and payment for digital content, the music industry anticipates the market share in the global recording business (a 32-billion-dollar market) that online music downloads have, to grow from 2% at present to approximately 25% in 2009. The online games market, primarily driven by multi-player online games will double by 2007 [IDC / 2004].

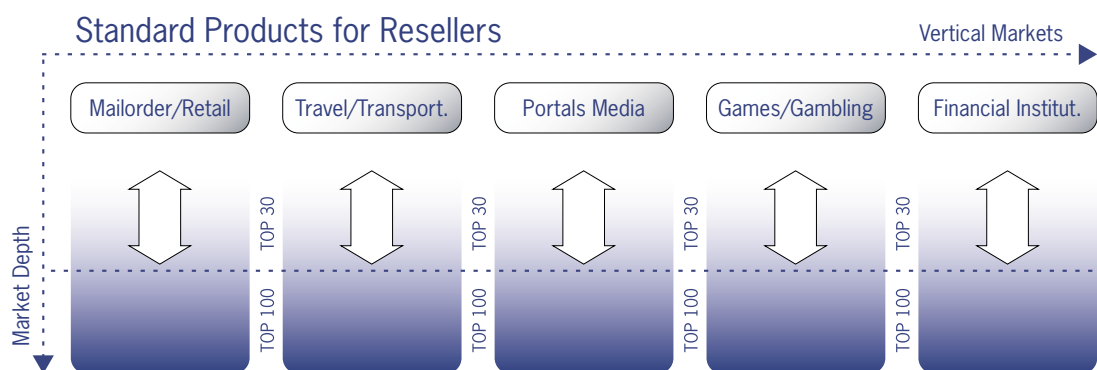
Business model and industries

Wire Card is pursuing the strategic objective of enabling enterprises to outsource their financial supply chain (FSC) as comprehensively as possible by using its software platform and the consultancy and services based on that platform. Apart from cross-distribution channel, centralized processing of payments and optimized risk management, activities extend to include the entire range of topics in dispute management – i.e. processing of complaints, dunning and collections – invoicing, management of accounts receivable, cash management and cross-divisional reporting.

As customer projects continued to grow in terms of integration depth and consultancy, in recent years the service and consulting division has developed into a key independent field of activity. In parallel with process and integration consulting, the call center division in particular is playing a supporting role in the context of Business Process Outsourcing (BPO).

Wire Card takes account of the individual requirements of its customers by developing industry-specific solution packages. Individual industry solutions are currently being made available for five vertical segments. Whereas industry-specific solutions are primarily geared to large-scale customers and their requirements, the paradigm of an ASP platform also allows small to medium-scale enterprises (SMEs) to benefit from the advantages of centralized management of their financial processes and payment flows.

A large portion of Wire Card's revenues is generated through transactions. This fee is as a rule made up of a variable, percentage-based component (disagio) and/or a fixed transaction fee for different types of transaction and enquiry. Further services, such as consulting, technical integration or call center services, are charged by workload.



Key Data

Wire Card AG (Group) (formerly InfoGenie Europe AG)	2004	2003	
Total revenues	TEUR	6,287	4,587
Operating Profit (EBIT)	TEUR	651	103
Earning per share	EUR	0.01	0.02
Shareholders' Equity	TEUR	8,796	8,738
Total assets	TEUR	16,613	12,435
Cash flows from operating activities	TEUR	278	589
Workforce	as of Dec. 31	18	26

Pro forma Wire Card AG (Group)*

		2004	
Total revenues	TEUR	40,465	
Operating Profit (EBIT)	TEUR	6,050	
Earnings per share	EUR	0.07	
Shareholders' Equity	TEUR	50,809	
Total assets	TEUR	91,791	
Workforce	as of Dec. 31	159**	

* As regards to the structure and derivation of the pro forma figures, reference is made to the notes in the pro forma financial statements.

** plus 203 part-time workforce in the Callcenter of United Data GmbH

Stock related Data

Year established	1996
Market segment (German Stock Exchange)	CDAX All Share, Prime Standard
Primary instrument	No-par-value bearer common stock
Ticker symbol	IGP; Reuters IGPG.DE; Bloomberg IGP
ISIN	DE0007472060
WKN	747 206
Number of shares	10,533,947* (52,669,735)
Accounting standard	Exempting consolidated financial statements in accordance with IAS/IFRS
End of fiscal year	31 December
Total capital stock as of March 31, 2005	EUR 52,669,735.00
Beginning of stock-market listing	25 October 2000
Board of Management	Dr. Markus Braun, Paul Bauer-Schlichtegroll
Supervisory Board	Klaus Rehnig (Chairman), Ralf Stark, Alfons Henseler
Shareholders structure as of March 31 2005	ebs Holding AG 92.5 % Freefloat 7.5 %

* Following the listing of the new shares resulting from the non-cash capital increase through contribution of stock the new number of shares listed will be 52,669,735

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The new Wire Card AG

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Paying involves more than simply exchanging products or services for money. Modern payment - both today and in the past - also means one thing: communication...

Dr. Markus Braun
Chairman of the Board of Management

Letter to the Shareholders

Dear Shareholders:

In fiscal 2004, we concluded one of the most important and most successful chapters in the corporate history of Wire Card AG (formerly InfoGenie Europe AG). Looking back a year ago, we were faced with two essential challenges. One was the need to consistently maintain the new positioning of the company in the market for electronic payments systems and, in parallel to this, to conclude the restructuring in the past core operations of InfoGenie in the field of virtual call center services and their integration into the new core strategy of the enterprise.

As early as the end of 2003, the reorientation of today's Wire Card AG into the field of settling and optimizing electronic payment processes was initiated with the integration of CLICK2PAY GmbH. This business divisions commenced operations in May 2004 and already managed to develop according to schedule as early as the first few months. In doing so, it made a substantial contribution in 2004 toward the company's planned operating results and made it possible to offset the remaining restructuring costs of the virtual call center division.

In the second half of 2004, the non-cash capital contribution of Wire Card Technologies AG was prepared. On December 14, 2004, you as shareholders approved this final and most important step of the company's reorientation with an overwhelming majority. Meanwhile all resolutions adopted, as well as the name change from InfoGenie Europe AG to Wire Card AG, have been entered in the commercial register and have thus entered into force with retrospective effect as of January 1, 2005.

We have successfully restructured the original core operations of InfoGenie Europe AG, i.e. virtual call center services and integrated them into the new overarching global strategy of the enterprise. Hence, today we are operating with a substantially reduced cost structure and a clear strategy for profitable growth in the next several years. In terms of our customer portfolio, we aim to maximize the depth of our added value potential. In parallel, our call center services complement the portfolio of services of Wire Card AG in the field of financial supply chain management.

In concluding the measures indicated, Wire Card AG now enjoys an outstanding positioning for future challenges. As early as today, we enable more than 2,000 of our customers to fully outsource their payment and finance processes by making use of our software platform, our experienced consultancy, technology and call center team and a comprehensive international network of partners. Following last year's market launch of the alternative Internet payments system CLICK2PAY, the company is ideally prepared to face the challenges of this rapidly developing market for digital content and services, such as music or online games. At the same time, in 2004 we also continuously extended the performance and services available from our software platform. New trends were initiated particularly in the fields of risk management and payment transactions, for instance with the acceptance of more than 20 Asian debit cards.

In a pro forma structure, on total revenues of EUR 40.47 million in 2004 the enterprise managed to generate substantial growth with EBIT of EUR 6.05 million.

Letter to the Shareholders

In the process, the company has reached a scale with which we will certainly also be appealing to a broader circle of investors in the future. Work on the restructuring that has now been concluded has subjected the organization and its employees to extreme strains, but these have been overcome exceptionally well. Accordingly, above all our Board of Management wishes to express its sincere thanks to our employees, our single most valuable resource – and, not least, to you, our shareholders – because without your support and your repeated display of confidence in our work and in the implementation of our strategy, we would not have managed to master last year's challenges.

In order to give you a better insight into our corporate development in the future, we plan to make current and comprehensive information on our new Wire Card stock available in our revamped investor relations area on our website.

Our outlook for the new fiscal year ahead is optimistic. In particular, the extension of our international operations and the successful market launch of CLICK2PAY lead us to anticipate a growth rate of about 30% again for 2005. We are certain that you will continue to enjoy holding shares in our company in 2005, and it goes without saying that we will continually inform you of our progress and new developments within the scope of our quarterly reporting.

Finally, please allow me to thank you once again for the trust you have placed in us – after all, your support in particular is what is making Wire Card's success story possible in the first place.

Sincerely,



Dr. Markus Braun

Chairman of the Board of Management

Report of the Supervisory Board

As in the previous year, the Supervisory Board in fiscal 2004 again consisted of Mr. Klaus Rehnig (Chairman), Mr. Alfons Henseler (Deputy) and Mr. Ralf Stark (Member). None of the Supervisory Board members was ever on the company's Board of Management, nor do the members of the Supervisory Board exercise any consultancy tasks or functions for competitors. In fiscal 2004, the Supervisory Board was briefed on the Company's planning and necessary decisions regarding its development in a total of 15 meetings held on 4 February, 26 February, 5 March, 10 March, 28 April, 1 June, 14 July, 4 August, 16 September, 24 September, 28 September, 2 November, 9 November, 15 November and 3 December 2004. Of these, the meetings held on 5 March, 15 July, 28 September and 3 December 2004 were also attended by the Board of Management, enabling the Supervisory Board members to obtain detailed information on the company's business situation and the Management Board's planning activities. In addition, the members of the Supervisory Board consulted one another in between meetings by various personal talks, telephone calls and correspondence and jointly conferred with the Board of Management.

In accordance with the company's bylaws, the Supervisory Board dealt with transactions requiring approval and, where appropriate, approved the Board of Management's proposals. Likewise, all fundamental planning-related issues and questions regarding future corporate policy were discussed. The Supervisory Board complied with its duties and rights assigned by the company bylaws and the German Companies Act by convening and holding the annual general meeting on 15 July 2004 along with a further extraordinary general meeting on 14 December 2004 headed by its Chairman. At its meetings, the Supervisory Board dealt on a regular basis with the monitoring functions

in place for Group reporting, the annual financial statements and consolidated annual financial statements as well as the mandatory ad-hoc publications. The focal point of its work consisted in providing consultancy on the strategic business development and extension of Internet payment services.

The duties of the Supervisory Board include the appointment and discharge of members of the Board of Management as well as negotiations concerning Management Board emoluments and agreements. In the period under review, Mr. Stephan Grell was discharged in terms of a resolution of 28 April 2004 and Mr. Jochen Hochrein as at 30 September 2004. Dr. Markus Braun was appointed to the Board of Management on 1 October 2004 together with Dr. Herbert Bäsch. Dr. Bäsch left the company effective as of 10 November 2004. A Management Board contract was entered into with Dr. Markus Braun for a tenure until end 2006 as well as a new compensation structure and a new catalogue of issue requiring supervisory board and shareholders' approvals.

By way of essential capital measures, in its meetings on 1 June 2004 the Supervisory Board approved the creation of EUR 5,250,000 in new authorized capital as well as EUR 1,050,000 in contingent capital with authority to issue convertible bonds to members of the management, consultants, employees of the company as well as employees of associated enterprises and submitted these proposals for approval at the annual general meeting on 15 July 2004. At the same time, the necessary changes to the company bylaws for the capital increases and a proposal to raise the emoluments of the Supervisory Board at the request of the Board of Management and the Supervisory Board were submitted to the general meeting for approval and adopted.



**The secret behind earning money is the art
of being useful to others...**

Klaus Rehnig
Chairman of the Supervisory Board

Report of the Supervisory Board

As a forward-looking strategic extension and with a view to expanding InfoGenie Europe AG to become the leading services and technology provider on the European market for electronic payment settlement and risk management services, at its meeting of 2 November 2004 the Supervisory Board adopted a resolution for a capital increase by a non-cash contribution of Wire Card Technology AG against shares subject to the exclusion of subscription rights and presented it to the extraordinary annual general meeting of 14 December 2004 for approval. With a substantial majority vote, the general meeting adopted a resolution to increase the company's capital by EUR 42.1 million, to EUR 52.7 million, effective as of 1 January 2005. In addition, the general meeting approved the creation of EUR 26,334,867 in authorized capital and the change of the company's name to Wire Card AG.

Before submitting an election nomination, the Supervisory Board obtained a declaration regarding the independence of the auditor pursuant to No. 7.2.1 of the German Corporate Governance Code. The annual financial statements prepared by the Board of Management for InfoGenie Europe AG (legacy) for fiscal 2004 were audited by Control5H GmbH Wirtschaftsprüfungsgesellschaft, Munich, pursuant to an order dated 22 December 2004 and the consolidated annual financial statements by order dated 18 January 2005 and received an unqualified audit certificate. The Supervisory Board received and examined the financial statement records and agreed with the conclusion of the audit report in its meeting of 17 March 2005. Accordingly, the annual financial statements of InfoGenie Europe AG (old designation), now trading as Wire Card AG, for the financial year 2004 have been confirmed.

Following the effective completion of the contribution by entry in the commercial register on 14 March 2005,

by integrating the stationary Wire Card subsidiary United Data GmbH, Leipzig, the past call center business activities and the telephony services segment will be extended substantially.

The group of companies' focus (beginning with the integration of Click2Pay GmbH in October 2003) on the international growth market of ePayments will be considerably expanded by integrating the forward-looking Wire Card technology platform with a comprehensive financial supply chain management and Corporate Clearing Centers (C3) and the highly flexible risk management platform Corporate Trust Centers (CTC). The strategic reorientation is improving and helping to secure the future revenue and earnings situation by contributing a balanced customer structure as a network of the entire process chain of call center services, online distribution, electronic payments processing as well as credit checks in the new group of companies, including risk management services.

Thanks to the consistent implementation of a long-term corporate strategy, Wire Card AG is developing into an international technology provider in forward-looking Web and Telecommunications segments with highly dynamic development potential. In particular, the Supervisory Board wishes to thank the Board of Management, the executives and all employees for the extremely successful implementation of the corporate aims and objectives in fiscal 2004 and for their above-average commitment to creating assets on a sustained basis.

Berlin, 22 March 2005



Klaus Rehnig

Chairman of the Supervisory Board

Corporate Governance Code

The Board of Management and the Supervisory Board of Wire Card AG (formerly: InfoGenie Europe AG) endorse responsible, value-oriented management and consider the Corporate Governance Code a sensible instrument to enhance the Company's transparency and the rights of its shareholders. Subject to minor exceptions explained in the notes, the Company is committed to these principles as an indispensable requirement and central prerequisite for a sustained increase in its enterprise value.

Since the submission of the last declaration pursuant to § 161 of the German Companies Act (AktG) of 25 March 2004, the Company has complied with the mandatory recommendations of the government commission on the German Corporate Governance Code (version of 7 November 2002) published in the electronic German government gazette and will continue to do so in future. Neither the Board of Management nor the Supervisory Board is aware of any cases in which the mandatory (statutory) principles were ever violated.

Nonetheless, Wire Card AG departed from the Code in the past and will continue to do so in specific instances regarding recommended or suggested points in the future. These departures in line with the version of the Code of 21 May 2003 and that promulgated on 4 July 2003 are listed below:

2.3.1 According to the articles of incorporation, minority shareholders whose shares altogether amount to less than either one twentieth of the share capital or TEUR 500 are not entitled to call for a General Meeting to be convened or for any agendas to be extended. Persons entitled to convene such meetings, pursuant to § 121 of the German Companies Act (AktG) are

members of the Board of Management and, in justified cases envisaged by law, of the Supervisory Board if this is in the interests of the Company. If requested, the reports and records required by law for general meetings are to be made available for inspection to shareholders by the Board of Management on the Company's premises or at the general shareholders' meeting. The annual report is also published on the Company's website. For competition-related reasons and in view of the increasing trends in the direction of 'competitive piracy' the Board of Management has decided not to make strategic corporate documents freely available on the Internet.

4.2.3 The Board of Management members' total remuneration comprises fixed and variable components. Among variable components provided for are royalties depending on the Company's operating result and return on equity as well as stock options based on convertible bonds. The effects of the future stock option plan will be disclosed in the Annual Report.

4.2.4 Remuneration paid to members of the Board of Management is broken down in the Notes to the consolidated financial statements into fixed and performance-related components and components providing for long-term incentives in total and not on an individualized basis. In delineation from the recommendations of the Code individualized remuneration is not disclosed in order to protect privacy and in recognition of the right to information-related self-determination as guaranteed by the constitution.

5.1.2 The Supervisory Board generally appoints members of the Board of Management on a timely basis prior to expiry of the relevant agreements. An age limit of 65 years has been contractually stipulated for members of the Board of Management. It is in the inte-

rests of the Supervisory Board to guarantee long-term succession planning efforts jointly with the Board of Management.

5.2 The current Supervisory Board, consisting of three members, has not appointed any committees to date. The full Supervisory Board deals with transactions requiring consent.

5.3.1 At present on account of the Company's scale and the small number of persons on the Supervisory Board, i.e. three members, no committees are appointed. According to the rules of procedure for the Supervisory Board committees for specialist topics can be set up at any time.

5.4.2 The Supervisory Board does not consist of any former members of the Board of Management and Supervisory Board members are not engaged by key competitors of the Company.

5.4.5 Remuneration of members of the Supervisory Board is defined by resolution adopted at the general shareholders' meeting and in the articles of incorporation. At present the members of the Supervisory Board do not receive performance-based remuneration. Individualization is dealt with in the articles of incorporation.

