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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000
Commission File Number 000-22167

EURONET SERVICES INC.

(Exact name of the Registrant as specified in its charter)

DELAWARE
(State of other jurisdiction of incorporation or organization)

74-2806888
(I.R.S. employer identification no.)

4601 COLLEGE BOULEVARD
SUITE 300
LEAWOOD, KANSAS 66211
(913) 327-4200
(Address and telephone number of the Registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, $0.02 par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

At March 1, 2001, the Registrant had 17,814,910 shares of common stock (the "Common Stock") outstanding, and the aggregate market value of the Common Stock held by non-affiliates of the Registrant was approximately $120 million. The aggregate market value was determined based on the closing price of the Common Stock on March 1, 2001.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for its Annual Meeting of Shareholders in 2000, which will be filed no later than 120 days after December 31, 2000, are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS

The information set forth in response to Item 101 of Regulation S-K under Part II Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in Part II Item 8, Financial Statements and Supplementary Data, at Note 17 - Business segment information, of this Form 10-K is incorporated by reference in partial response to this Item 1.

Overview

Euronet Services Inc. ("Euronet Worldwide" or the "Company") is a leading provider of secure electronic financial transaction solutions. The Company provides financial payment middleware, financial network gateways, outsourcing, and consulting services to financial institutions, retailers and mobile operators. The Company operates an independent automated teller machine ("ATM") network of over 2,600 ATMs in Europe and the United States, and through its software subsidiary, Euronet USA Inc. ("Euronet USA"), offers a suite of integrated software solutions for electronic payment and transaction delivery systems. Euronet Worldwide thus offers comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM management solutions and software solutions. Its principal customers are banks and other companies such as retail outlets that require transaction processing services. With eleven offices in Europe and three in the United States, the Company offers its solutions in more than 60 countries around the world.

The first company in the Euronet Worldwide group was established in 1994 as a Hungarian limited liability company. That company commenced operations in June 1995. The Euronet Worldwide group was reorganized on March 6, 1997 in connection with the Company's initial public offering, and at that time the operating entities of the Euronet Worldwide group became wholly owned subsidiaries of the Company, a Delaware corporation.

Until December 1998, the Company devoted substantially all of its resources to establishing and expanding its ATM network and outsourced ATM management services business. The Company has undertaken a rollout of its ATM network in eight European countries and the United States. The Company had 53, 166, 693, 1,271, 2,283 and 2,634 ATMs in operation at December 31, 1995, 1996, 1997, 1998, 1999 and 2000, respectively. Of the 2,634 ATMs in operation on December 31, 2000, 72% are owned by Euronet Worldwide as part of its proprietary network, and 28% are customer-owned and operated by Euronet Worldwide under outsourcing agreements. The Company owns or operates ATMs in Hungary, Poland, Germany, Croatia, the Czech Republic, France, the United Kingdom, Greece and the United States.

On December 2, 1998, the Company acquired Euronet USA (formerly Arkansas Systems, Inc.), a U.S. company which produces electronic payments systems software for retail banks and is the leading electronic payment software system for the IBM A/S 400 platform. As a result of this acquisition, the Company was able to offer a broader and more complete line of services and solutions to the retail banking market, including software solutions related not only to ATMs, but also to point-of-sale ("POS"), credit and debit card operations and internet and PC banking. The Company has invested in software research, development and delivery capabilities and has integrated its ATM business and its software business. These two complementary businesses present strong cross selling opportunities within the Company's combined customer base and new opportunities to leverage the core infrastructure and software to provide innovative value-added e-commerce products and services. The name of Arkansas Systems Inc. was changed to Euronet USA Inc. effective as of January 24, 2001.

The Company adopted the trade name "Euronet Worldwide" on October 31, 2000 and will propose to formally change its name from "Euronet Services Inc." to "Euronet Worldwide" at its annual meeting of the shareholders' in the year 2001.

Strategy

The Company believes that the expansion and enhancement of its ATM network will remain a core business strategy of the Company. The introduction of value-added products and services for delivery over its ATM network has resulted in increased transactions and supplemental revenues. The development of Euronet Worldwide's outsourced management solutions has also been, and will continue to be, a primary focus for the Company. The Company believes that expansion of the number of bank-owned ATMs under management agreements and Company-owned ATMs operated for banks which have agreed contractually to pay guaranteed fees will provide continued growth while minimizing the capital it places at risk. The Company has also expanded outsourced management solutions beyond ATMs to include card management, and additional services such as POS terminal management, prepaid mobile operator solutions and mobile banking. These services are supported using Euronet Worldwide's proprietary software products.

The Company's software solutions division has contributed to the Company's revenue growth in 2000. The Company has made significant progress in reducing software delivery times and adding resources to enhance and expand its software products. Software products are now an integral part of the Company's product lines and its investment in research, development, delivery and customer support reflect its ongoing commitment to an expanded customer base. The Company developed a number of new products and services for its bank customers, including in particular a set of wireless banking products which permit various financial transactions to be made from handheld devices, such as mobile telephones. The Company has also expanded its software solutions and processing capabilities to include a suite of prepaid mobile airtime solutions for mobile service providers. The Company has entered global co-operative marketing and sales agreements with industry leaders to provide enhanced distribution channels for its products and services.

The Company has developed its business around two integrated service segments: network services and outsourced management solutions (the "Network Services Segment") and software solutions (the "Software Solutions Segment"). Both support the "front-end" business of retail banks, which includes a bank's management of payment cards, ATMs, POS devices, internet banking, telephone banking and mobile phone banking. The Company's strategy is to use its two business segments to support electronic financial transactions and e-commerce across multiple customer touch-points. This allows the Company to provide bank customers the choice of completely outsourcing their "front-end" business to the Company, using the Company's software to manage their transaction networks in-house, or utilizing a tailor-made mixture of outsourcing and in-house capabilities.

Network Services Segment

Network Operation Overview

At December 31, 2000 and 1999 the Company operated 2,634 and 2,283 ATMs, respectively. The major source of revenue generated by the Company's ATM network is transaction revenue. The transactions processed by the ATM network increased by 60% from 32.9 million transactions in 1999 to 52.7 million transactions in 2000. Revenue sources also include advertising revenue, prepaid mobile phone voucher revenue and outsourced management revenue, which is revenue from operating ATMs that are not owned by the Company. The number of ATMs operated under outsourced management agreements increased from 705 at December 31, 1999 to 734 at December 31, 2000.

ATM network growth in 2000 is attributable to transaction growth and additional outsourcing contracts in its established markets, in particular Poland, Hungary, the Czech Republic, Croatia and the United States as well as the roll out of additional ATMs in France and the United Kingdom.

Transaction Processing

Through agreements and relationships established with local banks, international credit and debit card issuers ("Card Issuers") and associations of Card Issuers such as American Express, Diners Club International, VISA, MasterCard and EUROPAY ("International Card Organizations"), the Company's ATMs are able to process transactions for holders of credit and debit cards issued by or bearing the logos of such banks and International Card Organizations.

In a typical ATM transaction processed by the Company, the transaction is routed from the ATM to the Company's processing center, and then to the Card Issuer for authorization. Once authorization is received, the authorization message is routed back to the ATM and the transaction is completed. Authorization of ATM transactions processed on the Company's ATMs is the responsibility of the Card Issuer.

The Company receives payment of a transaction processing fee from the Card Issuer, even for certain transactions that are not completed because they fail to receive authorization. The fees charged by the Company to the Card Issuers are independent of any fees charged by the Card Issuers to cardholders in connection with the ATM transactions. In many cases, the fee charged by a Card Issuer to a cardholder for a transaction processed at Euronet Worldwide's ATMs is less than the fee charged by Euronet to the Card Issuer. The

Company itself does not charge cardholders a fee for using its ATMs, except in the UK, where there is surcharge fee of approximately one pound on each cash withdrawal transaction.

The Company monitors the number of transactions made by cardholders on its network. These include cash withdrawals, balance inquiries, deposits and certain denied (unauthorized) transactions. Certain transactions on the Euronet Worldwide network are not billable to banks, and these have been excluded for reporting purposes. The number of transactions processed over Euronet Worldwide's entire ATM network increased from 1.1 million in 1996 to 5.8 million in 1997, 15.5 million in 1998, 32.9 million in 1999 and 52.7 million in 2000. The number of transactions processed monthly grew from approximately 3.3 million in January 2000 to approximately 5.3 million in December 2000.

The transaction volumes processed on any given ATM are affected by a number of factors, including location of the ATM and the amount of time the ATM has been installed at that location. The Company's experience is that the number of transactions on a newly installed ATM is initially very low and increases for varying periods of from three to twelve months after installation, depending upon the market, as consumers become familiar with the location of the machine. As the ATM network has matured, the number of transactions per ATM has increased. The Company has an ongoing policy of re-deploying under performing ATMs to superior locations. The Company anticipates that future transaction growth will depend upon the addition of further outsourcing contracts, increased card issuance in certain markets and continued re-deployment of ATMs to superior locations.

The Company believes that the location of ATMs is one of the most important factors in determining the success of an ATM network. As part of its strategy to establish ATM sites that provide high visibility and cardholder utilization, the Company identifies major pedestrian traffic locations where people need quick and convenient access to cash. Key target locations for the Company's ATMs include (i) major shopping malls, (ii) busy intersections, (iii) local smaller shopping areas offering grocery stores, supermarkets and services where people routinely shop, (iv) mass transportation hubs such as city bus and subway stops, rail and bus stations, airports and gas stations, and (v) tourist and entertainment centers such as historical sections of cities, cinemas, and recreational facilities.

Recognizing that convenience and reliability are principal factors in attracting and retaining ATM customers, the Company has invested in the establishment of advanced ATM machines and monitoring systems, as well as redundancies to protect against network interruption. The performance and cash positions of the Company's ATMs are monitored centrally around the clock, and local operations and maintenance contractors are dispatched to service the machines. The Company's ATMs in all markets except Germany and the UK are linked by satellite or land based telecommunications lines to the Company's processing centers. Plans, however, are currently underway to connect the UK ATM's to the Company's Budapest processing center.

The Euronet Worldwide network constitutes a distribution network through which financial and other products or services may be sold at a low incremental cost. The Company has developed added value services in addition to basic cash withdrawal and balance inquiry transactions. These new services include GSM telephone voucher transactions, bill payment and "mini-statements" transactions. The Company has an ongoing commitment to develop innovative new products and services to offer its network services customers and will implement additional services as markets develop.

Delivery of Other Products and Services

In November 1999, the Company began to sell pre-paid mobile telephone vouchers on its networks in Hungary and Poland. In May and October 2000, this service was added to the Company's Czech Republic and Croatian ATM networks, respectively. This service is one of many new products and services that the Company believes can be delivered to consumers through ATMs.

Since May 1996, the Company has been selling advertising on its network. Advertising clients can put their advertisements on the video screens of Euronet Worldwide's ATMs, on the receipts issued by the ATMs and on coupons dispensed with cash from the ATMs. Furthermore, the Company's ATMs are modular and can be upgraded with new technologies such as the capacity to read and re-charge computer chip "smart cards."

The Company believes that the level of services it provides and the locations of its ATMs make it an attractive service provider to banks and International Card Organizations. By connecting to the Company's network, local banks can offer their customers the convenience of ATM services in numerous off-site locations without incurring additional branch operating costs. In addition, the Company believes that the services it provides permit it to capitalize on the increase in bank account usage and credit and debit card issuance in Central Europe as demand for banking services continue to grow in the region.

Card Acceptance Agreements

The Company's agreements with banks and International Card Organizations ("Card Acceptance Agreements") generally provide that all credit and debit cards issued by the customer bank or organization may be used at all ATM machines operated by the Company in a given market. The Card Acceptance Agreements allow Euronet Worldwide to receive transaction authorization directly from the card issuing bank or International Card Organization. Card Acceptance Agreements generally provide for a term of two to seven years and are automatically renewed unless either party gives notice of non renewal prior to the termination date. In some cases, the agreements are terminable by either party upon six months' notice. The Company generally is able to connect a bank to its network within 30 to 90 days of signing a Card Acceptance Agreement. The cash needed to complete transactions is generally provided by the Bank customer. The Company maintains insurance in respect of cash while it is in its ATMs.

The ATM transaction fees charged by Euronet Worldwide under its Card Acceptance Agreements vary depending on the type of transaction (which are currently cash withdrawals, balance inquiries, GSM telephone vouchers, deposits and transactions not completed because authorization is not given by the relevant Card Issuer) and the quantity of transactions attributable to a particular Card Issuer.

The Card Acceptance Agreements generally provide for payment in local currency but transaction fees are denominated in U.S. dollars or inflation adjusted. Transaction fees are billed on terms no longer than one month. The Company's agreement with DiBa in Germany (see "Government Regulation") to manage and install ATMs provides for fees similar to those paid with respect to Card Acceptance Agreements.

Outsourced Management Solutions

The Company offers complete outsourced management services to banks and other organizations based on the Company's processing center's full suite of secure electronic financial transaction processing software. The outsourced management services provided by the Company include management of an existing bank network of ATMs, development of new ATM networks on a complete turn-key basis, management of POS networks, management of credit and debit card bases and other financial processing services. These services include 24-hour monitoring from the Company's processing centers of each individual ATM's status and cash condition, coordinating the cash delivery and management of cash levels in the ATM and automatic dispatch for necessary service calls. They also include real-time transaction authorization, advanced monitoring, network gateway access, network switching, 24-hour customer services, maintenance services, settlement and reporting. The Company already provides many of these services to existing customers and has invested in the necessary infrastructure. As a result, agreements for such outsourced management services ("Outsourced Management Agreements") provide additional revenue with lower incremental cost.

The Company's Outsourced Management Agreements, other than in Germany, provide for fixed monthly management fees in addition to fees payable for each transaction. Therefore, the transaction fees under these agreements are generally lower than under Card Acceptance Agreements. The fees payable to the Company under its Outsourced Management Agreement in Germany are purely transaction based and include no fixed component.

In addition to transactions over its network, the Company is developing services that are complementary to, or promote, ATM transactions. The Company offers a new card issuance product, referred to as the "Diamond Link." This product combines IBM hardware and Euronet Worldwide's software, and is intended to permit banks to rapidly implement card issuance programs. In exchange for a fee, Euronet Worldwide acts as a consultant in connection with the installation of the hardware and software necessary to implement an ATM processing network and assists banks in issuing credit and debit cards to their account holders. The Diamond Link system interfaces automatically with Euronet Worldwide's network software and facilitates acceptance on the Euronet Worldwide network of transactions by the cards issued using the Diamond Link service. The market for this product appears to be strongest among banks wishing to issue a small number of cards or to initiate their first card programs. The Company's primary motivation in the development of this program is to promote the issuance of cards by banks, which ultimately may be used on Euronet Worldwide's network.

Major Outsourced Management Agreements signed in 2000 include: complete outsourcing of a credit card management system and processing of point-of-sale ("POS") transactions for Credigen Bank, a new consumer credit institution in Hungary; ATM management for Citibank in the Czech Republic; an amendment and extension of the Company's ATM management agreement with Budapest Bank in Hungary; ATM management for ABN AMRO Bank in Hungary; a complete turn-key solution for the installation and operation of ATMs for Citibank in Greece; and outsourcing of credit card management for ABN AMRO corporate clients in the Czech Republic.

Cost of Network Operation

The components of direct operating costs of the Network Services Segment for the years ended December 31, 2000 and 1999 were:

	2000	1999
	(in thousands)	
ATM communication	$ 4,183	$ 3,982
ATM cash filling and interest on network cash	7,426	5,900
ATM maintenance	3,987	2,967
ATM site rental	2,258	2,421
ATM installation	675	783
Transaction processing and ATM monitoring	5,242	4,205
Other	600	1,663
TOTAL	$24,371	$21,921

Since January 1999, inter-company allocations have been made to charge the network operations with transaction switching and bank connection fees associated with the operations' central processing center in Budapest, Hungary. These allocations totaled $3.5 million and $2.9 million for the years ended December 31, 2000 and 1999, respectively, and are included with the transaction processing and ATM monitoring costs. Previously these costs were not allocated as a direct operating cost but were included as a component of selling, general and administrative costs. These allocations are necessary because, although all ATM subsidiary operations require the services of a processing center to route transactions, some subsidiary operations such as Hungary, Poland, the Czech Republic, Croatia and France do not pay a third party for these services while other subsidiary operations such as Germany and the United Kingdom do pay a third party for these services. Thus, by allocating internal costs for transaction processing, the Company's management is able to produce comparable financial information across all network subsidiary operations.

The cost of operating ATMs varies from country to country. On a per ATM or transaction basis, statistics are dependent on the proportions of fixed and variable cost, and therefore the stage of development of a new country market, the number of ATMs in that market and the number of transactions. As the network has reached a more mature stage, the operating costs begin to resemble fixed costs, with increases in revenue generating incrementally less operating costs.

Direct operating costs as a percentage of ATM network revenue decreased from 83% in 1999 to 66% in 2000. The Company intends to continue to improve the ratio of direct operating costs to revenue as the network continues to mature and growth continues in higher margin outsourcing management solutions.

Software Solutions

Background

On December 2, 1998, the Company completed the acquisition of Euronet USA, the key upstream software provider to Euronet Worldwide's ATM transaction processing center in Central Europe. Previously, Euronet USA was a privately held corporation, with three principal stockholders and 30 past and present employee stockholders.