7.1.2 According to the recommendations of the DCGK, consolidated financial statements are to be published within 90 days of the end of a fiscal year; however the reporting guidelines of the Prime Standard of the German Stock Exchange thus far have provided for a period of 4 months. Accordingly the Company will adhere to these time limits in publishing its records. Likewise the DCGK calls for interim reports to be published with 45 days and the guidelines of the Prime Standard of the German Stock Exchange provide for publication within 2 months. The Company will adhere to the two-month period and, if its internal processes allow for this, it may even opt for earlier publication.

Wire Card AG 25 March 2005


Dr. Markus Braun
Chairman of the Board of Management


Klaus Rehnig
Chairman of the Supervisory Board

Directors Dealings

On its website, Wire Card AG lists all transactions, directly accessible to everyone, performed by members of the Board of Management and the Supervisory Board and their immediate relatives involving the relevant securities of the company. Beyond the compulsory disclosures, each and every transaction is voluntarily listed, irrespective of the limit applicable to so-called trifling amounts, to create the greatest level of transparency possible for our shareholders. At present, the members of the Board of Management and the Supervisory Board hold no shares in Wire Card AG (as of Dec 31, 2004).

No stock options are held by members of the Board of Management and the Supervisory Board.



Success in daily business is a prerequisite for long term growth...

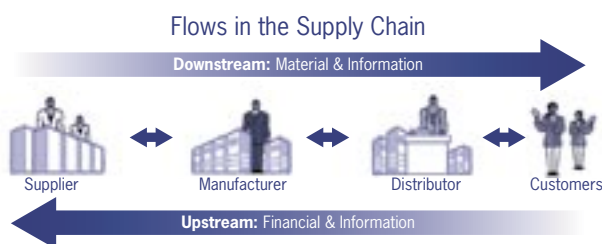
The new Wire Card

Wire Card – a success story

Since its origins in 1999, Wire Card AG has successfully developed in an extremely dynamic and high-growth market environment and is well positioned to become one of the world's leading services providers in the field of electronic payment processing and risk management services.

The early consistent orientation toward process outsourcing within the scope of an ASP software platform and the simultaneous comprehensive automation of internal procedures and processes have enabled Wire Card AG to offer its customers a unique technology and services portfolio. A consistent product development and acquisition strategy made it possible to continually expand the range of Wire Card AG's services in recent years. The objective in this regard was to render our coverage of the Financial Supply Chain (FSC) as comprehensive as possible.

The term was chosen in line with that commonly used in standard office software applications, namely Supply Chain Management (SCM). While traditional SCM successfully focuses especially on coordinating merchandise and information logistics [St. John/Heriot 1993], within the scope of Financial Supply Chain Management (FSCM) substantial unused potential can be identified and exploited for the financial processes that represent a counterflow to the flow of merchandise.



Today, Wire Card enables its customers to practically outsource their financial supply chain completely by

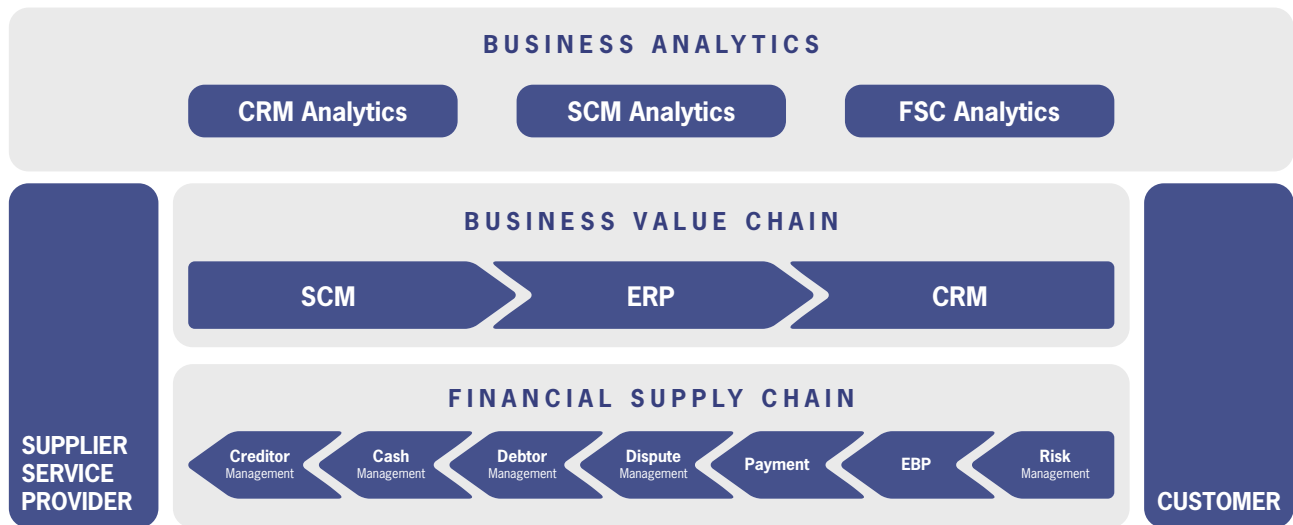
enabling them to make use of the company's generic software platform, a competent and experienced consultancy and technology team and a comprehensive international network of partner banks and services providers.

On the basis of the Wire Card platform, it was possible to achieve substantial improvements in money and merchandise transactions with customers, partners and suppliers across the globe for more than 2,000 associated enterprises by enabling their internal and external payment flows to be processed more speedily, more reliably, more predictably and at more favorable prices. At the same time the deployment of the Wire Card platform enabled these companies to make substantial cost savings by reducing the incidence of defaults in payment, by minimizing required personnel and lowering the days sales outstanding (DSO).

Technology and architecture

Since the introduction of the new Wire Card platform in 2003, Wire Card has consistently adjusted its technology strategy to the changing requirements of its customers with the aim of ensuring optimal integration of the platform in the business processes and IT environment of its customers. This resulted in a software which, thanks to its flexibility, scalability and aptitude for seamless interaction and integration with the systems of customers and partners, has set new milestones. In particular, the ability to track complete process chains on the basis of a flexible and high-performance Rule Engine has made it possible to intervene at a deeper and more comprehensive level in the customers' value added chain thanks to the ability to completely track business processes within the scope of the Business Process Outsourcing (BPO).

The new Wire Card



The comprehensive, component-oriented architectural design of the software platform enables users to compose new modular process chains real-time and to deal with new requirements of customers speedily and with little or no impact on costs. As a result, customer-specific procedures can be tracked without making any direct modifications to the software but merely by defining new rules and processes, even when including third-party systems such as customers' CRM systems. It was perhaps especially this ability that enabled Wire Card to accomplish a speedy and cost-efficient market launch of the new alternative payments system CLICK2PAY in 2004.

Support both from traditional interfaces to be found particular in the point-of-sale area and modern (e.g. SOAP/Web services) interfaces has enabled the Wire Card platform to be integrated in all distribution and procurement channels of its customers. For example, both physical POS terminals and call centers as well as Internet shops and mobile applications can be integrated in the systems.

It is this multi-channel capability that makes overarching reporting activities possible on the various payment flows within a company and, therefore, associated services such as cash pooling and cross-divisional risk management.

The clearly international orientation of the company is reflected in the architecture of the platform which is supporting 180 currencies, several local fonts and languages and more than 85 international and local risk management and payment processes and therefore is establishing revolutionary trends. The necessity of 24/7 availability of all services and systems associated with the international presence and strong Internet orientation was taken into account with a comprehensively redundant platform architecture design. In 2004, the company managed to achieve a system availability of 100.0%, which is unique in this industry.

Solutions for all scales and lines of business

No lines of business are perfectly alike in terms of processes, regulatory or legal parameters and technologies deployed. Wire Card takes account of these individual requirements by developing industry-specific solution packages. Individual industry solutions are currently being made available for five vertical segments. In addition to tracking own procedures and processes, these industry solutions comprise individualized interfaces and protocols for utilizing and processing industry-specific data, such as flight numbers, motor vehicle registration numbers or address data.

In parallel, vertical payment processes such as corporate purchasing cards, fuel and service cards or vouchers are supported. The technical and functional solution portfolio is supplemented by an experienced consultancy and integration team with comprehensive industry know-how, ensuring optimal attention to customer requirements.

Whereas industry-specific solutions are primarily geared to largescale customers and their requirements, the paradigm of an ASP platform also allows small to medium-scale enterprises (SMEs) to benefit from the advantages of centralized management of their financial processes and payment flows. In particular, the modules of payment transactions and risk management offer small enterprises the capability of simple acceptance of card-supported payment processes with simultaneous protection from payment defaults, thus enabling them to assert their position in today's highly competitive and short-lived business environment.

Services und Consulting

As customer projects continued to grow in terms of integration depth and consultancy effort, in recent years the service and consulting division has developed into a key independent field of activity.

An experienced team of consultancy, technology and quality assurance experts already lends distribution-based support at an early stage of the customer relationship, guaranteeing a speedy, cost-efficient and risk-minimized conversion of the customer's process and IT environment. Particular attention is devoted to transparency of the return on investment (ROI) and successful business process transformation.

Comprehensive training of customer employees ensures an added-value-maximized and efficient use of the newly introduced systems, thus securing acceptance of the modified processes and procedures within the company. In parallel with process and integration consulting, the call center division in particular is playing an essential role in the context of Business Process Outsourcing (BPO).

The international alignment of the call center structures – i.e. support of more than 20 languages, 24/7 availability, above-average quality standards and close integration with the Wire Card platform – makes a unique added value depth possible within the customer organization. In doing so, the call center supports the customer in such fields as end-customer acquisition, risk management, after-sales service and dispute management and dunning. At the same time, this opens up new potential for cross-selling and optimized relationship management for the client thanks to intensified contact with end-customers.

The new Wire Card

Corporate strategy

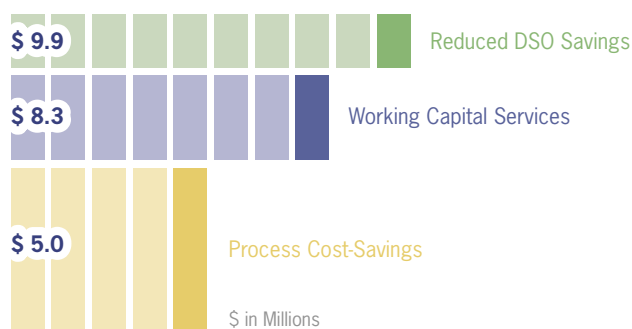
Wire Card is pursuing the strategic objective of enabling enterprises to outsource their financial supply chain (FSC) as comprehensively as possible by using its software platform and the consultancy and services based on that platform.

Wire Card acts as an Application Service Provider (ASP). The design of the software platform is intended to achieve access to the customer's value added chain at the deepest point possible. Our special attention is devoted to the partial processes of payment transactions and risk management services, focusing in particular on the deployment of process-optimized, automated processes capable of being used in mass conditions.

Our objective is to secure a more efficient and cost-optimized implementation of the financial supply chain within the internal process and IT environment of the company in question. Apart from cross-distribution channel, centralized processing of payments and optimized risk management, activities extend to include the entire range of topics in dispute management – i.e. processing of complaints, dunning and collections – invoicing, management of accounts receivable, cash management and cross-divisional reporting. Current studies assume that the global savings potential amounts to more than 260 billion dollars per annum.

With the aid of Wire Card's portfolio of solutions and services, not only can companies develop new fields of activity more quickly and at more favorable prices and intensify their customer relationships; they can also generate substantial cost savings by reducing the incidence of defaults in payment, minimizing the personnel required and lower the days sales outstanding (DSO).

A current study conducted by Visa International (March 2005) assumes the internal savings potential to be in the order of 20% of the profit margin.



Projected Annual Savings per \$ Billion Annual Revenue

On the basis of its unique service portfolio, in recent years Wire Card has managed to establish a clear leadership role in the worldwide market for electronic payment processing systems. This position is to be further extended in the next several years and also consolidated in the markets outside Europe – particularly in the U.S. and Asia.

In the context of the general stabilization of the global economic situation and the companies' renewed propensity to invest, Wire Card plans to consistently continue its successful strategy of the past several years in the future, too.

Apart from the ongoing, aggressive product development and acquisition strategy, the strategic objective of maximized added value depth along the entire process chain of the Financial Supply Chain represents a key issue.

In addition to extending the consultancy and service sector, special attention is being devoted to more comprehensive coverage of the Financial Supply Chain within the framework of the company's own software

platform. In particular, the service portfolio in such fields as reporting, dispute management and cash management is to be extended and deepened. Through an improved reporting system alone – attended by a higher degree of transparency – customers can achieve a reduction of their working capital requirements of up to 25%. In parallel to this, a current study by A.T. Kearney assumes that annual sales revenue losses occasioned by a deficient information flow along the Financial Supply Chain are estimated to exceed USD 40 billion.

With the extension of the range of services of the software platform, Wire Card now wants to intensify the internationalization of its business activities. CLICK2PAY in particular proved to be a driving force as early as 2004 and will remain in future a key driver to grow internationally. Attention will focus especially on the Asian market, where 20 different local payment systems were already being supported at the end of 2004 in China alone. In particular, the market for electronic services and media content in Asia – a field for which CLICK2PAY is especially suitable – is set to see a disproportionately high level of growth.

Apart from the externally oriented expansion of the portfolio of products and services and an increased internationalization, the challenge following the successful restructuring of the call center operations in 2004 will be to economically exploit the cross-selling and interaction effects that have now been created. Among these – in addition to a maximized added value depth in the FSCM environment - are the utilization of synergies in the course of the further extension CLICK2PAY business in the market for alternative payment systems. Both the clearly international orientation of the call center (located in Leipzig), the comprehensive know-how of the company's employees and its newly

introduced software for managing distributed call centers and customer service structures already proved their worth as essential enablers of the international success of CLICK2PAY in 2004.

Outlook and prospects for growth

While the global economy began the year 2004 with a substantial increase in Gross Domestic Product, the upturn slowed down in the wake of faltering political impetus from the U.S. and rising oil prices toward the end of the year. For 2005, global economic growth has been forecast to drop to approx. 4%, which represents an average rate of growth.

In 2005, the U.S. and the Asian region will remain essential driving forces of the world economy, with U.S. economic GDP growth forecast at approx. 4%. Economic growth in China in particular is estimated at approx. 8.5%, following 9.5% last year. Even though export growth is less dynamic, the slight rise in economic activity in the euro zone is continuing, not least due to increased private consumption. The European Central Bank (ECB) forecasts economic growth of approx. 1.9%.

On account of structural problems and a strong euro, the development of the German economy again was weak in 2004 and, according to OECD forecasts, will again see a growth rate of approx. 1.4% in 2005.

Owing to intense market dynamics and in the context of only a low level of economic growth, for most enterprises the need to cut costs and enhance efficiency will once again be imperative in 2005.

In particular, the topics of integration, optimization and networking of business processes and the develop-

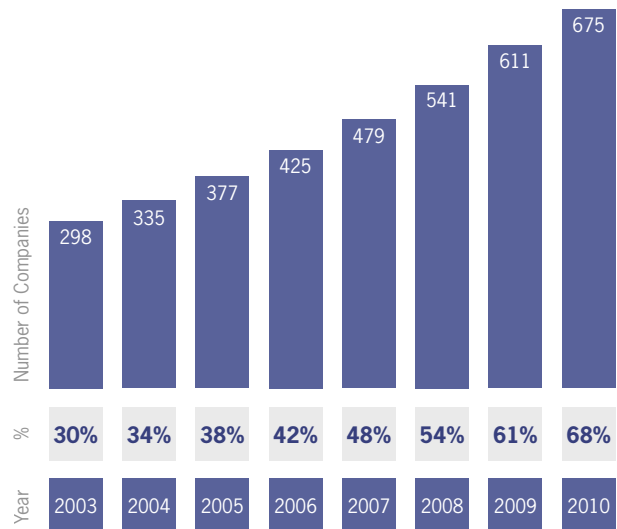
The new Wire Card

ment of new distribution channels in this connection will boost the demand for software and IT services. Both market research institutes Forrester Research and IDC forecast a 6% increase in world growth of the IT market. Accordingly, the IT industry would outperform the economy as a whole in 2005.

Analysts perceive enormous potential especially in the optimization of business procedures. Current studies show that two of three CFOs of German top 1,000 corporations are „not satisfied“ with their financial processes [eFinance Lab / 2005].

At the same time, the global savings potential in the field of the Financial Supply Chain is estimated at more than 260 billion dollars per annum [Killen / 2002].

While the optimization potential in the field of financial and payment processes only gradually began to be realized in recent years, the U.S. is clearly in the lead here. Nevertheless, for 2005 one third of the 100 leading retailers in the UK consider the optimization of processes and the infrastructure of the Financial Supply Chain as their top priority in the field of IT investments [Martec Int. / 2004].



Forecasts for E-Financial Supply Chain Adoption - Top 1000 North American Companies

Source: Celent / 2004

On account of the complexity associated with financial processes and the necessity of close integration between individual partial processes, providers with a cross-divisional reach, i.e. those with a maximum added value depth, will stand to benefit from the new market. This also corresponds to the general trend in the direction of Business Process Outsourcing (BPO [EITO / 2005]).

eFinance Lab / 2004

The optimization and increasing orientation of financial processes to Straight-Through-Processing (STP), the tracking of which is performed within the scope of real-time procedures, is being additionally boosted by the increasing success of the medium Internet as an independent distribution channel and the growing acceptance of electronic payment systems. The European Information Technology Observer (EITO) forecasts a total online transaction volume in western Europe in the order of EUR 2 trillion, the lion's share of which will be generated in the UK and Germany.