John G. Chamberlin, in Little Rock, Arkansas, USA, founded Euronet USA in 1975. Euronet USA began as a local custom IT project company. In 1980 and 1981 it connected an ATM to an IBM S/36 processor and developed expertise in such connections. As banks began to connect to various networks in the U.S., Euronet

USA developed software and implemented solutions for such connections and implemented a card management system. Through the 1980's and 1990's, Euronet USA continued to expand its electronic financial transaction ("EFT") solutions for financial services customers, with telephone banking, item processing, remittance, branch teller and related solutions, for the IBM mid-range platform.

In 1988, IBM introduced the AS/400 processor, which has become the most popular multi-user processor. Many multinational banks currently use the AS/400 hardware and Euronet USA software systems. Euronet USA now supplies ATM, card management, POS, and/or internet banking systems to ABN-AMRO, CIBC, Bank of Nova Scotia, ING, Bank of America and other multinational institutions. By 1998, Euronet USA had grown to over 130 employees and 150 active customers, in 60 countries, with no one customer or customer grouping accounting for more than 10% of revenue.

Other suppliers have serviced the software requirements of large mainframe systems and UNIX based platforms. Recently, Euronet USA has begun to expand into the supply of software services for large mainframe operations. Competition for Euronet USA software exists internationally in the form of larger multinational companies, who service the requirements of a range of platforms, and regionally, in smaller or similar-sized companies, who specialize in the IBM AS/400 platforms. The Company believes, however, that it is now the primary supplier of ATM network software for the IBM AS/400 platform.

Products and Services

Euronet USA offers an integrated suite of card and retail transaction delivery applications. The core systems provide for transaction identification, transaction routing, security, transaction detail logging, network connections, authorization interfaces, settlement and management of the system. Front-end systems support ATM management, POS management, telephone banking, internet banking, kiosks, and workstation authorization. These systems provide a comprehensive solution for ATM, debit or credit card management and bill payment facilities. Euronet USA also offers Goldnet, a shared EFT network solution that allows the formation of an independent gateway network. Euronet uses Goldnet for its EFT requirements in six countries in Europe.

The Company has the capacity not only to service a full range of the individual demands of its customers, but also to supply software and management systems for credit card operations, internet and intranet banking, including bill payment through its ATM network and POS terminal management and reporting and to supply a full range of consultancy services where required by software customers. This ability to cross sell network services and software solutions has positioned the Company uniquely among its competitors. Furthermore the vertical integration of software and outsourced management services enhances the Company's ability to meet its customers varied requirements.

Significant resources have been invested in increasing the delivery pipeline for the Company's solutions and expanding customer service. The Company's European headquarters in Budapest has been expanded to provide comprehensive delivery and support for its European customer base. Further investments have been made in research and development of a number of new e-commerce and m-commerce products that should enhance the segment's performance in the future.

The timing of the full introduction, or material expansion, of these products and services will in part depend on the demands of the customers in the financial, retail and service sectors. Although the commercial success of these products and services will be dependent on the Company's customer banks' desire to invest in new electronic financial transaction systems, the Company anticipates continuing demand for software products, particularly in Central Europe and other emerging markets.

In the third quarter of 2000 the Company wrote down the carrying value of goodwill and other identifiable intangible assets of Euronet USA by $11.2 million. The Company considers the rapidly changing business environment surrounding electronic transaction payment systems software to be a primary indicator of any potential impairment of goodwill and other identifiable intangible assets related to the Company's Software Solutions Segment. The Company is in the process of repositioning the its software solutions division in the market through development and release of a new set of products that are independent of Euronet USA's traditional core product lines, including a new, platform independent Java based transaction processing software package with wireless banking and messaging modules and a set of mobile phone prepaid recharge solutions. It has become apparent, based on market reaction to these new products, that these new products and solutions rather than Euronet USA's traditional ITM solution will be the primary source of software solutions revenues in the future.

Software Solutions Segment Revenue

Software Solutions Segment revenue is derived from three main sources: software license fees, professional service fees and software maintenance fees. Software license fees are the initial fees charged by the Company for the licensing of its proprietary application software to customers. Professional service fees are charged for customization, installation and consulting services provided to customers. Software maintenance fees are the ongoing fees charged to customers for the maintenance of the software products.

The Software Solutions Segment revenue for the year ended December 31, 2000 was approximately $15.8 million, of which software license fees accounted for 26%, professional service fees accounted for 43% and software maintenance fees accounted for 27%. The remaining 4% of revenue was miscellaneous revenue including fees for brokering hardware sales.

Revenue is recognized on a percentage of completion basis whereby a pro-rata portion of revenue and related costs are recognized as the work progresses. Revenues from software license agreements contracts representing newly released products deemed to have a higher than normal risk of failure during installation are recognized on a completed contract basis whereby revenues and related costs are deferred until the contract is complete.

Software Sales Backlog

The Company defines "software sales backlog" as fees specified in contracts which have been executed by the Company and its customers and for which the Company expects recognition of the related revenue within one year. At December 31, 1999 the revenue backlog was $3.1 million and at December 31, 2000 the revenue backlog was $3.5 million. The increase in backlog results principally from growth in software sales. It is management's intention to focus on delivery and implementation of software while continuing sales growth. There can be no assurance that the contracts included in backlog will actually generate the specified revenues or that the actual revenues will be generated within the one-year period.

Research and Development

The Company has made an ongoing commitment to the development, maintenance and enhancement of its products and services. The Company regularly engages in research and development activities aimed at the development and delivery of new products, services and processes to its customers, including bill payment and presentment, telephone banking products, applications for wireless application protocol ("WAP") enabled customer touch points, other wireless banking products, GSM prepaid mobile phone recharge products, ATM browser based products and internet banking solutions. The Company is also making significant improvements to its core software products.

The Company's research and development costs incurred for computer products to be sold, leased or otherwise marketed totaled $6.7 million for 2000. Of this figure, $1,023,000 was capitalized under the Company's accounting policy requiring the capitalization of development costs on a product by product basis once technological feasibility is established. Technological feasibility of computer software products is established when the Company has completed all planning, designing, coding, and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements.

Technology and Processing Facilities

ATM Hardware

The Company uses IBM/Diebold and NCR ATMs. It currently has long term contracts with these manufacturers to purchase ATMs at contractually defined prices which include tiered quantity discounts. However, there are no contractually defined commitments with respect to quantities to be purchased as of December 31, 2000. Because Euronet Worldwide operates the largest Pan-European ATM network, it has substantial negotiating leverage with ATM manufacturers and believes it has received favorable prices as compared to lower volume purchasers. The wide range of advanced technology available from IBM/Diebold and NCR provides Euronet Worldwide customers with state-of-the-art electronics features and reliability through sophisticated diagnostics and self-testing routines. The Company's ATMs are modular and upgradable so that they can be adapted to provide additional services in response to changing technology and consumer demand. In many respects, Euronet Worldwide's ATMs are more technologically advanced and adaptable than many older ATMs in use in developed ATM markets. This allows the Company to modify its ATMs to provide new services without replacing its existing network infrastructure.

Telecommunications

Strong back office central processing support is a critical factor in the successful operation of an ATM network. Each ATM is connected to a Euronet Worldwide's processing center through satellite or land-based telecommunications depending upon physical location, reliability of the communications supplier and cost. Because the Company strives to ensure very high levels of reliability for its network, it relies primarily on satellite telecommunications to its processing center in Budapest for most of its ATM connections in Central Europe. The Budapest processing center is, in most cases, linked by VSAT telecommunications to the card issuers. The VSAT telecommunications providers generally guarantee uninterrupted service for 99% of the time. ATMs in France are linked to the processing center in Budapest by land telephone lines.

The Company continually strives to improve the terms of its agreements with its telecommunications providers and has entered into multi-country agreements with lower rates for service. In this regard, new agreements are negotiated periodically with the Company's VSAT suppliers, establishing a lower communication cost per ATM that takes into account the Company's growth in volume.

The Company's agreements with its satellite telecommunications providers contain certain assurances with respect to the repair of satellite malfunction to ensure continuous reliable communications for the network. As the reliability of land based telecommunications improves in the emerging economies in which the Company does business, the Company may rely more heavily on them because they are generally less expensive than satellite telecommunications.

Processing Centers

The Company's primary processing center is in Euronet Worldwide's offices in Budapest, Hungary. It is staffed 24 hours a day, seven days a week and consists of two production IBM AS/400 computers which run the Euronet USA Gold Net ATM software package, as well as a real time back up AS/400. The back up machine provides high availability during a failure of either production AS/400. The Budapest processing center also includes two AS/400's used for product and connection testing and development. The Euronet USA software is a state- of-the-art software package that conforms to all relevant industry standards and has been installed in at least 60 countries worldwide. The Budapest processing center's computers operate Euronet Worldwide's ATMs and interface with the local bank and international transaction authorization centers.

To protect against power fluctuations or short-term interruptions, the Budapest processing center has full uninterruptable power supply systems with battery back-up to service the network in case of a power failure. The Budapest processing center's data back-up systems would prevent the loss of transaction records due to power failure and permit the orderly shutdown of the switch in an emergency. The center also has a gasoline powered generator available to supply electrical power to the processing center in the event of a prolonged power outage. The Company has contracted for backup of its VSAT hub in Hungary with a fully functional site in Germany. The transfer to this communications site can be made in less than three hours.

The Company has a second processing center in Little Rock, Arkansas. This center processed transactions for approximately 456 ATMs in the U.S. as of December 31, 2000. This center also has full uninterruptable power supply systems and a gasoline powered generator.

Competition

Network Services Segment

Euronet Worldwide's principal network services competitors in markets outside the United States include ATM networks owned by banks and regional networks consisting of consortiums of local banks. In the U.S., principal competitors include individual banks operating proprietary ATM networks, shared bank networks such as the Plus and Cirrus networks, independent, non-bank owned ATM networks of varying sizes (ranging from a few ATMs to many thousands of ATMs) and individual retail outlets operating ATMs. Large, well financed companies may also establish ATM networks in competition with Euronet in various markets. Competitive factors in Euronet's network services business include network availability and response time, price to both the bank and to its customers, ATM location and access to other networks.

There are many companies that offer electronic recharge services for mobile phone airtime in the markets where Euronet does business, particularly through use of POS terminals. There include Sonera Smart Trust, ITG, Hypercom, PreNet, e-Vita and Sicap. The Company believes, however, that it has a competitive advantage in that it offers recharge solutions on all customer touch points, including ATMs, POS Terminals, mobile phones and the internet, and the Company processes the financial transactions associated with the recharge.

Software Solutions

Competitors of the Software Solutions Segment compete primarily in the following four areas: (i) ATM, network and point-of-sale software systems, (ii) internet banking software systems, (iii) credit card software systems and (iv) wireless banking software systems. The principal competitor with respect to ATM, network and point-of-sale software systems is Applied Communications Inc. ("ACI") based in Omaha, Nebraska which enjoys a large market share due to its early entry into the financial systems software market and a clientele base of larger banks and financial institutions. Oasis Software International, based in Toronto, Canada, also competes in the area of ATM, network and point-of-sale software systems. Internet banking software systems competitors include Edify Corporation, a division of S1 Corporation based in Santa Clara, California and Q UP Systems Inc. based in Austin, Texas. Both Edify Corporation and Q UP Systems Inc. have started operations during the last decade and specialize in internet banking systems. Euronet Worldwide's principal competitor with respect to credit card software systems is PaySys International Inc., based in Orlando, Florida.

Competitors in the wireless banking software market include 724 Solutions, based in Toronto, Canada and Brokat AG, based in Suttgart, Germany. Competitive factors in the Software Solutions business include price, technology development and the ability of software systems to interact with other leading products.

Employees

The Company's business is highly automated and it outsources many of its specialized, repetitive functions such as ATM maintenance and installation, cash delivery and security. As a result, the Company's labor requirements for operation of the network are relatively modest and are centered on monitoring activities to ensure service quality and cash reconciliation and control. The Company also has a customer service department to interface with cardholders to investigate and resolve reported problems in processing transactions.

However, Euronet Worldwide's roll out of ATMs, its development of new products and individual bank connections and its expansion into new markets creates a substantial need to increase existing staff on many levels. The Company requires skilled staff to identify desirable locations for ATMs and negotiate ATM lease agreements. Euronet has expanded its systems department to add new technical personnel and has recruited strong business leadership for new markets. In addition, the need to ensure consistency in quality and approach in new markets and proper coordination and administration of the Company's expansion, has led the Company to recruit additional staff in the areas of financial analysis, project management, human resources, communications, marketing and sales. The Company has a program of continual recruitment of superior talent whenever it is identified and ongoing building of skill for existing staff. The Company believes that its future success will depend in part on its ability to continue to recruit, retain and motivate qualified management, technical and administrative employees. The success of Software Solution's business in particular depends upon the ability to hire and retain highly qualified computer engineers and programmers. Competition for such employees in the United States is particularly intense at the present time.

As of December 31, 2000 and December 31, 1999, the Company and its subsidiaries had 478 and 412 employees, respectively. In January 2001, a restructuring plan was announced by the Company with the objective of reducing the headcount by up to 20% by March 31, 2001.

The Company has a European head office organization, European software delivery and support center and European processing center in Budapest, Hungary. It has a large office in Little Rock, Arkansas where Euronet USA is based and its headquarters in Leawood, Kansas. None of the Company's or its subsidiaries' employees are currently represented by a union. The Company has never experienced any work stoppages or strikes.

Government Regulation

The Company has received advice from banking supervisory authorities or local counsel in each of the markets in which it does business to the effect that the business activities of the Company in those markets do not constitute "financial activities" subject to licensing. Any expansion of the activity of the Company into areas which are qualified as "financial activity" under local legislation may subject the Company to licensing, and the

Company may be required to comply with various conditions in order to obtain such licenses. Moreover, the interpretations of bank regulatory authorities as to the activity of the Company as currently conducted might change in the future. The Company monitors its business for compliance with applicable laws or regulations regarding financial activities.

Under German law, ATMs in Germany may be operated only by licensed financial institutions. The Company may not operate its own ATM network in Germany and in that market it acts only as a subcontractor providing certain ATM-related services to a sponsor bank. As a result, the Company's activities in the German market currently are entirely dependent upon the continuance of the agreement with its sponsor bank, or the ability to enter into a similar agreement with another bank in the event of a termination of such agreement. In April 2000, the Company entered into a new sponsorship agreement with DiBa Bank canceling an agreement with Service Bank, its previous sponsor bank. The new agreement provides similar terms and arrangements with the Company acting as a subcontractor for DiBa. The Company believes, based on its experience, that it should be able to find a replacement for DiBa should the agreement with DiBa be terminated for any reason. However, the inability to maintain such agreement or to enter into a similar agreement with another bank upon a termination of the agreement with DiBa could have a material adverse effect on the Company's operations in Germany.

Preparation for the Introduction of the Euro

From January 1, 2002, eleven of the fifteen member countries of the European Union are scheduled to issue new Euro-denominated bills and coins for use in cash transactions. No later than July 1, 2002 these eleven participating countries, and other member countries who so elect, will withdraw all bills and coins denominated in their sovereign currencies, which will no longer be legal tender.

The Company must be able to dispense Euro cash in its networks from January 1, 2002, and may have to dispense both Euro and the sovereign currencies between January 1, 2002 and July 1, 2002. The Company's networks in Germany, France and potentially the UK and Greece will be affected in this regard. The Company's ATMs are able to dispense various national currencies and will be able to dispense the Euro without hardware modification. The existence of a single currency in these countries may provide opportunities for operating efficiencies and should reduce foreign exchange exposure.

The Company continues to assess the potential impact of the Euro in terms of its effect on competition, currency risk, and additional costs, but does not currently believe that the adoption of the Euro will have a material adverse effect on its business.

Trademarks

The Company has filed applications for registration of certain of its trademarks including the names "Euronet" and "Bankomat" and/or the blue diamond logo in Hungary, Poland, the Czech Republic, Slovakia, Sweden, France and the United Kingdom. Such applications have been granted in Hungary, Poland and Croatia but are still pending in the other countries.

The Company has filed patent applications for a number of its new software products and processes.

Executive Officers of the Company

The name, age, period of service and position held by each of the Executive Officers of the Company are as follows:

Name	Age	Served Since	Position Held
Michael J. Brown	44	June 1994	Chairman, President and Chief Executive Officer
Daniel R. Henry	35	June 1994	Director, Chief Operating Officer
Jeffrey B. Newman	46	January 1997	General Counsel
Richard Halka	41	March 2000	Acting Chief Financial Officer, Chief Accounting Officer
Ronald Ferguson	51	December 1998	Executive Vice President

Michael J. Brown is one of the founders of the Company and has served as its Chief Executive Officer since 1994. In 1979 Mr. Brown founded Innovative Software, a computer software company that was merged with Informix in 1988. During this period, Innovative Software conducted three public offerings of its shares. Mr. Brown served as President and Chief Operating Officer of Informix from February 1988 to January 1989. He served as President of the Workstation Products Division of Informix from January 1989 until April 1990.

Annual revenues of Informix had grown to $170 million by the time Mr. Brown left Informix in 1990. In 1993 Mr. Brown was a founding investor of Visual Tools, Inc., a company that writes and markets component software for the growing Visual Basic and Visual C++ developer market. Visual Tools, Inc. was acquired by Sybase Software in February 1996. Mr. Brown received a B.S. in Electrical Engineering from the University of Missouri--Columbia in 1979 and a M.S. in Molecular and Cellular Biology at the University of Missouri--Kansas City in 1996. Mr. Brown has been a Director of the Company since its incorporation in December 1996 and he previously served on the boards of Euronet's predecessor companies. Mr. Brown's term will expire in July 2001. Mr. Brown is married to the sister of Mr. Henry's wife.