In consequence of the rapid increase in electronic payment transactions, current market research studies forecast revenue growth of just under 15% for U.S. payment gateways [Celent / 2004].

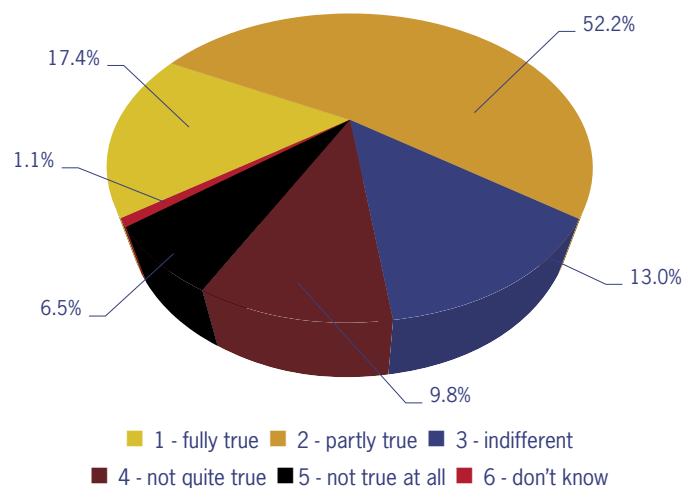
In parallel, due to the rapid market growth in the field of settlement relating to digital content, e.g. music, games, etc., a disproportionately sharp increase in revenues is anticipated for providers of alternative payment systems. In terms of settlement for digital content, for instance, the music industry predicts the market share of online music downloads in the worldwide recording business – a 23 billion dollar market – will grow from a current 2% to approx. 25% by the year 2009. In general, sales volumes of digital content in Germany alone is expected to rise by 137% to EUR 484 million [Bitkom / 2005].

The games market, primarily driven by multi-player online games, also expects the volume of online content to double by 2007 [IDC / 2004].

Likewise, industry experts anticipate the volume of the online gaming market in 2005 to grow by 1.4 billion dollars year-on-year, which would result in a total sales volume of 9.9 billion dollars [Christiansen Capital Advisors / 2005].

In parallel, the market for online sports bets in 2005 will grow to reach approx. 86 billion dollars [Merryl Lynch / 2004].

In total, the year 2005 holds out the promise of a disproportionately dynamic and expanding market environment in the field of electronic payments processing. In particular, enterprises with a comprehensive added value depth along the Financial Supply Chain will open up interesting prospects for growth in the international environment.



Economies of scope outweigh the benefits of selective outsourcing

Statement evaluation:

The FSC sub-processes are so closely interlocked that it makes selective outsourcing to specialized service providers inefficient.

Source: eFinance Lab / 2004

Wire Card - Stock

Reverse IPO enables turnaround for company's shares

In 2004 the German stock market made no headway. In particular, technology stocks at year-end failed to register substantial gains compared with the beginning of the year. For instance, the TecDax lost roughly 4% in the course of the year. In fiscal 2004, Wire Card AG's stock likewise showed a negative performance despite higher sales revenues; the share price declined from 2.80 euros to 2.25 euros, underperforming the CDAX Prime All Share.

In the first several months of 2005, Wire Card's share price picked up again and outperformed the CDax and the MDax. By March 31, 2005, the price of Wire Card shares rose to reach 2.48 euros, up by 10%.

This price surge is primarily attributable to the reverse IPO, in the course of which Wire Card Technologies AG was wholly integrated into InfoGenie Europe AG.

The reverse IPO led to the creation of the new Wire Card AG, Europe's market leader for electronic payment systems and riskmanagement. The attractive business model of the new company is operating profitably on a sustained basis and has excellent growth prospects by more than 30% per annum in a market for which research institutes have predicted growth rates of 25% and more for the next several years.

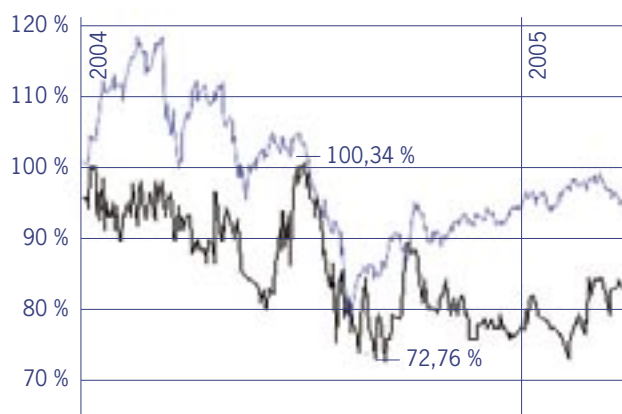
The reverse IPO was adopted at the extraordinary general meeting held on December 14, 2004: „Effective as of January 1, 2005, InfoGenie Europe AG increases its share capital against the integration of Wire Card AG as a non-cash capital contribution by EUR 42.1 million to EUR 52.7 million.“ In addition, a resolution was adopted to rename InfoGenie Europe AG to Wire Card

AG. The resolutions adopted at the extraordinary general meeting were entered in the commercial register on March 14, 2005. Since that date, our stock has been listed in the Prime Standard segment of the German Stock Exchange, trading as Wire Card AG.

The company ebs Holding AG, which already held approx. 70% of the shares in InfoGenie Europe AG, subscribed to the new shares and, following the transaction, now holds a 92.5% share of the new Wire Card AG.

At present, the free float of Wire Card AG amounts to approx. 7.5%. Depending on stock market conditions, however, it is the intention to raise the free float to more than 25% by the end of 2005 through share capital increase from the company's authorized capital. The medium-term objective of Wire Card AG is for a listing to be obtained on the TecDax.

Share Performance Jan 1, 2004 – March 31, 2005:



blue=TecDAX, black=Wire Card

Stock related Data:

in Euros	2003	2004
Earnings per share according to IFRS	0.02	0.01 (0.07)*
Stock market price (Dec. 31)	2.80	2.25
Stock market high	3.19	2.98
Stock market low	0.88	2.11
Number of shares	10,533,947	10,533,947 (52,669,735)*
Dividend	0	0
Market capitalization in million euros (Dec. 31)	29.50	23.70 (118.51)*

*As regards the structure and derivation of the pro forma figures, reference is made to the notes in the pro forma financial statements.

The dialog with analysts and shareholders has a high priority for Wire Card AG. In December, SES Research published a study about Wire Card AG on the occasion of the company's reverse IPO. In the course of the increase in the free float, we will intensify our investor relations activities.

The Board of Management and the Supervisory Board of the new Wire Card AG undertake to comply with the principles of the German Corporate Governance Code and endorse the principles of transparent and sustained corporate governance. Special measures in this regard are the listing on the Prime Standard and accounting in accordance with IAS/IFRS (for details, please refer to the chapter Corporate Governance).

Private investors can obtain all the relevant information on the Internet at www.wirecard.com in the „Investor Relations“ section. The general meeting held each year provides another opportunity to obtain a great deal of information directly from the Management.

Basic information

on the company's stock:

Type of equity	No-par-value common bearer shares
Trading locations	Frankfurt, Berlin, Hamburg, Bremen, Stuttgart, Düsseldorf, Xetra

Ticker symbol

SIN	747206
ISIN	DE0007472060
Reuters	IGPG.DE
Bloomberg	IGP

Pro forma-consolidated Balance Sheet *

ASSETS	Note	31.12.2004 EUR	31.12.2003 EUR
I. FIXED ASSETS	(4)		
1. INTANGIBLE ASSETS	(2)		
a) Goodwill	(2), (5), (15)	47,818,472.46	4,645,668.90
b) Self-provided intangible assets	(15)	237,105.40	119,408.10
c) Other intangible assets	(2)	340,829.00	72,284.00
		48,396,406.86	4,837,361.00
2. PROPERTY, PLANT AND EQUIPMENT			
Other tangible assets	(2), (4)	761,953.46	436,229.36
3. LONG-TERM FINANCIAL ASSETS	(2)	79,547.62	300,000.00
4. NON-CURRENT TAX ASSETS			
Deffered Taxes	(2), (8), (15)	1,550,000.00	2,000,000.00
TOTAL FIXED ASSETS		50,787,907.94	7,573,590.36
II. CURRENT ASSETS			
1. INVENTORIES		93,000.00	0.00
2. RECEIVABLE AND OTHER ASSETS		25,619,259.13	3,918,352.45
3. CURRENT TAX ASSETS			
Tax refunds		558,478.95	510,309.09
4. SECURITIES		197,602.13	0.00
5. CASH AND CASH EQUIVALENTS	(2)	14,535,169.19	433,241.10
TOTAL CURRENT ASSETS	(2)	41,003,509.40	4,861,902.64
Total assets		91,791,417.34	12,435,493.00

* Pro forma-Consolidated Balance Sheet includes:

- Pro forma-Consolidated Balance Sheet as of 31 December 2004
- Pro forma-Consolidated Income Statement for the period 1 January 2004 to 31 December 2004
- Notes to the consolidated financial statements as of 31 December 2004

As of 31 december 2004
 Wire Card AG (formerly InfoGenie Europe AG) Berlin

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2004	31.12.2003
	Note	EUR	EUR
I. SHAREHOLDERS' EQUITY			
1. Subscribed capital	(7)	52,669,735.00	10,533,947.00
2. Capital reserve		1.00	1.00
3. Consolidated accumulated loss		1,888,079.86	1,817,278.47
4. Currency translation adjustment	(2)	26,849.99	22,019.31
TOTAL SHAREHOLDERS' EQUITY		50,808,506.13	8,738,688.84
II. LIABILITIES			
	(9)		
1. CURRENT PROVISIONS			
Other current provisions	(6)	3,574,597.74	1,569,730.51
2. OTHER LIABILITIES			
a) Non current liabilities	(2)	139,662.11	197,822.03
b) Current liabilities			
b1) Trade payables		1,424,898.11	611,141.42
b2) Bank loans		2,510,129.45	137,246.00
b3) Other current liabilities		33,101,812.65	682,262.35
3. TAX PROVISIONS			
Current tax provisions		231,811.15	498,601.85
TOTAL LIABILITIES	(2)	40,982,911.21	3,696,804.16
Total Shareholders' Equity and liabilities		91,791,417.34	12,435,493.00

Pro forma-consolidated Income Statement*

	Anhang	01.01.2004 - 31.12.2004	
		EUR	EUR
I. Revenues			40,465,135.75
II. Company produced additions intangible assets			180,000.00
III. Operating expense			
1. Cost of materials		20,419,347.70	
2. Personnel expenses	(14)	5,832,598.48	
3. Depreciation and amortization of fixed assets		1,086,721.60	27,338,667.78
IV. Other operating income/expenses			
1. Sundry income		1,711,360.11	
2. Other operating expenses		8,968,220.00	- 7,256,859.89
Operating Profit	(9)		6,049,608.08
V. Financial result	(2), (5)		
1. Interest expenditures		192,341.82	
2. Interest income		170,642.86	- 21,698.96
VI. Expenditures from discontinued operations			2,129,953.76
VII. Profit before tax			3,897,955.36
VIII. Income Taxes	(2), (8), (15)		351,246.88
IX. Profit after tax	(13)		3,546,708.48
X. Expenditure from profit transfer agreement			3,197,323.77
XI. Consolidated net result			349,384.71
XII. Losses carried forward			1,817,278.47
XIII. Adjustment regarding Pro forma-consolidation			-420,186.10
X. Consolidated accumulated loss			1,888,079.86
Earnings per share			
- Undiluted and diluted Earnings per share (subscribed capital as of 31 December 2004)	(2)		0.34
- Undiluted and diluted Earnings per share (subscribed capital after share capital increase)			0.07

* Pro forma-Consolidated Balance Sheet includes: • Pro forma-Consolidated Balance Sheet as of 31 December 2004 • Pro forma-Consolidated Income Statement for the 1 January 2004 to 31 December 2004 • Notes to the Consolidated financial statements as of 31 December 2004

for the period 1 January 2004 to 31 December 2004
 Wire Card AG (formerly InfoGenie Europe AG) Berlin

	Anhang	01.01.2003 - 31.12.2003	
		EUR	EUR
I. Revenues			4,587,030.94
II. Company produced additions intangible assets			119,408.10
III. Operating expense			
1. Cost of materials		1,297,933.16	
2. Personnel expenses	(14)	1,319,058.01	
3. Depreciation and amortization of fixed assets		287,198.35	2,904,189.52
IV. Other operating income/expenses			
1. Sundry income		405,832.92	
2. Other operating expenses		2,105,003.92	- 1,699,171.00
Operating profit	(9)		103,078.52
V. Financial result	(2), (5)		
1. Interest expenditure		926.06	
2. Interest earnings		16,699.28	15,773.22
VI. Expenditures from discontinued operations			0.00
VII. Profit before tax			118,851.74
VIII. Income Taxes	(2), (8), (15)		- 8,103.84
IX. Profit after tax	(13)		12,955.58
X. Expenditure from income shifting			0.00
XI. Consolidated net result			126,955.58
XII. Losses carried forward			1,944,234.05
XIII. Adjustment regarding Pro forma-consolidation			0.00
X. Consolidated accumulated loss			1,817,278.47
Earnings per share			
- Undiluted and diluted Earnings per share	(2)		0.02



In order to proactively cooperate in designing the payment of the future, Wire Card continually develops and improves a multi-faceted range of instruments optimized for trade, finance and distribution...

Notes

to the pro forma consolidated financial statements* for the year ended december 31, 2004

Preamble

The pro forma consolidated financial statements of Wire Card AG, Berlin (formerly: InfoGenie Europe AG) for the year ended December 31, 2004 are structured in such a manner that, on the basis of the consolidated annual financial statements for the year ended December 31, 2004 the non-cash capital contribution of Wire Card Technologies AG (in addition to its subsidiaries), as agreed at the AGM on December 14, 2004, has been included in so-called pro forma consolidated financial statements as part of this pro forma presentation.

The non-cash capital increase was entered in the Commercial Register on March 14, 2005. This means that the agreed non-cash capital contribution will be included in the pro forma consolidated financial statements of Wire Card AG from a consolidation perspective as of March 14, 2005. In order to document business activities and to depict the efficiency of operations of the decisive Group structure of Wire Card AG as of 2005, in particular this presentation of the pro forma consolidated financial statements includes a comparison with the year 2004.

In departure from the usual components of consolidated annual financial statements according to IAS/IFRS, the components of the pro forma consolidated financial statements are confined to:

- the pro forma consolidated financial statements as at December 31, 2004
- the pro forma consolidated income statement for the period from January 1 through December 2004
- Notes to the pro forma consolidated financial statements as at December 31, 2004

The remaining components of consolidated financial statements were waived because of the lack of comparability with the previous year, preventing the derivation of a separate, meaningful statement from the data in question.

The capital consolidation was already based on the consolidated financial statements of Wire Card AG as at December 31, 2004 within the scope of these pro forma consolidated financial statements.

As regards the presentation of the pro forma consolidated income statement, it should be noted that, in order to succeed in making the pro forma consolidated financial statements sufficiently meaningful, the structure was presented in such a way that the components of the consolidated income statement were included in the pro forma consolidated statements on a full-year basis.

Should the following statements refer to the consolidated financial statements of Wire Card AG and should the notes in question consequently exhibit no major differences and/or deviations from the notes of the consolidated financial statements of Wire Card AG, reference will be made to these accordingly.

Should any additional notes be required for the pro forma consolidated financial statements of Wire Card AG, these will be shown separately.

In order to avoid repetition, these notes to the pro forma consolidated financial statements are limited to those considered meaningful to understand the pro forma consolidated financial statements, based on the consolidated financial statements of Wire Card AG.

(1) Company operations and legal situation

The Wire Card Group consists of the following companies:

- ▶ **Wire Card AG** (Berlin)
- ▶ **InfoGenie Global GmbH** (Grasbrunn)
- ▶ **net sales GmbH** (Grasbrunn)
- ▶ **Click2Pay GmbH** (Grasbrunn)
- ▶ **InfoGenie Ltd.** (Windsor, Berkshire, UK)
- ▶ **Wire Card Technologies AG** (Grasbrunn)
- ▶ **United Payment GmbH** (Grasbrunn)
- ▶ **United Data GmbH** (Grasbrunn)
- ▶ **Nobitec GmbH** (Grasbrunn)
- ▶ **Awito GmbH** (Grasbrunn)
- ▶ **cardSystems FZ LLC** (Dubai)

The operational business divisions of the group include telephone and information services, Internet payment services, the marketing of media services, as well as software development. In addition to this, the business segments include payment, risk and cash management solutions, distribution and processing with point-of-sales (POS) terminals and the operation of a call center.

(2) Summary of significant accounting and valuation policies

The following details are of significance as a supplement to the notes in the consolidated financial statements of Wire Card AG.

Earnings per share

As far as the derivation of the earnings per share is concerned, reference is to be made to the details in the notes to the consolidated financial statements of Wire Card AG. In view of the fact that there were parti-

ent profit transfer agreements with ebs Holding AG up to and including December 31, 2004 regarding Wire Card Technologies AG (plus its subsidiaries) included in the Wire Card Group as part of the non-cash capital contribution, earnings per share were calculated for the pro forma presentation with the inclusion of No. IX of the pro forma consolidated income statement, „earnings after taxes“.

Accordingly, earnings per share for the pro forma consolidated annual financial statements – based on the 10,533,947 share currently listed for trading – amount to EUR 0.34.