Daniel Henry founded the predecessor of the Company with Michael Brown in 1994 and is serving as Chief Operating Officer of the Company. Mr. Henry divides his time between Budapest and Kansas City, and he oversees the daily operations of the Company's European subsidiaries. Mr. Henry also is responsible for the expansion of the Company into other countries and the development of new markets. Prior to joining the Company, Mr. Henry was a commercial real estate broker for five years in the Kansas City metropolitan area where he specialized in the development and leasing of premiere office properties. Mr. Henry received a B.S. in Business Administration from the University of Missouri--Columbia in 1988. Mr. Henry has been a Director of the Company since its incorporation in December 1996 and he previously served on the boards of Euronet's predecessor companies. His term as Director of the Company will expire in May 2002. Mr. Henry is married to the sister of Mr. Brown's wife.

Jeffrey B. Newman joined the Company as Vice President and General Counsel on January 31, 1997. Prior to this, he practiced law in Paris with the law firm of Salans Hertzfeld & Heilbronn and then with the Washington, D.C. based law firm of Arent Fox Kintner Plotkin & Kahn, PLLC, of which he was a partner from 1993 until joining the Company in 1997. He established the Budapest office of Arent Fox Kintner Plotkin & Kahn, PLLC in 1991. He is a member of the Virginia, District of Columbia and Paris bars. He received a B.A. in Political Science and French from Ohio University and law degrees from Ohio State University and the University of Paris.

Richard Halka joined Euronet in January 1999 as European Finance Director. He became Acting Chief Financial Officer in March 2000. Prior to joining Euronet, Mr. Halka was treasurer, financial controller and principal accounting officer for the Hungarian Telephone and Cable Corporation, a publicly-traded U.S. company that operates concessions to provide telephone service in Hungary. Before that, Mr. Halka was a management consulting and corporate finance partner with KPMG in both Hungary and New Zealand. He holds an Honors Bachelor's Degree in business administration from Wilfrid Laurier University of Waterloo, Ontario and is a Canadian Chartered Accountant.

Mr. Halka has resigned effective March 23, 2001 to pursue an opportunity in Canada. Mr. Halka will be available to assist the Company in transition matters until the closing of the first quarter 2001 financial statements.

Ronald Ferguson joined the Company as President of Euronet USA in December 1998. Prior to this he was President of Bankline MidAmerica, Inc., from mid 1997. Mr. Ferguson was Vice President of Marketing for AeroComm, Inc. for a period of three years and also was principal of Ferguson Group, a consulting company involved with technology based hardware and software firms. During the period from 1984 to 1990, Mr. Ferguson was Vice President of Marketing for Innovative Software, Inc. which was later acquired by Informix Software, Inc. where he was also Vice President of Marketing. Prior to Innovative Software, he was Director of Financial Services Marketing for United Computing Services from 1981 to 1984. He also was President of Dynabank Corporation from 1976 to 1981 and started his career with the First National Bank in Lawrence, Kansas in 1973. Mr. Ferguson has a B.S. in Business and an MBA from the University of Kansas.

ITEM 2. PROPERTY.

The Company's executive offices are located in Leawood , Kansas. The European head office and European Processing Center are located in Budapest, Hungary. The Company also maintains offices in Europe in Warsaw, Zagreb, Prague, Berlin, Paris, Bucharest, Athens, Cairo, Istanbul and London; and in the United States in Little Rock, Arkansas and Orlando, Florida. All of the Company's offices are leased. The Company's office leases provide for initial terms of 24 to 60 months.

ITEM 3. LEGAL PROCEEDINGS.

The Company is not currently involved in any material legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market Information. From March 1997 to November 8, 1999, the Common Stock was on the NASDAQ National Market under the symbol EEFT. On November 8, 1999, the Company's listing was shifted to the NASDAQ SmallCap Market. The following table sets forth the high and low closing prices for the Common Stock for the periods indicated:

	Quarter	High	Low
2000	Fourth	8.38	3.88
	Third	9.63	6.88
	Second	10.75	4.88
	First	10.78	6.00

Dividends. Since the Company's inception, no dividends have been paid on the Common Stock. The Company does not intend to distribute dividends for the foreseeable future.

Holders. As of December 31, 2000, there were approximately 103 record holders of the Common Stock.

Private Placements of Common Stock.

In July 2000 the Company entered into subscription agreements for the sale of 877,946 new common shares of the Company. Closing with respect to such sale took place on July 14, 2000 and August 29, 2000. These agreements were signed with accredited investors in transactions exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. The purchase price of each share was $6.97. The aggregate amount of proceeds to the Company from the private placement was $6.1 million.

In April 2000 the Company entered into two separate subscription agreements for the sale of an aggregate of 354,777 new common shares of the Company. Of the total new shares, closing with respect to 254,777 shares took place on April 10, 2000, and closing with respect to 100,000 shares took place on May 4, 2000. These agreements were signed with certain foreign persons in transactions exempt from registration under the United States Securities Act of 1933 (the "Act") pursuant the exemption provided in Regulation S of the Act. The weighted average purchase price of each share was $7.50. The aggregate amount of proceeds to the Company from the private placement was $2.7 million. Under each of the agreements, for each two shares of common stock purchased in the private placement, the accredited investors were issued one warrant, expiring in each case on the one year anniversary date of the subscription agreement, to purchase a share of Euronet common stock at a weighted average exercise price of $12.50.

In February 2000 the Company entered into two subscription agreements for the sale of an aggregate of 650,000 new common shares of the Company. Closing under these agreements took place on March 13, 2000. These agreements were signed with certain accredited investors in transactions exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. The purchase price of each share was $6.615, which represents 90% of the average closing price for the ten trading days prior to and including February 15, 2000. The aggregate amount of proceeds to the Company from the private placement was $4.3 million. Under each of the agreements, for each two shares of common stock purchased in the private placement, the purchasers were issued one warrant to purchase a share of Euronet common stock at an exercise price of $11.615, expiring in each case on the one year anniversary date of the subscription agreement.

ITEM 6. SELECTED FINANCIAL DATA.

SELECTED CONSOLIDATED FINANCIAL DATA

The summary consolidated financial data set forth below have been derived from, and are qualified by reference to, the audited consolidated financial statements of the Company and the notes thereto, prepared in conformity with generally accepted accounting principles as applied in the United States ("U.S. GAAP"), which have been audited by KPMG Polska Sp. z o.o., independent public accountants. The Company believes that the period-to-period comparisons of its financial results are not necessarily meaningful due to its significant acquisitions in December 1998 and January 1999, and should not be relied upon as an indication of future performance. The following information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

	Year ended December 31,				
	2000	1999	1998	1997	1996
Consolidated Statements of Operations Data:	(in thousands, except for share and per share data)				
Revenues:					
ATM network and related revenue	$ 36,913	$ 26,503	$ 11,525	$ 5,290	$ 1,261
Software and related revenue	15,827	14,969	356	-	-
Total	52,740	41,472	11,881	5,290	1,261
Operating expenses:					
Direct operating costs	24,988	22,830	10,036	3,717	827
Salaries and benefits	29,265	24,350	9,723	3,796	989
Selling, general and administrative	11,531	10,725	8,650	4,468	2,459
Depreciation and amortization	10,384	10,238	4,955	1,731	481
In-process research and development write-off	-	-	1,020	-	-
Asset write down	11,968	-	-	-	-
Share compensation expense	-	127	108	108	4,172
Total operating expenses	88,136	68,270	34,492	13,820	8,928
Operating loss	(35,396)	(26,798)	(22,611)	(8,530)	(7,667)
Other income/expenses:					
Interest income	1,089	1,950	2,514	1,609	225
Interest expense	(10,829)	(10,899)	(7,826)	(1,152)	(378)
Foreign exchange (loss)/gain, net	(3,227)	(2,110)	(1,911)	8	(79)
Loss before income tax (expense)/benefit	(48,363)	(37,857)	(29,834)	(8,065)	(7,899)
Income tax (expense)/benefit	(1,188)	4,182	(1,430)	100	323
Loss before extraordinary item	(49,551)	(33,675)	(31,264)	(7,965)	(7,576)
Extraordinary gain, net	-	2,760	2,889	-	-
Net loss	$ (49,551)	$ (30,915)	$ (28,375)	$ (7,965)	$ (7,576)
Loss per share - basic and diluted:					
Loss before extraordinary item	$ (3.00)	$ (2.21)	$ (2.06)	$ (0.64)	$ (15.18)
Extraordinary gain	-	0.18	0.19	-	-
Net loss	$ (3.00)	$ (2.03)	$ (1.87)	$ (0.64)	$ (15.18)
Weighted avg. number of shares outstanding	16,499,699	15,252,030	15,180,651	$12,380,962	499,100

	As of December 31,				
	2000	1999	1998	1997	1996
	(in thousands, except Summary Network Data)				
Consolidated Balance Sheet Data:					
Cash and cash equivalents:	$ 7,151	$ 15,037	$ 55,614	$ 7,516	$ 2,541
Restricted cash	2,103	10,929	12,972	847	152
Investment securities	-	750	3,149	31,944	194
Trade accounts receivable, net	9,485	7,888	5,681	647	172
Other current assets	5,346	5,180	4,614	1,857	433
Total current assets	24,085	39,784	82,030	42,811	3,492
Net property, plant and equipment	31,657	36,693	33,182	24,088	7,284
Intangible assets, net	2,604	16,259	12,464	-	-
Other long-term assets	2,544	4,108	5,762	3,134	1,158
Total assets	$ 60,890	$ 96,844	$ 133,438	$ 70,033	$ 11,934
Current liabilities	$ 20,466	$ 26,938	$ 18,739	$ 9,315	$ 2,861
Obligations under capital leases, excluding current installments	8,034	6,397	6,809	11,330	3,834
Notes payable	77,191	72,800	83,720	-	-
Other long-term liabilities	-	202	-	169	103
Total liabilities	105,691	106,337	109,268	20,814	6,798
Total stockholders' (deficit)/equity	(44,801)	(9,493)	24,170	49,219	5,136
	$ 60,890	$ 96,844	$ 133,438	$ 70,033	$ 11,934
Summary Network Data:					
Number of operational ATMs at end of period	2,634	2,283	1,271	693	166
ATM transactions during the period	52,663,000	32,938,000	15,467,000	5,758,000	1,138,000

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

General Overview

Euronet Worldwide is a leading provider of secure electronic financial transaction solutions. The Company provides financial payment middleware, financial network gateways, outsourcing, and consulting services to financial institutions, retailers and mobile operators. The Company operates an independent automated teller machine ("ATM") network of over 2,600 ATMs in Europe and the United States, and through its software subsidiary, Euronet USA Inc. (formerly, Arkansas Systems, Inc.)("Euronet USA"), offers a suite of integrated software solutions for electronic payment and transaction delivery systems. Euronet Worldwide thus offers comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM management solutions and software solutions. Its principal customers are banks and other companies such as retail outlets that require transaction processing services. With eleven offices in Europe and three in the United States, the Company offers its solutions in more than 60 countries around the world.

Euronet Worldwide and its subsidiaries operate in two business segments: (1) a segment providing secure processing of financial transactions (the "Network Services Segment"); and (2) a segment producing application software for the processing of secure electronic financial transaction (the "Software Solutions Segment"). In addition, the Company's management divides the Network Services Segment into three sub-segments: "Central European Sub-segment" (including Hungary, Poland, the Czech Republic, Croatia, Greece and Romania), "Western European Sub-segment" (including Germany, France and the United Kingdom) and "Other Operations Sub-segment" (including the United States and unallocated processing center costs). These business segments, and their sub-segments, are supported by a corporate service segment, which provides corporate and other administrative services that are not directly identifiable with the two business segments (the "Corporate Services Segment"). The accounting policies of each segment are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on profit or loss from operations before income taxes not including nonrecurring gains and net loss. Prior period segment information has been restated to conform to the current period's presentation. (See Note 19 to the Consolidated Financial Statements - Business segment information.)

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

The Company's total revenues increased to $52.7 million for the year ended December 31, 2000 from $41.5 million for the year ended December 31, 1999 and $11.9 million for the year ended December 31, 1998. The increase in revenues from 1999 to 2000 is primarily due to two factors: (1) a $10.4 million increase in Network Services Segment revenues resulting from the increase in transaction volumes in the Company owned ATMs and an increase in the number of ATMs operated by the Company during this period; and (2) an increase of $800,000 in Software Solutions Segment revenues. The increase in revenues from 1998 to 1999 is primarily due to two factors: (1) a $15.0 million increase in Network Services Segment revenues resulting from the increase in transaction volume attributable to an increase in the number of ATMs operated by the Company during this period; and (2) the addition of $14.6 million of Software Solutions Segment revenues. Revenues for the years ended December 31, 2000 and 1999 are discussed more fully in the Segment Results of Operations sections below.

Total operating expenses increased to $88.1 million for the year ended December 31, 2000 from $68.3 million for the year ended December 31, 1999 and from $34.5 million for the year ended December 31, 1998. The increase from 1999 to 2000 can be broken down by segment as follows: (1) a $3.5 million increase in Network Services Segment operating costs due to growth in the size of the network operations; (2) a $15.2 million increase in Software Services Segment due to write down of intangibles of $11.2 million and investment in personnel and resources; and (3) a $1.1 million increase in Corporate Services Segment operating costs due to the expended operations. The increase from 1998 to 1999 can be broken down by segment as follows: (1) a $13.0 million increase in Network Services Segment operating costs, (2) the addition of $19.6 million of Software Solutions Segment operating costs, and (3) a $1.2 million increase in Corporate Services Segment operating costs. Operating expenses for the years ended December 31, 2000 and 1999 are discussed more fully in the Segment Results of Operations sections below.

The Company generated an operating loss of $35.4 million for the year ended December 31, 2000 compared to $26.8 million for the year ended December 31, 1999 and $22.6 million for the year ended December 31, 1998. The increased operating loss from 1999 to 2000 is due to the net effect of three factors: (1) a $6.8 million decrease in the operating loss from the Company's Network Services Segment; (2) a $14.3 million increase in the operating loss from the Company's Software Solutions Segment; and (3) a $1.1 million increase in the operating loss from the Company's Corporate Services Segment. The increased operating loss from 1998 to 1999 is due to the net effect of three factors: (1) a $1.9 million decrease in operating losses from the Company's Network Services Segment; (2) the addition of $4.8 million in operating losses from the Company's Software Solutions Segment; and (3) a $1.3 million increase in operating losses from the Company's Corporate Services Segment. The results of segment operations expenses for the years ended December 31, 2000 and 1999 are discussed more fully in the Segment Results of Operations section below.

SEGMENT RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

(In thousands)	Revenues		Operating Loss	
Year ended December 31,	2000	1999	2000	1999
Network Services				
Central Europe	$18,599	$12,664	$ (3,070)	$ (8,019)
Western Europe	16,615	12,637	(2,286)	(3,840)
Other	1,700	1,202	(709)	(1,048)
Total Network Services	36,914	26,503	(6,065)	(12,907)
Software Solutions	16,006	15,149	(21,469)	(7,141)
Corporate Services	-	-	(7,862)	(6,750)
Inter segment eliminations	(180)	(180)	-	-
Total	$52,740	$41,472	$(35,396)	$(26,798)

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NETWORK SERVICES SEGMENT

Total segment revenues increased by $10.4 million or 39% to $36.9 million for the year ended December 31, 2000 from $26.5 million for the year ended December 31, 1999. The increase in revenues is due primarily to the significant increase in transaction volume and an increase in the number of ATMs operated by the Company during these periods. The Company had 2,283 ATMs installed as of December 31, 1999 and processed 32.9 million transactions for the year ended December 31, 1999. As of December 31, 2000, the Company's owned and operated ATM network increased by 351 ATMs, or 15%, to a total of 2,634 ATMs, of which 72% are owned by the Company and 28% are owned by banks or other financial institutions but operated by the Company through management agreements. The Company processed 52.7 million transactions for the year ended December 31, 2000, an increase of 19.8 million transactions, or 60%, over the year ended December 31, 1999.

Revenues for the Central European Sub-segment totaled $18.6 million for the year ended December 31, 2000 as compared to $12.7 million for the year ended December 31, 1999, an increase of 47%. The increase in revenues is largely the result of an increase in the number of ATMs operated by the Company from 1,203 at December 31, 1999 to 1,391 at December 31, 2000, and increased transaction volumes.

Revenues for the Western European Sub-segment totaled $16.6 million for the year ended December 31, 2000 as compared to $12.6 million for the year ended December 31, 1999, an increase of 31%. The increase in revenues is largely the result of an increase in the number of ATMs operated by the Company from 621 at December 31, 1999 to 787 at December 31, 2000, and increased transaction volumes.

Revenues for the Other ATM Operations Sub-segment were $1.7 million for the year ended December 31, 2000 as compared to $1.2 million for the year ended December 31, 1999, an increase of 41%. The revenues from this segment are the result of the acquisition of the Dash network located in the United States in August 1999.