In relation to the capital increase meanwhile registered (with the shares thereunder not being admitted to trading at this time), earnings per share amount to EUR 0.07.

(3) Scope of consolidation

On the basis of the shareholders' resolution adopted at the General Meeting on December 14, 2004, Wire Card Technologies AG (plus its subsidiaries) was included in Wire Card AG effective as of January 1, 2005. The non-cash capital contribution was entered in the commercial register on March 14, 2005.

Perimeter of consolidated subsidiaries

With the inclusion of the company-law related structure of Wire Card AG and with the additional inclusion of the non-cash capital contribution agreed in 2004 and entered in the Commercial Register in 2005, the consolidated subsidiaries in the pro forma consolidated financial statements are as follows:

	Shareholding
InfoGenie Ltd.	100%
InfoGenie Global GmbH	100%
Click2Pay GmbH	100%
net sales GmbH	100%
Wire Card Technologies AG	100%
United Payment GmbH	100%
United Data GmbH	100%
Nobitec GmbH	100%
Awito GmbH	100%
cardSystems FZ LLC	100%

(4) Long-term assets

Reference should be made to the notes to the consolidated financial statements of Wire Card AG.

(5) Goodwill

Goodwill, amounting to TEUR 47,818 (previous year: TEUR 4,646) relates to the following subsidiaries:

	2004	2003
	TEUR	TEUR
InfoGenie Global GmbH	2,411	2,411
net sales GmbH	167	167
Click2Pay GmbH	2,068	2,068
Wire Card Technologies AG	42,350	0
United Data GmbH	470	0
United Payment GmbH	463	0
less depreciation/amortization:	111	0
	<u>47,818</u>	<u>4,646</u>

(6) Provisions

Reference should be made to the notes to the consolidated financial statements of Wire Card AG.

(7) Shareholders' equity

Subscribed capital

As already explained in the notes to the consolidated financial statements of Wire Card AG, the value of the Company's common stock as at December 31, 2004 amounted to TEUR 10,534, divided up into 10,533,947 shares with a par value of EUR 1.00 each. With the inclusion of the non-cash capital contribution (entered in the commercial register on March 14, 2005) by means of which Wire Card's capital was increased by EUR 42,135,788 to EUR 52,669,735, this capital increase was already duly taken into account and recognized in the presentation of the pro forma consolidated financial statements.

(8) Income tax expense and deferred taxes

Reference should be made to the notes to the consolidated financial statements of Wire Card AG.

(9) Reporting by segment

A deliberate decision was therefore taken not to adjust segment-based reporting for purposes of the pro forma consolidated financial statements since the effects arising from the non-cash capital contribution in 2004 are to be allocated to Germany in geographical terms and to the segment of Internet payment systems from an operational point of view.

(10) Present value of financial instruments

In this respect, reference should be made to the notes to the consolidated financial statements of Wire Card AG.

Notes to the pro forma consolidated financial statements* for the year ended december 31, 2004

(11) Transactions with associated companies and closely related persons

In this respect, reference should be made to the notes to the consolidated financial statements of Wire Card AG.

(12) Other obligations

The Wire Card Group member companies entered into leases for office space and other leasing agreements. The annual payments from these agreements over the next five years are as follows:

Annual commitments

2005	2006	2007	2008	2009
TEUR	TEUR	TEUR	TEUR	TEUR
1,319	1,182	1,083	991	1,011

(13) Operational environment and „going concern“ assumption

In this respect, reference should be made to the notes to the consolidated financial statements of Wire Card AG.

(14) Additional mandatory disclosures

In this respect, reference should be made to the notes to the consolidated financial statements of Wire Card AG.

(15) Significant differences between IFRS and the German Commercial Code

With the exception of the following separate explanati-

ons, reference should be made to details in the notes to the consolidated financial statements of Wire Card AG.

Deferred taxes on loss carry-forwards

In view of the profit and loss transfer agreements (still to be taken into account in fiscal 2004) involving Wire Card Technologies AG, United Payment GmbH, United Data GmbH and Awito GmbH, which had all been established with ebs Holding AG (parent company of Wire Card AG) by December 31, 2004 and were all terminated with effect on December 31, 2004, these profit and loss transfers have been taken into consideration not only with regard to the utilization of the deferred taxes originally accounted for by Wire Card AG in 2003, but also with regard to the calculation of the 2004 income tax charges in the pro forma consolidated financial statements of Wire Card AG.

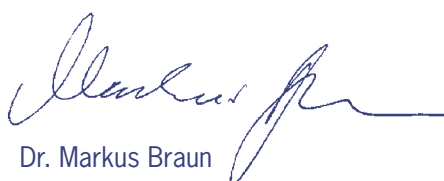
(16) Declaration of compliance

In this respect, reference should be made to the notes to the consolidated financial statements of Wire Card AG.

(17) Transactions with closely related enterprises and persons

In this respect, reference should be made to the notes to the consolidated financial statements of Wire Card AG.

Berlin, 31. March 2005



Dr. Markus Braun
CEO



Payment is Communication...

Summarized management report and consolidated management report

1. General economic conditions and industry trends

General economic conditions improved appreciably in 2004. Despite the ongoing depreciation of the US dollar in relation to the euro and the ongoing political risks, development of the global economy was more stable than in 2002 and 2003. North and South America as well as the sharply growing economies in the Asian-Pacific region experienced a robust upturn. In contrast, economic growth in the developed economies of the euro zone, notably in Germany, turned out lower.

The relevant industries in the reporting period of the Wire Card Group – telephony-based services and the Internet payments system CLICK2PAY – are characterized by the following trends: In the field of Internet payments systems, growth rates rising on a sustained basis are characterized by sharply dynamic movements in the field of eCommerce. The telephone service division is benefiting from a further consolidation along with a slight economic recovery. The European Information Technology Observatory (EITO 2005) anticipates that the market for Internet payments systems and telephony-based services will see stable and solid growth in the next several years.

In the field of alternative Internet payments systems, to which CLICK2PAY belongs, sustained, dynamic growth is being recorded in the Anglo-American market, which is being reinforced by initial impetus in the Continental European and in the Asian markets.

On an international scale, four products are currently establishing themselves on a sustained basis: PayPal (eBay Inc.; NASDAQ: EBAY), NETeller (NETELLER Inc.; LSE: NLR), FirePay (Optimal Group Inc.; NASDAQ: OPMR) as well as CLICK2PAY.

At present, PayPal, NETeller and FirePay have a time lead of approx. two to three years and the additional benefit of having access to a strong U.S. domestic market (representing the biggest market volume). Yet CLICK2PAY, as the strongest European provider with the widest coverage among locally relevant payment systems, has good chances of recording disproportionately high growth in the next several years and catching up with the Anglo-American providers.

Within the telephone service industry, there was an increasing trend in the direction of international outsourcing in 2004. However, countervailing trends are also in evidence here, triggered in particular by intensified efforts to generate a desired level of quality, both in terms of content and language. In this context, demand is also increasing for a combination of virtual call center structures with stationary call center services. Examples of this are the need to meet peak period and the coverage of different knowledge profiles.

2. Business performance

2.1 Revenues and earnings

In the year under review, the Group managed to record significant revenue growth in all business segments. As at December 31, 2004, Wire Card AG succeeded in generating EUR 6.8 million in Group sales revenues (previous year: EUR 4.6 million). Compared with the previous year, this represents an increase by 49 %. However, a comparison with the previous year is only possible to a limited degree on account of changes to the Group's structure in the course of 2003 (integration of Click2Pay GmbH and net sales GmbH).

**Wire Card AG (formerly InfoGenie Europe AG) Berlin
for fiscal 2004**

Earnings before interest and taxes (EBIT) in the Group amounted to TEUR 651 in 2004 and were therefore up by TEUR 548 on the previous year (TEUR 103). The improvement in earnings was the result of the successful implementation of the restructuring as well as the profitability of the subsidiaries Click2Pay and net sales GmbH integrated in 2003. For a further breakdown and movements of expense items, please refer to the separate statements contained in the notes.

2.2 Net income for the year and earnings per share

Wire Card AG managed to close the fiscal year 2004 with positive consolidated group net income amounting to TEUR 53 (previous year: TEUR 127). The decline in net income for the year despite an increase in EBIT is attributable to the pro-rata utilization of deferred tax assets as well as slightly higher financial expenses.

For fiscal 2004, Wire Card AG's individual financial statements reflected a loss for the year amounting to TEUR 1,412 (previous year loss: TEUR 221). Sales revenues in the fiscal year rose by approx. 4%, to reach EUR 2.6 million.

The number of shares did not change in the course of 2004, remaining at 10,533,947 as at December 31, 2004. Group earnings per share declined from EUR 0.02 in the preceding year to EUR 0.01 in 2004.

3. Development of key segments

3.1 Development of Internet payments systems

Business trends in the field of Internet payments systems were positive. The key impetus in this segment was delivered by the Internet payments system CLICK2PAY. In the course of the 4th quarter 2003, Click2Pay

GmbH was integrated into Wire Card AG, including test customers already acquired. The international product launch took place on May 1, 2004. CLICK2PAY is meanwhile being used by over 200 high-volume dealers, serves end-customers in 107 countries and supports all currencies. The company also managed to position itself at an early stage in the Asian market and in China by generating partnerships in over 20 different direct debit payments systems. Click2Pay GmbH reached positive earnings territory for the first time in 2004 and made a substantial contribution toward positive Group earnings. In this segment, revenues amounting to EUR 2.8 million (previous year: EUR 1.2 million) were generated in 2004. EBIT I. amounted to TEUR 1,774 (previous year: TEUR 1,105).

3.2 Development of telephone service

The telephone service division was characterized by internal group restructuring measures in 2004. Operating resources were bundled and focused on unrestricted relationship management of portfolio customers. Accordingly, business trends in the telephone service division also saw an improvement on the previous year.

Business with portfolio customers was further extended, making it possible to raise the minute volume to 1.6 million compared with 2003 (approx. 1.4 million). This segment generated revenues of EUR 3.2 million in 2004 (previous year: EUR 2.9 million). EBIT I. amounted to TEUR 1,473 (previous year: TEUR 2,184).

3.3 Development of other divisions

In addition to the core business operations indicated above, the successful marketing of online advertising areas contributed to the overall results. Thanks to strategic partnerships in the media environment, this has resulted in additional business which is generating

Summarized management report and consolidated management report

desirable cross-selling effects and, in particular, is reinforcing long-term business relations. This segment generated revenues of EUR 0.8 million in 2004 (previous year: EUR 0.4 million). EBIT I. amounted to TEUR 590 (previous year: TEUR 0).

4. Asset and financial situation

4.1 Balance sheet structure

On-balance sheet equity in the consolidated annual financial statements as at December 31, 2004 amounted to EUR 8.8 million (previous year: EUR 8.7 million). This is equivalent to an equity ratio of 52.9% (previous year: 70.2%).

At the December 31, 2004 balance sheet date, the balance sheet structure only saw a material change in the field of working capital following the start of Click2Pay's operations. Total assets increased by TEUR 4,177, to reach TEUR 16,613. The level of cash & cash equivalents was raised by TEUR 239, to TEUR 673. Liabilities to banks rose by TEUR 298, to TEUR 436. For a more detailed analysis, please refer to the notes.

4.2 Investments

No major investments were made in Wire Card AG in 2004. This is attributable in particular to the fact that investments in extending the technology were predominantly made in meanwhile integrated Wire Card Technologies AG, which was not part of the consolidation perimeter as at the balance sheet date.

4.3 Consolidation perimeter

During the fiscal year ended December 31, 2004, the consolidation perimeter remained unchanged compared with the previous year.

5. Employees

At the beginning of the year, a total of 26 persons were employed. At the end of the year, the Group had 18 employees, 2 of whom in the UK. In the final quarter of 2004, new employees were hired again for the first time following a long period of restructuring.

6. Research & Development

The software systems in use at Wire Card AG and those marketed by Click2Pay GmbH are being continually developed to meet customers' requirements and for new foreign markets. Likewise, suitable measures are being adopted to harmonize internal processes with the aid of standard products, thus leading to an intrinsically closed system environment in the long term, with the possibility of future upgrades thanks to a modular system involving little by way of maintenance effort.

7. Risk report

Pursuant to § 91 par. 2 of the German Companies Act (AktG), the Board of Management is obliged to set up a suitable early risk detection and monitoring system throughout the organization. The Board of Management has complied with this duty by defining appropriate guidelines for all strategic and operating management functions to ensure that suitable control and monitoring instruments are in place to facilitate early risk detection. These instruments serve to secure the Company's ongoing business operations and show any dangerous developments at an early stage to enable appropriate countermeasures to be taken to correct such trends. The Board of Management monitors risk management activities and reports to the Supervisory Board on a regular basis.

In the wake of the international orientation of CLICK2PAY, a number of different influential factors on the further market development of the product need to be taken into account. No uniform standard for the settlement of electronic payments has been developed to date. As a result of lack of restrictions, therefore, a number of very different procedural models and approaches have evolved.

In parallel with the solutions PayPal and NETteller positioned in the Anglo-American region, a brisk competitive situation is anticipated in the European and particularly in the German environment. At the same time, however, CLICK2PAY stands out considerably from its competitors as far as fraud protection is concerned and offers features not otherwise available to date. In Germany, CLICK2PAY competes directly with two solutions, namely Firstgate and T-Pay. The key differentiating feature compared with these payment methods is the paradigm change away from a pure black box solution in the direction of a maximum of transparency for acceptance partners and multipliers.

For roughly a year now, CLICK2PAY has been established on the market and is being perceived by rivals as a serious contender for first position. This increased visibility may generate unfavorable market reactions, such as intensified price competition.

Reference is made to the general business risks relating to industries dependent on eCom-merce Internet as well as the special risks of payments processing in the form of risks of loss, such as fraud or revocation of payment obligations. Moreover, electronic transactions are subject to general security risks, against which all usual banking-related precautions have been taken. Increasing statutory regulation of Internet commerce as well as compliance requirements of the inter-

national credit card organizations, clearing association and bank processing rules and practices can exert an influence on margins and partial processes. International currency positions are subject to exchange-rate fluctuations.

In the field of telephone support hotlines via the virtual call center, as in the past, there is a high dependency on a few major customers and carriers. Since telephone information services have been offered under the newly introduced 0900 numbers since January 1, 2005, the settlement risk existing at all times has been shifted back to the company. Collections are therefore no longer performed by the telephone company but by the provider of the services in question. This, along with other necessary measures, will be reflected at the level of the usual provisions relating to the collection risk.

Since communications services will constitute a module of the overall solution of electronic payments systems alongside Wire Card's core business as of 2005, the risk relating to misuse of 0900 numbers may be classified as low.

8. Report relating to dependencies

As regards relations with associated companies in fiscal 2004, reference is made to the detailed statement in the notes. In addition, the Board of Management has issued the followings statement:

„Our Company received adequate consideration in respect of all legal transactions listed in the report on relations with associated companies in the circumstances known to us at the time the legal transactions took place. The Company was not adversely affected by any measures adopted or omitted.“

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9. Corporate governance and profit transfer agreement

Essentially, the corporate governance and profit transfer agreements between Wire Card AG - as the controlling company - and Click2Pay GmbH as well as net sales GmbH contributed to the individual operating results of Wire Card AG. The corporate governance and profit transfer agreements were approved at the annual general meeting on July 15, 2004 and entered in the commercial register on August 4, 2004 (net sales) and on August 30, 2004 (Click2Pay). In its individual 2004 financial statements, Wire Card AG generated TEUR 1,670 in earnings from the profit transfer for 2004.

10. Material changes following the end of the fiscal year

On December 14, 2004, at the extraordinary general meeting of Wire Card AG, a resolution was adopted to integrate Wire Card Technologies AG of a leading European provider of real-time payments systems into the former InfoGenie Europe AG and to rename InfoGenie Europe AG into Wire Card AG. On March 14, 2005, the relevant entry was made in the commercial register of the local court of Berlin-Charlottenburg. This resulted in material changes as far as the company is concerned, which are taken into account in this report in the sections Corporate Profile and Pro forma consolidated financial statements.

As of April 1, 2005, Paul Bauer-Schlichtegroll was appointed by the Supervisory Board as a further member of the Board of Management.

11. Outlook

Outlook and prospects for growth

Owing to intense market dynamics and in the context of only a low level of economic growth, for most enterprises the need to cut costs and enhance efficiency will once again be imperative in 2005.

In particular, the topics of integration, optimization and networking of business processes and the development of new distribution channels in this connection will boost the demand for software and IT services. Both market research institutes Forrester Research and IDC forecast a 6% increase in world growth of the IT market. Accordingly, the IT industry would outperform the economy as a whole in 2005.

Analysts perceive enormous potential especially in the optimization of business procedures. Current studies show that two of three CFOs of German top 1,000 corporations are „not satisfied“ with their financial processes [eFinance Lab / 2005].

While the optimization potential in the field of financial and payment processes only gradually began to be realized in recent years, the U.S. is clearly in the lead here. Nevertheless, for 2005 one third of the 100 leading retailers in the UK consider the optimization of processes and the infrastructure of the Financial Supply Chain as their top priority in the field of IT investments [Martec Int. / 2004].

On account of the complexity associated with financial processes and the necessity of close integration between individual partial processes, providers with a cross-divisional reach, i.e. those with a maximum added value depth, will stand to benefit from the new market. This also corresponds to the general trend in the direction of Business Process Outsourcing (BPO [EITO / 2005]).