Of total segment revenue, approximately 87% is attributable to those ATMs owned by the Company for the year ended December 31, 2000 and 94% for the year ended December 31, 1999. Of total transactions processed, approximately 78% is attributable to those ATMs owned by the Company for the year ended December 31, 2000 and 76% for the year ended December 31, 1999. The Company believes the shift from a largely proprietary, Euronet Worldwide owned ATM network to a more balanced mix between proprietary ATMs and customer- owned ATMs is a positive development and will provide higher marginal returns on investments.

Transaction fees charged by the Company vary for the three types of ATM transactions that are currently processed on the Company's ATMs: cash withdrawals, balance inquiries and transactions not completed because the relevant card issuer does not give authorization. Transaction fees for cash withdrawals vary from market to market but generally range from $0.60 to $1.75 per transaction while transaction fees for the other two types of transactions are generally substantially less. Transaction fees payable under the electronic recharge solutions sold by the Company are included in Network Services Segment revenues and vary substantially from market to market and based upon the specific prepaid solution and the denomination of prepaid hours purchased. Generally the range of transaction fees vary from $1.10 to $1.80 per prepaid mobile recharge purchase.

Operating Expenses

Total segment operating expenses increased to $43.0 million for the year ended December 31, 2000 from $39.4 million for the year ended December 31, 1999. The increases are due primarily to costs associated with the growth in the numbers of ATMs and expansion of the Company's operations during the period.

The Company recorded an $800,000 write-down of certain ATM hardware assets associated with the purchase of the Budapest Bank ATM network in May 2000 and the Service Bank ATM network in March 1999 (see Note 10 to Consolidated Financial Statements - Asset Write Down). In addition, the Company recorded a one-time gain in its Central European Sub-segment of $1.2 million. The gain is related to a change in Hungarian law that eliminates a major portion of the Company's liability for import taxes on ATM hardware to the Hungarian government. The gain is included as an element of direct operating costs.

The operating expenses for the Central European Sub-segment totaled $21.7 million for the year ended December 31, 2000 as compared to $20.7 million for the year ended December 31, 1999, an increase of 5%. The increase in operating expenses is largely the result of an increase in the number of ATMs operated by the Company from 1,203 at December 31, 1999 to 1,391 at December 31, 2000, and increased transaction volumes.

The operating expenses for the Western European Sub-segment totaled $18.9 million for the year ended December 31, 2000 as compared to $16.5 million for the year ended December 31, 1999, an increase of 15%. The increase in operating expenses is largely the result of an increase in the number of ATMs operated by the Company from 621 at December 31, 1999 to 787 at December 31, 2000, and increased transaction volumes.

The operating expenses for the Other ATM Operations Sub-segment were $2.4 million for the year ended December 31, 2000 as compared to $2.2 million for the year ended December 31, 1999, an increase of 9%. The operating expenses from this segment are the result of the acquisition of the Dash network located in the United States in August 1999 and the unallocated costs associated with the Company's processing facilities.

Direct operating costs in the Network Services Segment consist primarily of: ATM installation costs; ATM site rentals; and costs associated with maintaining ATMs, ATM telecommunications, interest on network cash and cash delivery and security services to ATMs. Such costs increased to $24.4 million for the year ended December 31, 2000 from $21.9 million for the year ended December 31, 1999. The increase in direct operating costs is primarily attributable to costs associated with operating the increased number of ATMs in the network during the periods. Also, intercompany allocations were made to charge the ATM operations with transaction switching and bank connection fees associated with the operations central processing center in Budapest. These allocations totalled $3.5 million and $2.9 million for the years ended December 31, 2000 and 1999, respectively. Direct operating costs for 2000 include a one-time gain of $1.2 million due to a change in Hungarian law that eliminates a major portion of the Company's liability for import taxes on ATM hardware. Direct operating costs also include a $657,000 gain realized in 1999 from the sale of the Croatian network assets. The components of direct operating costs for the years ended December 31, 2000 and 1999 were:

(in thousands)	Years ending December 31, 2000	1999
ATM communication	$ 4,183	$ 3,982

ATM cash filling and interest on network cash	7,426	5,900
ATM maintenance	3,987	2,967
ATM site rental	2,258	2,421
ATM installation	675	783
Transaction processing and ATM monitoring	5,242	4,205
Other	600	1,663
Total direct operating expenses	$24,371	$21,921

As a percentage of network revenue, direct operating costs fell from 83% for the year ended December 31, 1999 to 66% for the year ended December 31, 2000. On a per ATM basis the direct operating costs fell from $12,782 per ATM for the year ended December 31, 1999 to $9,807 per ATM for the year ended December 31, 2000, an improvement of 23%. On a per transaction basis the direct operating costs fell from $0.66 per transaction for the year ended December 31, 1999 to $0.46 per transaction for the year ended December 31, 2000, an improvement of 30%.

Segment salaries and benefits increased to $7.4 million for the year ended December 31, 2000 from $7.2 million for the year ended December 31, 1999, an increase of 3%. The increase in the year-on-year expenses reflect the continued expansion of the operations to Western European markets with significantly higher labor costs than Central Europe as well as some increases in staff levels at the processing center required to maintain quality service in line with the rising transaction volumes. As a percentage of Network Services Segment revenue, salaries and benefits fell from 27% for the year ended December 31, 1999 to 20% for the year ended December 31, 2000.

Selling, general and administrative costs allocated to the Network Services Segment decreased to $2.4 million for the year ended December 31, 2000 from $2.9 million for the year ended December 31, 1999. The $500,000 cost decrease for the year ended December 31, 2000 results from the net effect of (1) a $600,000 increase in the allocation of costs from the selling, general and administrative line of the Budapest processing center to the operating cost line, as discussed above, from $2.9 million for the year ended December 31, 1999 to $3.5 for the year ended December 31, 2000 and (2) a $100,000 increase in costs associated with the expansion of the Company's network operations.

Depreciation and amortization increased to $8.0 million for the year ended December 31, 2000 from $7.4 million for the year ended December 31, 1999. The increases are due primarily to the increase in the number of owned ATMs as discussed previously. The Company also recorded an $800,000 write-down of certain ATM hardware assets for the year ended December 31, 2000, as previously discussed.

Operating Loss

The total Network Services Segment operating loss decreased to $6.1 million for the year ended December 31, 2000 from $12.9 million for the year ended December 31, 1999, an improvement of 53%, as a result of the factors discussed above. The Central European Sub-segment recorded an operating loss of $3.1 million for the year ended December 31, 2000 compared to a loss of $8.0 million for the year ended December 30, 1999, an improvement of 61%, as a result of the factors discussed above. The Western European Sub-segment operating loss decreased to $2.3 million for year ended December 31, 2000 compared to a loss of $3.8 million for the year ended December 31, 1999, an improvement of 39%, as a result of the factors discussed above. The Other ATM Operations Sub-segment incurred an operating loss of $700,000 for the year ended December 31, 2000 compared to a loss $1.0 million for the year ended December 31, 1999, an improvement of 30%, as a result of the factors discussed above.

SOFTWARE SOLUTIONS SEGMENT

Software Solutions Revenue

Revenues from the Software Solutions Segment totaled $16.0 million before inter-segment eliminations for the year ended December 31, 2000 as compared to revenue of $15.1 for the year ended December 31, 1999. Software revenues are grouped into four broad categories: software license fees, professional service fees, maintenance fees and hardware sales. Software license fees are the initial fees charged by the Company for the licensing of its proprietary application software to customers. Professional service fees are charged for customization, installation and consulting services provided to customers. Software maintenance fees are the ongoing fees charged to customers for the maintenance of the software products. Hardware sales revenues are derived from the sale of computer products and are reported net of cost of sales. The components of software solutions revenue for the years ended December 31, 2000 and 1999 were:

(in thousands)	Years ending December 31,	
	2000	1999
Software license fees	$ 4,117	$ 2,430
Professional service fees	6,867	8,298
Maintenance fees	4,487	4,051
Hardware Sales	535	370
Total direct operating expenses	$16,006	$15,149

The increases in software license fees from 1999 to 2000 can be attributed to an increased number of software sales contracts signed in 2000 as compared to 1999, primarily in the first half of the year 2000. Sales of the Company's core software products have dropped off substantially in the third and fourth quarter of 2000 and are expected to be soft again during 2001. The Company believes that revenues of the Software Solutions Segment will increasingly be derived from the Company's new set of software solutions, including its wireless banking solutions.

The decreases in professional service fees from 1999 to 2000 can be attributed to increased efficiency in the installation of software.

Software Sales Backlog

The Company defines "software sales backlog" as fees specified in contracts which have been executed by the Company and for which the Company expects recognition of the related revenue within one year. At December 31, 2000 the revenue backlog was $3.5 million, as compared to December 31, 1999 the revenue backlog was $3.1 million. The increase in backlog from December 31, 1999 results principally from growth in software sales. It is management's intention to continue to focus on expediting delivery and implementation of software in an effort to reduce backlog while continuing sales growth.