The optimization and increasing orientation of financial processes to Straight-Through-Processing (STP), the tracking of which is performed within the scope of real-time procedures, is being additionally boosted by the increasing success of the medium Internet as an independent distribution channel and the growing acceptance of electronic payment systems. The European Information Technology Observer (EITO) forecasts a total online transaction volume in western Europe in the order of EUR 2 trillion, the lion's share of which will be generated in the UK and Germany.

In consequence of the rapid increase in electronic payment transactions, current market research studies forecast revenue growth of just under 15% for U.S. payment gateways [Celent / 2004].

In parallel, due to the rapid market growth in the field of settlement relating to digital content, e.g. music, games, etc., a disproportionately sharp increase in revenues is anticipated for providers of alternative payment systems. Likewise, industry experts anticipate the volume of the online gaming market alone to grow by 1.4 billion dollars year-on-year, resulting in a total sales volume of 9.9 billion dollars in 2005 [Christiansen Capital Advisors / 2005].


In parallel, the market for online sports bets in 2005 will grow to reach approx. 86 billion dollars [Merrill Lynch / 2004].

In terms of settlement for digital content, for instance, the music industry predicts the market share of online music downloads in the worldwide recording business – a 23 billion dollar market – will grow from a current 2% to approx. 25% by the year 2009.

The games market, primarily driven by multi-player online games, also expects the volume of online content to double by 2007 [IDC / 2004].

Based on historic trends and the outlined dynamics of this market segment, the Board of Management of Wire Card AG is confident of its ability to boost consolidated sales revenues on the basis of the pro forma results by more than 30% in fiscal 2005. An EBIT margin of 15% is expected.

Berlin, 31. March 2005



Dr. Markus Braun
Board of Management

Consolidated Balance Sheet

ASSETS	Note	31.12.2004 EUR	31.12.2003 EUR
I. FIXED ASSETS	(4)		
1. INTANGIBLE ASSETS	(2)		
a) Goodwill	(2), (5), (15)	4,535,024.83	4,645,668.90
b) Self-provided intangible assets	(15)	237,105.40	119,408.10
c) other intangible assets	(2)	137,551.00	72,284.00
		4,909,681.23	4,837,361.00
2. PROPERTY, PLANT AND EQUIPMENT			
other tangible assets	(2), (4)	306,198.46	436,229.36
3. LONG-TERM FINANCIAL ASSETS	(2)	342,850.00	300,000.00
4. NON-CURRENT TAX ASSETS			
Deffered Taxes	(2), (8), (15)	1,550,000.00	2,000,000.00
TOTAL FIXED ASSETS		7,108,729.69	7,573,590.36
II. CURRENT ASSETS			
1. RECEIVABLES AND OTHER ASSETS		8,127,406.26	3,918,352.45
2. CURRENT TAX ASSETS			
Tax refunds		554,027.34	510,309.09
3. SECURITIES		150,000.00	0.00
4. CASH AND CASH EQUIVALENTS	(2)	672,666.10	433,241.10
TOTAL CURRENT ASSETS	(2)	9,504,099.70	4,861,902.64
Total assets		16,612,829.39	12,435,493.00

As of 31 December 2004
 Wire Card AG (formerly InfoGenie Europe AG) Berlin

SHAREHOLDERS' EQUITY AND LIABILITIES		31.12.2004	31.12.2003
	Note	EUR	EUR
I. SHAREHOLDERS' EQUITY			
1. Subscribed capital	(7)	10,533,947.00	10,533,947.00
2. Capital reserve		1.00	1.00
3. Consolidated accumulated loss		1,764,342.04	1,817,278.47
4. Currency translation adjustment	(2)	26,849.99	22,019.31
TOTAL SHAREHOLDERS' EQUITY		8,796,455.95	8,738,688.84
II. LIABILITIES			
	(9)		
1. CURRENT PROVISIONS			
Other current provisions	(6)	374,498.15	1,569,730.51
2. OTHER LIABILITIES			
a) Non current liabilities	(2)	139,662.11	197,822.03
b) Current liabilities			
b1) Trade payables		615,759.13	611,141.42
b2) Bank loans		435,741.74	137,246.00
b3) Other current liabilities		6,109,637.00	682,262.35
3. TAX PROVISIONS			
Current tax provisions		141,075.31	498,601.85
TOTAL LIABILITIES	(2)	7,816,373.44	3,696,804.16
Total shareholders' equity and liabilities		16,612,829.39	12,435,493.00

Consolidated Income Statement

	Note	01.01.2004 - 31.12.2004	
		EUR	EUR
I. Revenues	(2), (9)		6,827,203.63
II. Company produced additions to intangible assets			180,000.00
III. Operating expenses			
1. Cost of materials		3,068,419.76	
2. Personnel expenses	(14)	1,050,078.44	
3. Depreciation and amortization of fixed assets		247,348.61	4,365,846.81
IV. Other operating expenses			
1. Sundry income		336,260.36	
2. Other operating expenses		2,326,658.97	- 1,990,398.61
Operating Profit	(9)		650,958.21
V. Financial result	(2), (5)		
1. Interest expenditure		141,495.86	
2. Interest income		17,284.29	- 124,211.57
VI. Profit before tax			526,746.64
VII. Income taxes	(2), (8), (15)		473,810.21
VIII. Profit after tax	(13)		52,936.43
IX. Losses carried forward			1,817,278.47
X. Consolidated accumulated loss			1,764,342.04
Earnings per share			
- Undiluted and diluted Earnings per share:	(2)		0.01

for the period 1 January 2004 to 31 December 2004
 Wire Card AG (formerly InfoGenie Europe AG) Berlin

	Note	01.01.2003 - 31.12.2003	
		EUR	EUR
I. Revenues	(2), (9)		4,587,030.94
II. Company produced additions to intangible assets			119,408.10
III. Operating expenses			
1. Cost of materials		1,297,933.16	
2. Personnel expenses	(14)	1,319,058.01	
3. Depreciation and amortization of fixed assets		287,198.35	2,904,189.52
IV. Other operating expenses			
1. Sundry income		405,832.92	
2. Other operating expenses		2,105,003.92	- 1,699,171.00
Operating Profit	(9)		103,078.52
V. Financial result	(2), (5)		
1. Interest expenditure		926.06	
2. Interest income		16,699.28	15,773.22
VI. Profit before tax			118,851.74
VII. Income taxes	(2), (8), (15)		- 8,103.84
VIII. Profit after tax	(13)		126,955.58
IX. Losses carried forward			1,944,234.05
X. Consolidated accumulated loss			1,817,278.47
Earnings per share			
- Undiluted and diluted Earnings per share:	(2)		0.02

Consolidated Cash Flow Statement

for the period 1 January 2004 to 31 December 2004
 Wire Card AG (formerly InfoGenie Europe AG) Berlin

	2004	2003
	EUR	EUR
Net profit of the year	52,936.43	126,955.58
+/- Depreciation and amortization of tangible and intangible assets	247,348.61	287,198.35
+/- Depreciation/Attribution to Goodwill	110,644.07	0.00
+/- Increase/Decrease in Provisions	- 1,195,232.36	860,917.67
+/- other non-cash-related expense/income	448,663.60	0.00
-/+ Increase/Decrease in receivables and other assets	- 4,402,772.06	- 3,753,606.24
+/- Increase/Decrease in current liabilities	5,016,305.90	988,592.69
+/- non cash-related consolidation consequences	0.00	2,079,331.10
= Cash Flows from operating activities	277,894.19	589,389.15
+ Cash received from disposal of property, plant and equipment	1,340.07	0.00
- Cash paid for investments in property, plant and equipment	- 9,494.68	- 18,424.09
+ Cash received from disposal of intangible assets	0.00	0.00
- Cash paid for intangible assets	- 290,791.00	- 157,093.48
- Payments for investments in securities	- 42,850.00	- 300,000.00
= Cash Flows from Investing activities	- 341,795.61	- 475,517.57
+ Cash received from issuance of share capital	0.00	0.00
+/- Cash received/paid for changes in borrowings	0.00	0.00
= Cash Flow from financing activities	0.00	0.00
Net change in cash and cash equivalents	- 63,901.42	113,871.58
+/- Change in currency translation adjustment	4,830.68	- 15,126.35
+ Cash and cash equivalents as at beginning of period	295,995.10	197,249.87
= Cash and cash equivalents as at end of period	236,924.36	295,995.10

Additional Explanations for the Consolidated Cash Flow Statement

non cash-related Increase in Equity	0.00	8,725,000.00
hereof non cash-related Investments in Goodwill	0.00	4,645,668.90



Whoever really wants to understand the mechanisms behind the buying and follow-up buying experience not only needs to make payment processes convenient and safe but must also control them in a targeted manner...

Consolidated Statement of Changes in Shareholders' Equity

	Subscribed capital		Contribution paid toward effecting a capital increase	
	Number of shares issued	Nominal value EUR	Number of shares issued	Nominal value EUR
Balance as at 31 December 2002	1,058,947	1,058,947.00	750,000	750,000.00
Net Income				
Capital increase by cash	750,000	750,000.00	-750,000	-750,000.00
Capital increase by asset	8,725,000	8,725,000.00		
Changes due to currency translation				
Balance as at 31 December 2003	10,533,947	10,533,947.00	0	0.00
Net Income				
Changes due to currency translation				
Balance as at 31 December 2004	10,533,947	10,533,947.00	0	0.00

for the fiscal year 2004
 Wire Card AG (formerly InfoGenie Europe AG) Berlin

	capital reserve EUR	consolidated accumulated losses EUR	currency trans- lation adjustment EUR	total EUR
	1.00	-1,944,234.05	37,145.66	-98,140.39
		126,955.58		126,955.58
				0.00
				8,725,000.00
			-15,126.35	-15,126.35
	1.00	-1,817,278.47	22,019.31	8,738,688.84
		52,936.43		52,936.43
			4,830.68	4,830.68
	1.00	-1,764,342.04	26,849.99	8,796,455.95

(1) Company operations and legal situation

Wire Card AG (formerly: InfoGenie Europe AG), An den Treptowers 1, 12435 Berlin, Germany (hereafter referred to as „Wire Card“ or the „Company“), was founded on May 6, 1999. The name of the Company was changed from InfoGenie Europe AG to Wire Card AG upon entry thereof in the commercial register on March 14, 2005.

The Wire Card Group consists of the following companies:

- ▶ **Wire Card AG**, Berlin, Germany
- ▶ **InfoGenie Global GmbH**, Grasbrunn, Germany
- ▶ **net sales GmbH**, Grasbrunn, Germany
- ▶ **Click2Pay GmbH**, Grasbrunn, Germany
- ▶ **InfoGenie Ltd.**, Windsor, Berkshire, UK

The operational business divisions of the group include telephone and information services, Internet payment services, the marketing of media services, as well as software development.

Specifically, Wire Card AG and InfoGenie Ltd. develop, operate and market telephone information services. These essentially comprise the specialized areas of computers, games, legislation, taxes and health. The most important customers of Wire Card AG and its subsidiary in England are publishers, hardware and software companies, as well as trading enterprises, which offer their customers the communication services of the Wire Card Group.

The business areas of Internet payment services and the marketing of media services were already incorporated in 2003 through the companies Click2Pay GmbH and net sales GmbH.

Click2Pay GmbH provides electronic Internet payment services via its product of the same name: CLICK2PAY. It handles the development and implementation of project plans in the field of e-commerce, individual measures, the production and distribution of payment solutions, software, all types of media and entertainment products, as well as transactions relating to these, import/export, wholesale, mail order and retail trade, consultation and services for third parties, the acquisition and issuing of licenses, the provision of telephone services, online, via cable, satellite television, CD ROM and settlement of charges for such services on behalf of third parties. The business activities of Click2Pay GmbH extend to include global target markets.

The objective of net sales GmbH is the establishment and marketing of advertising space, as well as support and consultation in these areas for the German market.

As regards the Group's business models employed in 2004, kindly refer to the notes under No. (2) „Summary of essential accounting and valuation policies“ under the heading of „Revenue recognition“.

Please refer to No. (3) „Consolidation perimeter“ of the notes for a description of the corporate structure of the Wire Card Group.

On the balance sheet date, ebs Holding AG was the majority shareholder of the Wire Card Group, accounting for approx. 63% (previous year 80%) in direct or indirect holdings. Wire Card AG is included in the consolidated financial statements of ebs Holding AG.

(2) Summary of essential accounting and valuation policies

Accounting principles

The consolidated financial statements were prepared for the first time in accordance with the requirements of the International Financial Reporting Standards (IFRS) or International Accounting Standards (IAS). The requirements for an exemption from preparing consolidated financial statements have been met according to German commercial law. The evaluation of these requirements is based on the German Accounting Standard (DRS 1 and DRS 1 a). The enterprises in which Wire Card has a controlling interest were consolidated.

All material transactions between companies belonging to the consolidation perimeter were eliminated in the course of the consolidation.

All amounts are shown in EUR or, where indicated, also in TEUR and in EUR million. The Company's fiscal year ended on December 31, 2004 (balance sheet date).

Previous-year information

The figures of the previous year (2003) were initially prepared in accordance with the United States Generally Accepted Accounting Principles (US-GAAP) and for the purposes of comparability, reconciled with IAS/IFRS in accordance with the provisions of IFRS 1.

Regarding the adjustments necessitated by the reconciliation with IAS/IFRS of the previous year and the effects arising from this on the comparable values of the previous year, please refer to the separate netting and reconciliation of US-GAAP to IAS/IFRS under the heading of „Initial application of the International Financial Reporting Standards“.

Use of estimates

The preparation of the consolidated financial statements in conformity with IAS/IFRS calls for estimates and assumptions to be made to a certain extent that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the year under review. The actual results may differ from the amounts estimated. No change was made to the method of performing estimates in 2004.

Effects of changes in exchange rates

The Company's financial statements are prepared in euros. The functional currency of the foreign subsidiary, InfoGenie Ltd., Windsor, Berkshire, UK (hereafter referred to as „InfoGenie Ltd.“) is the British pound sterling. The amounts relating to assets and liabilities of InfoGenie Ltd. reported in the consolidated balance sheet are translated at the exchange rate prevailing on the date of the financial statements. Shareholders' equity is translated at historical exchange rates. Revenues, expenses and income posted in the profit & loss statement are translated at average rates of exchange in effect during the year.

Differences arising from foreign currency translation are recorded without this affecting the operating result and reported separately as part of shareholders' equity in the foreign currency translation reserve. The foreign currency translation reserve increased by TEUR 5 in fiscal 2004, from TEUR 22 to TEUR 27. Of this sum, TEUR 2 relates to property, plant and equipment. The currency translations of property, plant and equipment are indicated separately in the long-lived assets movement schedule. In line with the materiality principle, we have dispensed with the need to provide further particulars on the foreign currency translation reserve.

Differences arising from foreign currency translation between the nominal value of a transaction when consummated and the date on which it is either settled or translated for inclusion in a consolidated balance sheet are recognized as impacting on profit and loss and included under „Other operating expenses“. Expenses impacting on profit and loss associated with foreign currency translation amounted to TEUR 80 in fiscal 2004 (previous year: TEUR 1). In addition to this, Click2Pay GmbH conducts currency hedge transactions in affiliation with Wire Card Technologies AG. In the wake of these activities, accounts receivable in the amount of TUSD 333 were valued at the historical original rate for Click2Pay GmbH, since the affiliated Wire Card Technologies AG approved the purchase of currency in the aforesaid amount at the historical rate.

Depreciation of assets

At each date of its financial statements, the Company evaluates the recoverability of its assets in accordance with the provisions of IAS 36, taking into account the exceptions stipulated in Paragraph 2 of IAS 36. Whenever events indicate that the valuation of balance sheet items of long-lived assets are not recoverable over the remaining amortization period, the undiscounted net cash flows estimated to be generated by those assets are compared to the carrying amount thereof. To the extent that these expected net cash flows are less than the carrying amounts of the assets, the Company will record impairment losses to write the asset down to fair value.

Based on the recommendation of IAS 36 dated March 31, 2004 to also apply depreciation of assets earlier than within the scope of business combinations (acquired goodwill or intangible assets), the aforesaid IAS 36 is also applied with regard to 2003 or December 31, 2003. Goodwill is therefore no longer amortized

at Wire Card AG using the straight-line method over its expected useful life as of 2003 but tested for impairment on an annual basis and whenever indicators of impairment arise. On January 1, 2003, historical goodwill was amortized in its entirety. The impairment of goodwill occasioned during the financial year amounted to TEUR 111 (previous year: TEUR 0).

For a breakdown of long-lived assets (historic acquisition costs, adjustments based on foreign currency translations, additions, disposals, cumulative amortization and depreciation, write-downs in the year under review and carrying values) please refer to the attached long-lived asset movement schedule from January 1, 2004 to December 31, 2004.

Reporting based on goodwill acquired through business combinations

Regarding the adjustments necessitated by the reconciliation with IAS/IFRS of the previous year or as at December 31, 2003 and the effects arising from this on the comparable values of the previous year, please refer to the separate netting and reconciliation of US-GAAP to IAS/IFRS under the heading of „Initial application of the International Financial Reporting Standards“.

In accordance with the version of Paragraph 67 of IAS 12 applicable in the previous year read in conjunction with paragraph 24 of IAS 12, the tax loss carry-forwards of Wire Card AG likely to be realized on the basis of the merger with InfoGenie Global in 2003 were taken into account within the scope of initial consolidation during the calculation of the goodwill of InfoGenie Global GmbH as at December 31, 2003.

During 2003 and 2004, full use was made of the restricted retrospective application of the cessation of scheduled goodwill amortization in accordance with IFRS 3, Paragraph 85, read in conjunction with Paragraph 79.

While accounting for goodwill, cognizance was therefore taken of the requirements for the annual testing for impairment in accordance with IAS 36 (2004) Paragraphs 10 and 80 to 99 – also concerning the previous year. Valuation allowances pertaining to goodwill in fiscal 2004 amount to TEUR 111. The amortization of goodwill occasioned during the financial year of TEUR 111 (previous year: TEUR 0) affects the impairment of goodwill from the merger with InfoGenie Global GmbH of the previous year by TEUR 2,300 and is recorded in the financial results under „Financial expenditure“ within the consolidated profit and loss account.

InfoGenie Global GmbH was merged with net sales GmbH on January 1, 2005 pursuant to a resolution of the Supervisory Board of September 28, 2004.

Reporting of intangible assets

Purchased software is stated at cost and depreciated using the straightline method over the estimated useful life of the software, generally three years.

In accordance with IAS 38, in particular Paragraphs 57 ff, the costs incurred in fiscal 2004 in developing and perfecting the internally produced software system „VCC System and/or infogenie.net“ amounting to TEUR 180 were also capitalized as additions in 2004 under „Self-produced intangible assets“ and amortized by TEUR 62 to TEUR 237. The amortization of „Self-produced intangible assets“ (TEUR 62) and „Other intangible assets“ (TEUR 45) were recorded under „Special operational expenditure“.

Accounting for property, plant and equipment

Office equipment is stated at cost and depreciated using the straight-line method over the estimated useful life. For computer hardware this period is three to five years, and ten years for office equipment and furniture.

Any gains or losses on disposal of such assets are recorded as other operating income and expenses. Maintenance work and minor repairs are charged to operations as incurred.

The depreciation of property, plant and equipment (TEUR 140) was recorded under „Specific expenditure“ under amortization and depreciation.

Reporting of financial assets

The financial assets in the amount of TEUR 343 on the one hand pertain to a loan granted to United Payment GmbH in the amount of TEUR 300, subject to interest of 5.25% p.a., and on the other to acquisition costs amounting to TEUR 43 within the scope of the share acquisition that came to be registered in March 2005 concerning the non-cash capital contribution in Wire Card Technologies AG.

The loan was to expire on December 31, 2004 and was renewed for a further year. The loan was not classified as short-term in nature.

Income tax expenses

The Company utilizes the balance sheet oriented liability method of accounting for deferred taxes in accordance with IAS No. 12. Under the liability method, deferred taxes are determined according to the temporary differences between the valuation rates of asset and liability items in the consolidated financial statements and the tax balance sheets, as well as taking account

of the tax rates in effect at the time the aforesaid differences are reversed. Valuation allowances to deferred tax assets are made if the probability of a tax benefit being realized is below 50% (IAS 12, Paragraph 24).

Due to tax assessments up to December 31, 2003, the tax statements issued up to the assessment year of 2003 and the consolidated taxable results in 2004, deferred taxes as at December 31, 2004 amount to TEUR 1,550 after valuation allowance (previous year: TEUR 2,000). They relate exclusively to tax loss carry-forwards and their partial realization. The valuation allowances applicable within this context on deferred taxes as at 31 December 2004 amounted to TEUR 2,001 (previous year TEUR 2,297).

Receivables

Appropriate valuation adjustments are made to the values of receivables subject to discernible risks. Uncollectible receivables are written off the accounts.

Receivables from associated companies

As at December 31, 2004, receivables from associated companies in essence consisted of receivables due from United Payment GmbH in the amount of TEUR 42. Receivables from associated companies are recorded under „Receivables for goods and services supplied and other receivables“.

Advertising costs

Costs of advertising measures and trade fairs were recognized as expenses. In fiscal 2004 these came to TEUR 89 (previous year: TEUR 88).

Revenue recognition

Revenues are recognized when there is sufficient evidence that a sales arrangement exists, service has been performed, the price is fixed or determi-

nable, and it is probable that payment will be received. The two companies Wire Card AG and InfoGenie Ltd. earn revenues from operating telephony-based consultancy services. For the most part, revenues are generated with business customers such as publishing houses, software companies and hardware producers and trading enterprises, with these two companies acting as outsourcing partners. In doing so, two different models are applied, requiring either the business customer himself or herself to pay for the services provided by Wire Card AG or InfoGenie Ltd., or Wire Card AG or InfoGenie Ltd. only act as an intermediary, whereas the party seeking advice pays for the service. These two models are implemented by using different types of telephone number ranges, with phone calls being free of charge for persons seeking advice or just the cost of a normal telephone call being billed on the one hand, or both the total cost of a phone call plus the cost of the advice received being billed on the other.

Under the first model, the two companies of the InfoGenie Group generate their revenues directly from their business customers (B2B). Under this model, revenues recognized correspond in the amounts received from business customers, less the fees paid to the local telephone company.

Under the second model (B2C), the revenues correspond to the charges passed on by the telephone companies to the two member companies of the InfoGenie Group. The telephone companies are responsible for invoicing the final customer and for remitting the amounts to which the two companies are entitled. The charges are remitted to the Group one month after the service is provided. Using the second model, the business partners receive a commission carried as an expense.

Revenues are recognized at the end of the telephone call. Depending on the business model, revenues correspond to the net amounts payable by the telephone companies and by the business partners, respectively.

At net sales GmbH, the AdClicks (advertising banners generated/page impressions) sold are recorded on a monthly basis using appropriate electronic tools and used as the basis for determining the revenues realized. An advertising prompt is valued as a successful transaction and, therefore, as a source of revenue, once an Internet user is induced by an advertising banner to follow a link to which it points. The number of web page clicks is then multiplied by the contractually agreed price, booked as revenue and billed to the principal accordingly.

Click2Pay GmbH (C2P) is engaged in processing electronic payment solutions via the Internet and generates its revenues by retaining discounts of the invoice amounts and netting the relevant transaction charges. By using an electronic „wallet“, merchandise and services can be settled via the Internet. To do so, the wallet must initially be charged by the end user, which is done by debiting a credit card or by direct debit to an account. When purchasing a piece of merchandise, the selling price is retained from this electronic wallet and disbursed to the shop operator/service provider (merchant). For each of the previously indicated transactions (charging the wallet, paying for the goods, paying out the money to the merchant), C2P retains a fraction for performing the relevant services, ultimately generating this company's revenues. As a rule, settlement is effected on a monthly basis by determining and netting the total number of all transactions and the discount portion.

Cash and cash equivalents

All highly liquid investments with maturities of no longer than three months are considered to be cash and cash equivalents. The market value of cash and cash equivalents corresponds to the balance sheet values of such cash and cash equivalents.

Not freely available cash and cash equivalents from lease guarantees amounted to TEUR 41 (previous year: TEUR 61) and were classified as „Receivables for goods and services supplied and other receivables“.

Provisions

Provisions take account of all discernible risks and uncertain liabilities and have been set up to an appropriate extent in accordance with prudent judgment. All discernible risks were taken into consideration. Provisions are reported under liabilities. The provisions are short-term.

Long-term liabilities

Investment premiums and investment grants (Allotted public funds) are entered on the liabilities side of the balance sheet as „Long-term liabilities“ under „Other liabilities“ in accordance with IAS 20, Paragraph 12, 16 and 17 and is entered as impacting on profit and loss over 84 months (on a lump sum basis). The residual term to maturity as at December 31, 2004 was approx. 24 months. Such grants/additions recognized as income during the financial year of 2004 amounted to TEUR 58 in fiscal 2004 (previous year: TEUR 58).

Liabilities to associated companies

As at December 31, 2004, liabilities to associated companies essentially comprise TEUR 3,361 in liabilities to the parent company, ebs Holding AG, and TEUR 1,410 to Wire Card Technologies AG.

The liabilities to associated companies are listed under the (short-term) „Other liabilities“ of „Other financial liabilities“.

Earnings per share

Basic earnings per share were determined in accordance with IAS 33, Paragraph 10 through division of the periodic earnings due to the ordinary shareholders of the parent company (numerator) by the weighted average number of ordinary shares in circulation during the period under review (denominator).

In determining diluted earnings per share, in addition such instruments as options (IAS 33, Paragraph 45), which may potentially have a dilutive effect on stock prices, and convertible instruments (IAS 33, Paragraph 45) are included in the weighted average for the time in question. However, for all periods presented, no such instruments were issued; accordingly, basic and diluted earnings per share are identical.

The number of shares issued remained unchanged during fiscal 2004. For the year 2004, this weighting resulted in an average of 10,533,947 shares issued (previous year: 7,057,762).

Instruments that may potentially dilute the undiluted earnings per share in the future, but which have not entered into the calculation of the diluted earnings, because they countered a dilution for 2004 in accordance with IAS 33, Paragraph 70 c as at 31 December 2004:

Authorization of the Board of Management in accordance with the resolution at the annual general meeting of July 15, 2004 to increase common stock by an amount of TEUR 5,250 by July 15, 2009 (authorized capital 2004/I).

The Board of Management did not make use of the authorized capital as at December 31, 2004. Business transactions that can arise after the balance sheet date and would have changed the number of shares in circulation at the end of 2004 substantially, should such business transactions have taken place prior to the end of 2004, existed in accordance with IAS 33, Paragraph 70 d and 71 as at 31 December 2004:

The common stock was conditionally increased by virtue of a resolution of the annual general meeting of July 15, 2004 by up to TEUR 1,050 (contingent capital 2004/I). The Board of Management did not make use of the contingent capital as at December 31, 2004.

In this case too, the amount of earnings per share for the business transactions occurring after the balance sheet date were not adjusted, since these types of business transactions do not influence the amount of capital used to generate the group earnings for the year under review.

Derivative financial instruments

The Wire Card Group did not hold derivative instruments as at December 31, 2004 or December 31, 2003 and neither during the course of fiscal 2004 or fiscal 2003.

Initial application of the International Financial Reporting Standards

The consolidated financial statements were prepared for the first time in accordance with the requirements of the International Financial Reporting Standards (IFRS) or International Accounting Standards (IAS) – (first IAS/IFRS accounts prepared for December 31, 2004).

Within the scope of the first-time application of the IAS/IFRS, Wire Card took account of the regulations of IFRS 1. Wire Card declares formal and unrestricted compliance with the regulations of the IFRS in these (first) IFRS accounts for December 31, 2004 within this context and in accordance with IFRS 1, Paragraph 3.

The figures of the previous year (January 1, 2003 and December 31, 2003) initially prepared in accordance with the United States Generally Accepted Accounting Principles (US-GAAP), for the purposes of comparability with the year under review (January 1, 2004 and December 31, 2004) were reconciled with an IAS/IFRS opening balance sheet (January 1, 2003) in accordance with the provisions of IFRS 1. The IFRS opening balance sheet for January 1, 2003, in accordance with IFRS 1, Paragraph 6 was not depicted.

In the IFRS opening balance sheet dated January 1, 2003, the IFRS accounts dated December 31, 2003 and in the (first) IFRS accounts dated December 31, 2004, uniform accounting and valuation methods in accordance with IFRS 1, Paragraph 7 were applied.

Regarding the adjustments to the IAS/IFRS opening balance sheet dated January 1, 2003, the previous year, as well as at December 31, 2003 necessitated by conversion and the effects arising from this on the comparable values of the previous year, please refer to the separate netting and reconciliation of US-GAAP to IAS/IFRS concerning the IFRS consolidated opening balance sheet as at January 1, 2003 and the IFRS consolidated financial statements as at December 31, 2003.

Netting and reconciliation of US-GAAP with IAS/IFRS

a) IFRS consolidated opening balance sheet as at January 1, 2003

The inclusion and valuation of all assets and liabilities in accordance with IFRS, as well as the non-inclusion of items as assets and liabilities, the inclusion of which is not permitted in accordance with IFRS in the IFRS consolidated opening balance sheet dated January 1, 2003 corresponds to the original accounting in accordance with United States Generally Accepted Accounting Principles (US-GAAP).

The structure of the balance sheet was adjusted in compliance with the minimum classification rules of the IAS/IFRS and accordingly adjusted on the assets side (US-GAAP) from current assets, deferred taxes and investment assets in accordance with IAS 1, Paragraphs 68 and 68A to

- Long-lived (long-term) assets (intangible assets, property, plant and equipment, financial assets) and
- Short-term assets (receivables for goods and services supplied and other receivables, tax credits, other financial assets, as well as cash and cash equivalents).

The total of assets in accordance with US-GAAP corresponds to the total of assets in accordance with IAS/IFRS. The structure of the balance sheet was also adjusted in compliance with the minimum classification rules of the IAS/IFRS and adjusted on the liabilities side (US-GAAP) from short-term liabilities, special items for grants and equity in accordance with IAS 1, Paragraphs 68 and 68A to

- Equity (subscribed capital, contribution rendered for the execution of an approved increase in capital, capital reserve, balance sheet loss and currency translation reserve) and
- Liabilities (provisions and other liabilities).

The total of assets in accordance with US-GAAP corresponds to the total of assets in accordance with IAS/IFRS.

Netting and reconciliation of US-GAAP with IAS/IFRS

b) IFRS consolidated financial statements as at December 31, 2003

The inclusion and valuation of all assets and liabilities in accordance with IFRS, as well as the non-inclusion of items as assets and liabilities, the inclusion of which is not permitted in accordance with IFRS in the IFRS consolidated opening balance sheet dated January 31, 2003 (balance sheet of the previous year in accordance with IAS/IFRS) with the following exceptions corresponds to the original accounting as at December 31, 2003 in accordance with United States Generally Accepted Accounting Principles (US-GAAP):

In accordance with the version of Paragraph 67 of IAS 12 applicable in the previous year in conjunction with Paragraph 24 of IAS 12, the tax related deficit carry-forwards of Wire Card AG likely to be realized on the basis of the merger with InfoGenie Global in 2003 (TEUR 2,000) were already taken into account within the scope of initial consolidation during the calculation of the goodwill of InfoGenie Global GmbH as at December 31, 2003 (comp. version of Paragraph 67 of IAS 12 applicable in 2003 (2000 rev.) in conjunction with Paragraph 24 of IAS 12). Goodwill of InfoGenie Global GmbH was recognized as an asset on December 31,

2003 in accordance with IAS at TEUR 2,411 (US-GAAP TEUR 4,300 or TEUR 4,411 less impairment charges on goodwill in the amount of TEUR 111 in 2003).

In the IAS/IFRS consolidated financial statements of December 31, 2003, in contrast to the US-GAAP accounts, no impairment charges were required. The (asset-side) deferred taxes as at December 31, 2003 were recorded as not impacting on profit and loss within the scope of the initial consolidation in accordance with IAS/IFRS (US-GAAP accounts as at December 31, 2003: impacting on profit and loss and separate accounting for deferred taxes outside the initial consolidations).

The (asset-side) deferred taxes were recorded as the last item of the long-lived assets (deferred taxes within the scope of tax credits) in the IAS/IFRS consolidated financial statements. In the US-GAAP accounts, current and investment assets were reported separately.

Due to the reporting of deferred taxes (TEUR 2,000) in a manner that does not impact on profit and loss, in contrast to US-GAAP, and the discontinued impairment charges on goodwill (TEUR 111), a balance sheet loss of TEUR 1,817 is recorded as at December 31, 2003 in accordance with IAS/IFRS in contrast to a balance sheet profit in the amount of TEUR 72. Under IAS/IFRS, equity in the amount of TEUR 8,739 was therefore recorded as at December 31, 2003, compared with TEUR 10,628 under US-GAAP.

Due to the entry concerning the increase in capital carried out in 2003 pertaining to the cash contribution, the item „Contribution rendered for the execution of an approved increase in capital“ falls away in relation to the opening balance sheet of January 1, 2003 within the scope of the representation of previous year

figures concerning the IAS/IFRS consolidated balance sheet of December 31, 2004.

In addition, please refer to the notes above under a) IFRS consolidated opening balance sheet as at January 1, 2003 concerning the balance sheet minimum classification rules of the IAS/IFRS and the structure of the balance sheet on the assets and liabilities side, respectively. In accordance with IAS 1, Paragraph 88 or the minimum classification rules of the IAS/IFRS, the total expenditure format was selected as the structure for the profit and loss account.

In the US-GAAP accounts as at December 31, 2003, in contrast, the cost of sales format was used. Within the scope of the reconciliation, the values established in accordance with the US-GAAP cost of sales format for distribution costs (TEUR 231), general administration costs (TEUR 3,105) and for other operating expenses (TEUR 256) were allocated to the IAS/IFRS items of own work capitalized (revenue of TEUR 119), personnel costs (TEUR 1,319), depreciation and amortization (TEUR 287) and other operating expenses (TEUR 2,105) on the basis of the financial reporting individual account balances. The other items of the profit and loss account, namely sales revenues at TEUR 4,587, cost of materials at TEUR 1,297 (US-GAAP: cost of sales), other operating income at TEUR 405 (US-GAAP: other operating income), financial expenditure at TEUR 1 (US-GAAP: interest and similar expenses) and other financial income at TEUR 17 (US-GAAP: interest and similar expenses) have identical amounts between IAS/IFRS and US-GAAP for 2003.

Under IAS/IFRS amortization of goodwill and interest and similar expenses are not separated as they are under US-GAAP, but are reported combined under financial expenditure. The amortization of goodwill

in 2003 (TEUR 111), as well as interest and similar expenses in 2003 (TEUR 1) under US-GAAP, on balance, deviate from the 2003 financial expenditure under IAS/IFRS (TEUR 1) due to non-required impairment charges on goodwill under IAS/IFRS in terms of netting and reconciliation. Income tax expense at TEUR 8 (profits) deviates from the US-GAAP item taxes on income and profits by TEUR 2,000 due to capitalization without impacting on profit and loss within the scope of the initial consolidation of InfoGenie global GmbH described at the outset.

The operating result under IAS/IFRS of TEUR 103 or earnings before taxes under IAS/IFRS of TEUR 119 deviates from the US-GAAP earnings before financial results of - TEUR 8 or of the US-GAAP earnings before income tax of TEUR 8, in each instance by the impairment charges on goodwill not required under IAS/IFRS.

Earnings after taxes in 2003 under IAS/IFRS of TEUR 127 or the balance sheet loss under IAS/IFRS of TEUR 1,817 deviates from the US-GAAP group earnings in 2003 of TEUR 2,016 or the US-GAAP consolidated profit in 2003 of TEUR 72, in each instance by capitalization without impacting on profit and loss within the scope of the initial consolidation of InfoGenie Global GmbH (TEUR 2,000) less the impairment charges on goodwill not required under IAS/IFRS (TEUR 111).

Terms to maturity

The sum total of assets realized within the next twelve months amounts to TEUR 9,504 (cf. short-lived assets). Although IAS 12, Paragraph 10 prohibits the reporting of deferred tax claims under short-lived assets, Wire Card AG on the basis of the interim non-cash contribution of Wire Card Technologies recorded on March 14, 2005 assumes that, in addition to the short-lived

assets, deferred taxes in the amount of TEUR 1,550 can also be realized within the next twelve months. The sum total of liability items realized within the next twelve months amounts to TEUR 7,734 (comp. liabilities overall less long-lived liabilities plus TEUR 58 as a short-term component of long-term liabilities).

(3) Consolidation perimeter

InfoGenie Ltd., United Kingdom

On July 5, 2000, the Company acquired all equity interests in InfoGenie Ltd. by way of an increased contribution in kind for 403,683 shares already issued. The business activities of InfoGenie Ltd. are identical to those of Wire Card described in No. (1) of the notes. The purchase was accounted for using the acquisition method. Accordingly, the purchase price was allocated to the assets acquired, based on the evaluation of their fair values at the date of acquisition. The operating results of InfoGenie Ltd. were included in the Company's consolidated figures since the date of acquisition.

InfoGenie Global GmbH, Grasbrunn

(referred to hereafter as „InfoGenie Global“)

Upon entry in the Commercial Register on March 24, 2003, InfoGenie Global was integrated in InfoGenie in terms of a contribution in kind by ebs Holding AG. The initial consolidation of InfoGenie Global took place on March 24 2003. The purchase was accounted for using the acquisition method. The purchase price was allocated to the assets acquired based on the evaluation of their fair values at the date of acquisition. At Wire Card, the (initial) capital consolidation for InfoGenie Global as at March 25, 2003 produced TEUR 2,411 in goodwill. The operating results of InfoGenie Global were included in the Company's consolidated figures since the date of acquisition (March 24, 2003).

net sales GmbH, Grasbrunn

(referred to hereafter as „net sales“)

Following an entry made in the Commercial Register on November 25, 2003, 50% of the shares in net sales were transferred to InfoGenie as a contribution in kind. The remaining 50% of the shares in net sales had already been acquired in the 3rd quarter of 2003. The initial consolidation was made effective as of December 31, 2003. The purchase was accounted for using the acquisition method. The purchase price was allocated to the assets acquired based on the evaluation of their fair values at the date of acquisition. At Wire Card, the (initial) capital consolidation for net sales as at December 31, 2003 produced TEUR 167 in goodwill. The operating results of net sales were included in the Company's Group earnings figures as of January 1, 2004.

Click2Pay GmbH, Grasbrunn

(referred to hereafter as „C2P“)

Following an entry made in the Commercial Register on November 25, 2003, 100% of the shares in C2P were transferred to InfoGenie as a contribution in kind. The initial consolidation was made effective as of December 31, 2003. The purchase was accounted for using the acquisition method. The purchase price was allocated to the assets acquired based on the evaluation of their fair values at the date of acquisition. At Wire Card, the (initial) capital consolidation for C2P as at December 31, 2003 produced TEUR 2,068 in goodwill. The operating results of C2P were included in the Company's Group earnings figures as of January 1, 2004.

Perimeter of consolidated subsidiaries

Following these company-law related restructuring measures, the subsidiaries consolidated as at the reporting date are as follows:

	<u>Shareholding</u>
InfoGenie Ltd.	100%
InfoGenie Global GmbH	100%
Click2Pay GmbH	100%
net sales GmbH	100%

Uniform accounting and valuation methods apply to the perimeter of consolidated subsidiaries. The subsidiaries' shareholdings and quotas of voting rights are identical.

The following companies were already finally consolidated during the previous year:

- **InfoGenie France S.A.R.L.**, Paris, France
(under liquidation)
- **InfoGenie Italia S.r.l.**, Milan, Italy
(under liquidation)

Information that is not integral (material) does not need to be disclosed in line with reporting in accordance with IAS/IFRS policies. The IAS/IFRS requirements concerning the duty of inclusion for all domestic and foreign subsidiaries, insofar as the holding company controls these, i.e. in which it directly or indirectly holds more than 50% of the voting rights; comp. (IAS 27.12 and IAS 27.13) are observed.

In accordance with a resolution of the Supervisory Board, the companies net sales GmbH and InfoGenie Global GmbH will merge. What is decisive in this regard, on the one hand, is the overlapping of business segments and on the other, the resultant synergies within the area of the strong scaling of services, as well as invoicing know-how at a broad end-user level. In addition, as a result of the merger, increasing internal interdependence, as well as the exchange of intellectual property are to be taken into account.

Effects of the acquisition of subsidiaries on financial standing as at the end-of-year reporting date

In the year under review, it was possible almost fully to offset the losses of Wire Card AG by means of the profit transfer of the subsidiaries Click2Pay GmbH (TEUR 1,130) and net sales GmbH (TEUR 510) or in the consolidated annual financial statements through the contribution to earnings of the aforementioned companies.

(4) Fixed assets

Please refer to the attached fixed asset movement schedule (Page 70-71) for a breakdown of fixed assets. This annex does not contain deferred taxes. However, regarding trends or composition, reference is separately made to No (8) income tax expenditure.

(5) Goodwill

Goodwill amounting to TEUR 4,535 (previous year: TEUR 4,645) relates to the following subsidiaries:

	2004	2003
	TEUR	TEUR
InfoGenie Global GmbH	2,411	2,411
net sales GmbH	167	167
Click2Pay GmbH	2,068	2,068
less depreciation/amortization	111	0
	<u>4,535</u>	<u>4,646</u>

Please refer to the attached fixed asset movement schedule for further details on trends relating to goodwill.

(6) Provisions

Provisions are shown in the following breakdown:

	2004	2003
	TEUR	TEUR
Tax provisions	118	1,254
Social insurance institutions	87	87
Legal/consultancy/ transaction costs	80	3
Other provisions	61	113
Provisions for employee leave	20	17
Incoming invoices outstanding	5	0
Risks of litigation	3	50
Royalties	0	36
Anticipated losses	0	10
	<u>374</u>	<u>1,570</u>

The provisions in the amount of TEUR 374 (previous year: EUR 1,570) are all short-term. These essentially concern tax provisions (TEUR 118), provisions for uncertain liabilities to social insurance institutions (TEUR 87), auditing and transaction costs for the 2004 financial statements (TEUR 80), as well as provisions for employee leave (TEUR 20).

Tax provisions as at December 31, 2004 in the amount of TEUR 106 relate to Wire Card AG and the subsidiary net sales GmbH at TEUR 12.

Provisions for uncertain liabilities to social insurance institutions (TEUR 87) relate to a liability risk to the Bundesversicherungsanstalt für Angestellte (BfA), the German federal pensions office for salaried employees.

Within the scope of an audit as to whether an expert/team head is liable to compulsory insurance, the BfA came to the conclusion that this indeed was an employment relationship giving rise to mandatory social insurance.

(7) Shareholders' equity

With regard to the consolidated statement of equity movements for fiscal 2003 (adjustment/transfer from US-GAAP to IAS/IFRS) and for fiscal 2004, please refer to Page 42-43.

Subscribed capital

The value of the Company's common stock as at December 31, 2004 amounted to TEUR 10,534. The fully paid-up common stock at year-end was divided up into 10,533,947 shares with a par value of EUR 1.00 each.

As regards the development of the number of no-par value shares issued, please refer to the consolidated statement of equity movements (Annex IV). Based on the resolution of the annual general meeting of December 14, 2004 and upon entry in the Commercial Register of March 14, 2005, the common stock of the Company was increased by EUR 42,135,788.00 up to EUR 52,669,735.00 against contribution in kind of all shares in Wire Card Technologies AG.

The Board of Management is by virtue of the resolution of the annual general meeting of July 15, 2004 authorized to increase the common stock of the Company with the approval of the Supervisory Board in the period prior to July 2009, on one or several occasions, against contributions in cash or in kind, by up to TEUR 5,250 by issuing up to 5,250,000 new no-par value shares in bearer form (authorized capital 2004/I). The relevant entry of this authorized capital in the Commercial Register was made on September 13, 2004.

The Board of Management did not make use of the authorized capital as at December 31, 2004. The Board of Management is authorized in accordance with the

resolution of the annual general meeting of December 14, 2004 to increase the common stock by up to EUR 26,335 (authorized capital 2004/I) by December 14, 2009. The relevant entry of this authorized capital in the Commercial Register was made on March 14, 2005. The authorized capital of July 15, 2004 (authorized capital 2004/I) has therefore been suspended.

The common stock has been increased conditionally through the resolution of the annual general meeting of July 15, 2004 by up to TEUR 1,050 through the issuing on one or several occasions of up to 1,050,000 new no-par value participating shares as of the beginning of the financial year in progress in the year of issue (contingent capital 2004/I). The contingent capital increase serves the purpose of granting convertible bonds to members of the Board of Management, consultants, to employees of the Company, as well as employees of associated companies.

The Board of Management did not make use of the contingent capital as at December 31, 2004.

Capital reserve

As at December 31, 2003, the capital reserve amounted to EUR 1.00 (previous year: EUR 1.00).

Balance-sheet loss

As regards the balance sheet loss, please refer to the consolidated statement of equity movements (page 70-71) and the consolidated profit and loss statement.

Currency translation reserve

With reference to the currency translation reserve, reference is made to the statements in „Currency translation“ under (2), „Summary of essential accounting and valuation policies“ and to the consolidated statement of equity movements (page 70-71)

(8) Income tax expense and deferred taxes

	2004	2003
	TEUR	TEUR
Expected income tax expense on corporate income before such taxes	- 205	- 46
Amortization of non-deductible goodwill	- 43	0
Amortization of non-tax-deductible internally produced intangible assets	- 24	0
Tax adjustments	508	46
Adjustment of capitalized, deferred taxes in previous year	- 556	- 1,141
Adjustment of valuation allowance on capitalized, deferred taxes	0	1,141
Changes in valuation allowance on capitalized deferred taxes	296	0
Writebacks of deferred taxes	- 450	0
Adjustment of valuation allowance on capitalized deferred taxes on account of partial realization of loss carry-forwards	0	2,000
of which without impact on profit and loss within the scope of initial consolidation	0	- 2,000
Other (refund of corporate income taxes in previous year)	0	8
Taxes on income and profits	- 474	8

Deferred income tax assets are shown as follows:

	2004	2003
	TEUR	TEUR
Deferred tax assets (gross)	4,297	5,522
Adjustments for year under review affecting previous year	-556	-1,141
Adjusted, deferred previous year tax assets (gross)	3,741	4,381
2004 loss (taxable entity)	549	0
Tax adjustment loss	-739	-84
(cumulative) valuation allowances	- 2,001	- 2,297
Deferred tax assets (net)	1,550	2,000

Both as of December 31, 2003 and 2004, there were no temporary differences between the values reported in the tax balance sheet result and in the consolidated financial statements according to IFRS, with the exception of capitalized, internally developed software.

At December 31, 2004 the Group had tax loss carry-forwards amounting to TEUR 9,132 solely attributable to Wire Card AG.

According to current tax law, Wire Card's loss carry-forwards can be utilized without any time limits being imposed. However, German tax law provides for loss carry-forwards to lapse in certain circumstances.

The Company perceives risks within the tax related recognition of loss carry-forwards and therefore implemented valuation allowances for part of deferred taxes in respect of the current loss carry-forwards for which the realization of the tax benefit is less probable than its expiry. Taking account of whether or not these loss carry-forwards can be realized on a subsequent basis, the Company made a TEUR 2,001 adjustment to its capitalized deferred taxes as at 31 December 2004 amounting to TEUR 3,501, to TEUR 1,550. In 2004, TEUR 450 of the capitalized deferred taxes were dissolved under earnings and recorded as affecting the profit and loss under income tax expense.

With regard to deferred taxes, reference is also made to the notes on „Income tax“ under (2) „Summary of essential accounting and valuation policies (income tax expense)“.

(9) 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 instance comp. IAS 14, Paragraph 9) and notes concerning their products and services, locations, as well as main customers.

Wire Card AG segmented revenues by the regions of Germany, the United Kingdom and Spain in fiscal 2003. All revenues were generated in the regions of Germany and the United Kingdom in 2004.

As of January 1, 2004, the sales revenues and operating results of the subsidiaries net sales GmbH and Click2Pay GmbH, which were consolidated for the first time as of December 31, 2003, are included in the segment reporting for the first time. Both subsidiaries are assigned to the region of Germany in geographic terms. In operating division terms, Click2Pay GmbH is assigned to the „Internet payment service“ segment, and net sales GmbH to „miscellaneous“.

In 2004, InfoGenie Global GmbH is no longer subsumed under the „Internet payment systems“ segment but under the „Miscellaneous“ segment. The reason for this is that the restructuring of the group and the launch of the product Click2Pay have brought about a narrower definition of the „Internet payment systems“ segment.

Notes

to the Consolidated Financial Statements for the year ended December 31, 2004

Regional breakdown of Wire Card Group revenues:

	2004	2003
	TEUR	TEUR
Regional revenue breakdown		
Germany	6,197	2,484
United Kingdom	708	990
Spain	0	1,113
	6,905	4,587
Consolidations	-78	0
	6,827	4,587

	2004	2003
	TEUR	TEUR
Breakdown of sales revenues by operating divisions		
Telephone services	3,207	3,474
Internet payment systems	2,925	1,113
Other	773	0
	6,905	4,587
Consolidations	-78	0
	6,827	4,587

	2004	2003
	TEUR	TEUR
Operating result I by operating divisions (gross sales revenues less material expenses)		
Telephone services	1,473	2,184
Internet payment service	1,774	1,105
Other	590	0
	3,837	3,289
Consolidations	-78	0
	3,759	3,289

	2004	2003
	TEUR	TEUR
Operating result II by operating divisions (earnings before interest and taxes-EBIT)		
Telephone service	-1,246	-1,299
Internet payment service	1,255	1,017
Other	524	0
	533	-282
Consolidations	118	385
	651	103

	2004	2003
	TEUR	TEUR
Regional long-term assets		
Germany	5,230	7,219
United Kingdom	118	156
	5,348	7,375
Consolidations	1,761	199
	7,109	7,574

	2004	2003
	TEUR	TEUR
Investments geographically		
Germany		
Investments in intangible assets	111	38
Investments from consolidations	180	4,765
	291	4,803
Investments in tangible assets	7	19
Investments in financial assets	43	300
	341	5,122
United Kingdom		
Investments in tangible assets	2	0
	2	0
	343	5,122

Investments from consolidations in the area of intangible assets in 2004 concern internally produced software (TEUR 180) and in 2003 the goodwill of InfoGenie Global GmbH (TEUR 2,411), net sales GmbH (TEUR 167) and Click2Pay GmbH (TEUR 2,068), as well as the internally produced software (TEUR 119).

	2004	2003
	TEUR	TEUR
Regional segment liabilities		
Germany		
Provisions	329	1,564
Other liabilities		
Long-term liabilities	118	177
Short-term liabilities		
Payables for goods and services supplied	518	531
Interest bearing liabilities	435	135
Other financial payables	11,947	3,617
	13,347	6,024
United Kingdom		
Provisions	45	17
Other liabilities		
Short-term liabilities		
Payables for goods and services supplied	98	88
Interest bearing liabilities		2
Other financial payables	77	0
	220	107
	13,567	6,131
Consolidations	-5,751	-2,434
	7,816	3,697

The consolidations are to be allocated to other financial liabilities.

	2004	2003
	TEUR	TEUR
Breakdown of segment debt by operating divisions		
Telephone service		
Provisions	345	423
Other liabilities		
Long-term liabilities	118	177
Short-term liabilities		
Payables for goods and services supplied	575	565
Interest bearing liabilities	14	137
Other financial payables	3,437	675
	4,489	1,977
Internet payment systems		
Provisions	17	1,158
Other liabilities		
Short-term liabilities		
Payables for goods and services supplied	29	54
Interest bearing liabilities	421	0
Other financial payables	5,940	2,942
	6,407	4,154
Other		
Provisions	12	0
Short-term liabilities		
Payables for goods and services supplied	12	0
Other financial payables	2,647	0
	2,671	0
	13,567	6,131
Consolidations	-5,751	-2,434
	7,816	3,697

(10) Present value of financial instruments

Financial assets and liabilities with carrying values approximating fair value include cash and cash equivalents, trade receivables, and liabilities. The InfoGenie Group uses no other financial instruments.

(11) Transactions with associated companies and closely related persons

In fiscal 2004 various agreements for financing were in place among various companies of the group. These transactions were eliminated in the course of the consolidation of debt and earnings. Apart from this, please refer to the dependent company report

(12) Other liabilities

The Wire Card Group member companies entered into operating lease agreements for office space and operating lease agreements. The annual payments from these agreements over the next five years are as follows:

Annual payable				
2005	2006	2007	2008	2009
TEUR	TEUR	TEUR	TEUR	TEUR
354	242	242	207	211

(13) Operational environment and „going concern“ assumption

The current consolidated financial statements of Wire Card were prepared on the assumption that it will continue trading („going concern premise“); in accordance with this assumption, the recoverability of the value of assets tied to the Company and repayment of liabilities outstanding are assumed to occur within the ordinary course of business.

For fiscal 2004, the consolidated operating result came to TEUR 53 (previous year: TEUR 127). The measures initiated since the year 2001 to reduce costs in the Wire Card Group extend to include the partial transfer of administrative functions to the companies of the ebs Holding AG Group. Besides the existing profit and loss transfer agreements with the companies InfoGenie Global GmbH, Click2Pay GmbH and net sales GmbH, please also refer to the resolution of the extraordinary general meeting of December 14, 2004 and the entry in the Commercial Register of the investment in kind pertaining to Wire Card Technologies AG that has taken place in the interim for the purposes of going concern evaluation.

The consolidated financial statements were prepared on the „going concern“ assumption.

(14) Additional disclosure requirements

Board of Management

Members of the Board of Management in fiscal 2004:

- **Dr. Markus Braun**, commercial computer scientist, since October 1, 2004
- **Jochen Hochrein**, graduate industrial engineer until September 30, 2004
- **Stephan Grell**, businessman, from January 1, 2004 until April 28, 2004
- **Dr. Herbert Bäsch**, graduate in business management, from October 1, 2004 until November 10, 2004

In the period under review, EUR 234,000 was paid out to the members of the Management Board.

Supervisory Board

Members of the Supervisory Board in fiscal 2004:

- **Klaus Rehnig** (Chairman), businessman
 - other supervisory board mandates:
 - ebs Holding AG, Grasbrunn
 - Wire Card Technologies AG, Grasbrunn
 - RLPR AG, Idstein
 - Proteosys AG, Mainz, Germany
- **Alfons Henseler** (Deputy Chairman), business consultant
 - other supervisory board mandates:
 - Weider AG, Bad Homburg
 - Korff AG, Hamburg, Germany
- **Ralf Stark** (management coach)
 - no other supervisory board mandates

Notes to the Consolidated Financial Statements for the year ended December 31, 2004

According to § 14 of the articles of incorporation of Wire Card AG, Supervisory Board members are paid the following each year:

Name	Function	from	to	Remuneration
Klaus Rehnig	Chairman	01/01/2004	12/31/2004	30,000 EUR
Alfons Henseler	Deputy	01/01/2004	12/31/2004	22,500 EUR
Ralf Stark	Member	01/01/2004	12/31/2004	15,000 EUR
Total remuneration				67,500 EUR

Remuneration paid to the Supervisory Board in fiscal 2004 totaled TEUR 113 (previous year: TEUR 23) including the additional payment for 2003 (TEUR 45).

Personnel expenses

Personnel expenses in fiscal 2004 amounted to TEUR 1,050 (previous year: TEUR 1,319) in line with the following breakdown:

	TEUR
Payroll	923
Social security contributions	127
	1,050

Personnel expenses are contained under special operating costs under personnel expenses.

Employees

In fiscal 2004 the Group's workforce (excluding the Board of Management) averaged 19 employees (previous year: 27). At the end of the fiscal year, the Company had a workforce of 18 employees (including the Board of Management), engaged in the following functions:

	2004	2003
Board of Management	1	2
Distribution	7	7
Administration	7	14
Research and Development	3	3
Total	18	26

(15) Significant differences between IFRS and the German Commercial Code

General

The consolidated financial statements of Wire Card as at December 31, 2004 were prepared as exempting consolidated financial statements. The provisions of the German Commercial Code (HGB) and German Companies Act (AktG) differ from IFRS in certain material respects. The main differences that may be relevant to an evaluation of equity, the financial position and results of the InfoGenie Group are described below:

Classification structure of (Group) balance sheet and (Group) profit & loss statement

IAS/IFRS requires a different classification according to ease of liquidating asset-side balance sheet items (IAS 1 Paragraphs 68 and 68A: Long-term assets with intangible assets, property, plant and equipment and financial assets, as well as short-term assets. Asset-side deferred assets are as a matter of principle allocated to long-term assets (comp. IAS 12, Paragraph 10).

In accordance with IAS 1, Paragraphs 68 and 68A, the liability-side balance sheet items are itemized as equity (subscribed capital, capital reserve, balance sheet loss and currency translation reserve) and liabilities (provisions and other liabilities). Other liabilities are itemized into long-lived (long-term) liabilities, which correspond to the special items for grants and short-term liabilities (payables for goods and services supplied, interest-bearing liabilities and other financial assets). The other financial assets serve to summarize the items of other short-term liabilities without tax payable and payables in relation to associated companies. Interest-bearing liabilities in accordance with IFRS correspond to liabilities towards credit institutions.

In accordance with IAS 1, Paragraph 88 or the minimum classification rules of the IAS/IFRS, the total expenditure format was selected as the structure for the profit and loss account. The items of sales profits, own work capitalized, cost of materials, personnel expenses, amortization and depreciation, other operating income and other operational expenses correspond to the HGB (German Commercial Code) items of the same name, with the items of cost of materials, personnel expenses and amortization and depreciation being reported within the scope of the special operational expenses and the amortization of goodwill and interest, as well as other expenses being recorded under financial expenditure. Other financial income essentially concerns interest and similar income.

Internally developed software

In accordance with IAS/IFRS (comp. IAS 38, in particular Paragraphs 57 ff), the costs incurred in developing and perfecting the internally produced software systems are capitalized under certain conditions and written off over the estimated useful life.

Goodwill

Under IAS/IFRS (IFRS 3, Paragraphs 14 ff), the consolidation of capital or the valuation in connection with the acquisition method is carried out based on fair market values of the net operating assets at the time of the business combination. The difference between the fair values of net operating assets and consideration given represents the goodwill which is not amortized according to schedule but which is to be subjected to an annual impairment test (IFRS Paragraph 55). Income generated by the company acquired is only reported after the date of acquisition. In certain circumstances, a company permitted to apply the regulations of IFRS 3 to goodwill that existed prior to March 31, 2004 (cf. IFRS 3, Paragraph 85).

Deferred taxes on loss carry-forwards

In accordance with IAS/IFRS, future tax reduction entitlements are capitalized (IAS 12). Their value depends on the probability of the loss carry-forwards being utilized within the planning period, i.e. whether they can be netted against taxable profits at a later stage. Taking account of the uncertainty as to whether or not these loss carry-forwards can be realized on a subsequent basis, the Company made a TEUR 2,001 adjustment to its capitalized deferred taxes as at December 31, 2004 amounting to TEUR 3,501, to TEUR 1,550. On the basis of the investment in kind of Wire Card Technologies AG registered on March 14, 2005, it may be assumed that deferred taxes in the amount of TEUR 1,550 can be realized within the next twelve months.

(16) Declaration of compliance

The declaration of compliance required pursuant to § 161 of the German Companies Act (AktG) for the calendar year 2004 was signed in March 2005 and made available for download to the shareholders from the website of Wire Card AG in March 2005.

(17) Transactions with closely related enterprises and persons

The InfoGenie AG Group of companies

Wire Card has the following business relations with the companies listed below.

Controlling enterprises

ebs Holding AG, Grasbrunn

as at 31/12/04 holds approx. 55% (reduction in shares during 2004 of approx. 70% in the previous year by 15% of total shares) of the shares of Wire Card AG (previously: InfoGenie Europe AG)

in conjunction with

ebs Mobil GmbH, Grasbrunn

holds approx. 7.5% (reduction in shares during 2004 of approx. 10% in the previous year by 2.5% of total shares) of the shares of Wire Card AG (previously: InfoGenie Europe AG)

Associated companies

ebs Holding AG has direct or indirect holdings as contemplated by § 285 No. 11 of the German Commercial Code (HGB) in the following additional companies:

	Shareholding
▶ AWITO GmbH , Grasbrunn	100%
▶ cardSystems FZ LLC , Dubai	100%
▶ ebs Mobil GmbH , Grasbrunn	100%
▶ Nobitec GmbH , Grasbrunn	100%
▶ United Payment GmbH , Grasbrunn	100%
▶ United Data GmbH , Grasbrunn	100%
▶ Wire Card Technologies AG , Grasbrunn	100%

In 2004, Wire Card AG entered into the following legal transactions and measures with the controlling enterprise (ebs Holding AG) or one of its associated above mentioned companies or on the instructions or in the interests of the companies in question:

Legal transactions

Wire Card Technologies AG in 2004 passed on the following costs to Wire Card AG: costs for consulting EUR 232,166.65, rental costs EUR 29,946.70, advertising and travel expenses EUR 3,381.80, office expenses EUR 267.57. Wire Card Technologies AG in 2004 additionally disbursed costs in connection with personnel in the amount of EUR 958.00 and in February paid an amount of EUR 100.000 to settle its debts accumulated during 2003.

In 2004, ebs Holding AG paid costs that were passed on to Wire Card AG on a pro rata basis, such as: consulting (EUR 147,711), consultancy fees (EUR 84,000), advertising and travel expenses (EUR 27,511), stock exchange support costs (EUR 8,620) and other operational expenses (EUR 1,187). In addition, ebs Holding AG disbursed costs for software at EUR 3,433 that

were capitalized at Wire Card AG and costs for the auditing of contributions in kind of Wire Card Technologies AG at EUR 49,706.00. Value added tax liability in the amount of EUR 91,707 is netted against ebs Holding AG as the taxable entity. Interest in the amount of EUR 25,361 was passed on for a loan of ebs Holding AG to Wire Card AG for EUR 2,000,000 approved on October 8, 2004. After netting, payment flows in the amount of EUR 20,000 in favor of Wire Card AG took place between the two companies.

Wire Card AG in 2004 disbursed EUR 6,994 for the winding up of InfoGenie France S.A.R.L. concerning invoices related to legal and consulting costs.

In 2004, Wire Card AG invoiced AWITO GmbH for the costs of materials in the amount of EUR 770 and occupancy costs in the amount of EUR 5,698.

Wire Card AG in 2004 charged the company United Payment GmbH EUR 51,289 for occupancy costs.

The following passing on of costs and payment flows were effected between ebs Holding AG and Click2Pay GmbH in 2004: passing on of consultancy costs of EUR 44,087, advertising costs of EUR 21,078 and exhibition costs of EUR 4,662. Value added tax demands in the amount of EUR 23,098 were passed on to ebs Holding AG as the taxable entity.

ebs Holding AG in 2004 disbursed EUR 876 for direct insurance in relation to the personnel of Click2Pay GmbH. On a netted basis, there were payment flows to the extent of EUR 607,986 in favor of Click2Pay GmbH.

Wire Card Technologies AG as the acquirer of Click2Pay GmbH generated sales in the amount of EUR 805,399.59. Wire Card Technologies AG also passed on the following costs to Click2Pay GmbH: costs for consulting at EUR 172,917 occupancy costs at EUR 24,000, advertising and travel expenses and other operating expenses at EUR 3,896.59.

Advance payments in the amount of EUR 2,800 were disbursed by Wire Card Technologies AG to an external consultant, as well as EUR 10,000.00 in security payments. Netted payment flows in the amount of EUR 238,365 took place in favor of Wire Card Technologies AG.

The only movement between net sales GmbH and ebs Holding AG in 2004 was the netting of value added tax liability in the amount of EUR 123,742 carried out in relation to the taxable entity.

ebs Holding AG in 2004 passed on the following costs to InfoGenie Global GmbH: tax consultancy costs of EUR 13,256.00, as well as advertising and travel expenses of EUR 1,052.80. The value added tax credit was netted against the corporation tax liability of ebs Holding AG from 2002 in the amount of EUR 667,170.

Likewise, the value added tax credit from 2003 in the amount of EUR 388,503 was netted against portions of capital gains tax liability of ebs Holding AG. In 2004, ebs Holding AG reflected as revenues EUR 885,000 of the company Crosskirk, which was credited using the netting account of InfoGenie Global GmbH. ebs Holding AG absorbed costs in the amount of EUR 37,573 of the company Kring on behalf of InfoGenie Global GmbH.

Notes to the Consolidated Financial Statements for the year ended December 31, 2004

Wire Card Technologies AG in 2004 invoiced InfoGenie Global GmbH for fees in the amount of EUR 1,430. Payment flows in the amount of EUR 221,263 were charged to InfoGenie Global GmbH. Wire Card Technologies AG in addition paid taxes in the amount of EUR 442,662 on behalf of InfoGenie Global GmbH.

Interest income in the amount of EUR 15,750.00 was posted relating to the loan between United Payment GmbH and InfoGenie Global GmbH.

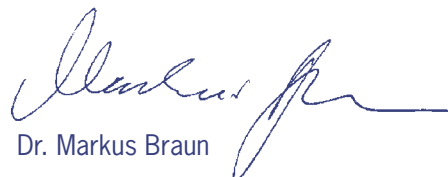
The subsidiaries of Wire Card AG with whom profit and loss transfer agreements existed in 2004 generated the following profits:

InfoGenie Global GmbH TEUR 30; net sales GmbH TEUR 510; Click2Pay GmbH TEUR 1,130.

Closing statement of Wire Card AG

Wire Card AG (formerly: InfoGenie Europe AG), in the circumstances known to the Board of Management at the relevant point in time at which the legal transactions were effected, in each case received prices in conformity with those prevailing on the market. The execution of the legal transactions or measures detailed in the report relating to dependencies had no detrimental impact on Wire Card AG. Wire Card AG did not suffer a detrimental impact on account of measures being omitted in the interests of associated companies either.

Berlin, March 31, 2004



Dr. Markus Braun
Board of Management



Quality is what you have when the customer returns, and not the product...

Development of Fixed Assets

At Cost

	01.01.2004 EUR	Adjustments from currency changes EUR	Additions EUR	Disposals EUR	re- booking EUR	31.12.2004 EUR	01.01.2004 EUR
FIXED ASSETS *							
1. INTANGIBLE ASSETS							
a) Goodwill	5,933,236.07	0.00	0.00	0.00	0.00	5,933,236.07	1,287,567.17
b) Self-provided intangible assets	119,408.10	0.00	180,000.00	0.00	0.00	299,408.10	0.00
c) other intangible assets	403,683.26	0.00	110,791.00	0.00	0.00	514,474.26	331,399.26
	6,456,327.43	0.00	290,791.00	0.00	0.00	6,747,118.43	1,618,966.43
2. TANGIBLE ASSETS							
Other Assets	1,043,924.95	- 24,469.85	9,494.68	1,722.07	0.00	1,027,227.71	607,695.59
3. LONG-TERM FINANCIAL ASSETS							
	300,000.00	0.00	42,850.00	0.00	0.00	342,850.00	0.00
	7,800,252.38	- 24,469.85	343,135.68	1,722.07	0.00	8,117,196.14	2,226,662.02

* without deferred taxes

for the period 1 January 2004 to 31 December 2004
 Wire Card AG (formerly InfoGenie Europe AG) Berlin

Adjustments from currency changes EUR	Accumulated Depreciation			Net book value			Depreciation of the year
	Additions EUR	Disposals EUR	re- booking EUR	31.12.2004 EUR	31.12.2004 EUR	31.12.2003 EUR	EUR
0.00	110,644.07	0.00	0.00	1,398,211.24	4,535,024.83	4,645,668.90	110,644.07
0.00	62,302.70	0.00	0.00	62,302.70	237,105.40	119,408.10	62,302.70
0.00	45,524.00	0.00	0.00	376,923.26	137,551.00	72,284.00	45,524.00
0.00	21,470.77	0.00	0.00	1,837,437.20	4,909,681.23	4,837,361.00	218,470.77
- 25,806.25	139,521.91	382.00	0.00	721,029.25	306,198.46	436,229.36	139,521.91
0.00	0.00	0.00	0.00	0.00	342,850.00	300,000.00	0.00
- 25,806.25	357,992.68	382.00	0.00	2,558,466.45	5,558,729.69	5,573,590.36	357,992.68

Independent Auditors' Report

We have issued the following opinion on the consolidated financial statements and the group management report:

"We have audited the consolidated financial statements, comprising the balance sheet, the income statement and the statements of changes in equity and cash flows as well as the notes to the financial statements prepared by Wire Card AG, Berlin, (formerly: InfoGenie Europe AG, Berlin) for the business year from 1 January to 31 December 2004. The preparation and the content of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) 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 Institute der Wirtschaftsprüfer (IDW) and in supplementary compliance with International Standards on Auditing (ISA). 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 are 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 of operations and cash flows 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 1 January to 31 December 2004, 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 1 January to 31 December 2004 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."

Munich, 25. April 2005

Control5H GmbH, Wirtschaftsprüfungsgesellschaft



Roland Weigl

Wirtschaftsprüfer



Ulrich Burkhardt

Wirtschaftsprüfer

Investor Relations Calendar

Please visit our website www.wirecard.com - here you find all the News and Events at the Investor Relations Section.

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