There can be no assurance that the contracts included in backlog will actually generate the specified revenues or that the revenues will be generated within the one-year period.

Operating Expenses

Software Solutions Segment operating expenses consist primarily of salaries and benefits, selling, general and administrative, and depreciation and amortization. In addition, the Company recorded a $11.2 million one-time write down of goodwill and other identifiable intangible assets associated with the Company's purchase of Euronet USA in December 1998 (see Note 10 to Consolidated Financial Statements - Asset Write Down). Total segment operating expenses increased to $37.5 million for the year ended December 31, 2000 from $22.3 million for the year ended December 31, 1999. The components of software solutions operating costs for the years ended December 31, 2000 and 1999 were:

(in thousands)	Years ending December 31,	
	2000	1999
Direct operating costs	$ 800	$ 1,089
Salaries and benefits	18,004	13,953
Selling, general and administrative	5,266	4,565
Depreciation and amortization	2,215	2,683
Asset write down	11,190	-
Total direct operating expenses	$37,475	$22,290

The Company has made planned increases in staff in order to increase sales, accelerate development of certain software enhancements and reduce delivery times for software. These staff increases have resulted in a significant increase in salaries and benefits, which has contributed to the net losses of the Software Solutions Segment for the years ended December 31, 2000 and 1999. In January 2001, a reduction in the work force took place with the objective being to reduce costs to bring them more in line with the anticipated revenue.

The Company has an ongoing commitment to the development, maintenance and enhancement of its products and services. As a result of this commitment the Company has invested substantial amounts in research and development. In particular, the Company has invested and will continue to invest in new software products that will serve as the underlying application software that permits additional features and transactions on the Company's ATM network. In addition, the Company continues to invest in the on-going development of products that were recently introduced to the market. The Company's research and development costs incurred for computer products to be sold, leased or otherwise marketed increased to $6.7 million for the year ended December 31, 2000 from $3.2 million for the year ended December 31, 1999. Of this total figure, $1.0 million and $322,000 were capitalized, as at December 31, 2000 and 1999, respectively, in conjunction with the Company's accounting policy requiring the capitalization of development costs on a product by product basis once technological feasibility is established. Technological feasibility of computer software products is established when the Company has completed all planning, designing, coding, and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements.

Operating Loss

The Software Solutions Segment incurred an operating loss of $21.5 million for the year ended December 31, 2000 and $7.1 million for the year ended December 31, 1999 as a result of the factors discussed above.

CORPORATE SERVICES SEGMENT

Operating Expenses

Operating expenses for the Corporate Services Segment increased to $7.9 million for the year ended December 31, 2000 from $6.8 million for the year ended December 31, 1999. The components of corporate services operating costs for the years ended December 31, 2000 and 1999 were:

(in thousands)	Years ending December 31, 2000	1999
Salaries and benefits	$3,813	$3,335
Selling, general and administrative	3,841	3,270
Depreciation and amortization	208	145
Total direct operating expenses	$7,862	$6,750

The Company's expansion of its network infrastructure, and increases in corporate and administrative capabilities are the primary reasons for these increased expenditures.

NON-OPERATING RESULTS

Interest Income

Interest income decreased to $1.1 million for the year ended December 31, 2000 from $2.0 million for the year ended December 31, 1999 and from $2.5 million for the year ended December 31, 1998. The decrease is the result of the decrease in investment securities and cash as a result of negative cash flow from operations and capital expenditures.

Interest Expense

Interest expense decreased to $10.8 million for the year ended December 31, 2000 from $10.9 million for the year ended December 31, 1999 and increased from $7.8 million for the year ended December 31, 1998. The decrease from 1999 to 2000 is due to exchange rate differences as the majority of the debt is denominated in Deutsche Mark. The increase from 1998 to 1999 is the result of accretion of the Company's Notes Payable for a full year in 1999 in comparison to 6 months' accretion in 1998.

Foreign Exchange Gain/Loss

The Company had a net foreign exchange loss of $3.2 million for the year ended December 31, 2000, as compared to $2.1 million for the year ended December 31, 1999, and $1.9 million for the year ended December 31, 1998. Exchange gains and losses that result from re-measurement of certain Company assets and liabilities are recorded in determining net loss. A portion of the assets and liabilities of the Company are denominated in Euros, including capital lease obligations, notes payable (including the Notes issued in the Company's public bond offering), cash and cash equivalents, investments, and forward foreign exchange contracts. It is the Company's policy to attempt to match local currency receivables and payables. The foreign currency denominated assets and liabilities give rise to foreign exchange gains and losses as a result of U.S. dollar to local currency exchange movements.

Extraordinary Gain

In 1999 the Company recorded an extraordinary gain of $2.8 million (net of income taxes of $0) following its repurchase of a portion of its Senior Discount Notes. The gain represents the difference between the allocated carrying value of the face value of the debt repurchased of $8.1 million less the consideration paid of $5.0 million, offset by the write-off of allocated unamortized deferred financing costs of $300,000. The Company has not retired the bonds repurchased.

In addition, the Company repurchased 97,023 warrants that were attached to the notes payable. Accordingly, approximately $176,000 was allocated to the carrying value of the warrants which reduced additional paid-in capital.

In 1998 the Company recorded an extraordinary gain of $2.9 million (net of income taxes of $1.5 million), following its repurchase of a portion of its Senior Discount Notes. The gain represents the difference between the allocated carrying value of the face value of the debt repurchased of $10.2 million less the consideration paid of $5.5 million, offset by the write-off of allocated unamortized deferred financing costs of $400,000. The Company has not retired the bonds repurchased.

Net Loss

The Company's net loss increased to $49.6 million for the year ended December 31, 2000, as compared to $30.9 million for the year ended December 31, 1999 and $28.4 million for the year ended December 31, 1998, as a result of the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Since its inception, the Company has sustained negative cash flows from operations and has financed its operations and capital expenditures primarily through the proceeds from the 1998 issue of Deutsche Mark denominated notes payable, the Company's 1997 public equity offering, equipment lease financing and private placements of equity securities. The net proceeds of such transactions, together with revenues from operations and interest income have been used to fund aggregate net losses of approximately $123.8 million, investments in property, plant and equipment of approximately $52.8 million and acquisitions of $24.6 million.

At December 31, 2000 the Company had cash and cash equivalents of $7.2 million and working capital of $3.6 million. The Company had $2.1 million of restricted cash held as security with respect to cash provided by banks participating in Euronet's ATM network, to cover guarantees on financial instruments and as deposits with customs officials (See Note 7 to the Consolidated Financial Statements - Restricted cash). In addition to the assets held on the balance sheet at December 31, 1999 the Company held repurchased notes payable with a face value of 48.4 million Deutsche Marks ($23.3 million as at December 31, 2000 based on a USD to DM rate of 1:2.08) and a fair market value at December 31, 2000 of $9.3 million (See Note 20 to the Consolidated Financial Statements - Financial instruments).

On June 28, 2000 the Company entered into an unsecured revolving credit agreement (the "Credit Agreement") providing a facility of up to $4.0 million from three shareholders as follows: DST Systems in the amount of $2.4 million; Hungarian-American Enterprise Fund in the amount of $1.0 million; and Michael J. Brown in the amount of $600,000. The facility was available to be drawn upon until December 28, 2000, with repayment of any draws being due June 28, 2001. On December 28, 2000 the facility was amended and renewed for a further six months and is available to be drawn until June 28, 2001 with repayments of any draws being due December 28, 2001. Draws on the facility will accrue interest at 10 percent per annum, payable quarterly. A "commitment" fee was paid for the initial facility of 100,000 warrants issued pro- rata to the lenders with a warrant strike price set at the average share price, as quoted on NASDAQ for 10 trading days prior to the warrant issue date, less 10 percent. An additional fee of 100,000 warrants, on the same terms, was paid for the subsequent extension of the facility. Warrants are to be issued on similar terms and conditions for each draw on the facility at the rate of 80,000 warrants for each $1.0 million of funds drawn. As of March 1, 2001, the Company had not made any draws under the Credit Agreement.

On February 25, 2000 the Company entered into two subscription agreements for the sale of an aggregate of 650,000 new common shares of the Company. Closing under those agreements took place on March 13, 2000. These agreements were signed with certain accredited investors in transactions exempt from registration under the exemptions provided in Section 4(2) and Regulation D of the Act. The purchase price of each share was $6.615, which represents ninety percent of the average closing price for the ten trading days prior to and including February 15, 2000. The aggregate amount of proceeds to the Company from the private placement was $4.3 million. Under each of the agreements, for each two shares of common stock purchased in the private placement, the purchasers were issued one warrant to purchase a share of Euronet common stock at an exercise price of $11.615, expiring in each case on the one year anniversary date of the subscription agreement.

In April 2000 the Company entered into two separate subscription agreements for the sale of an aggregate of 354,777 new common shares of the Company. Of the total new shares, closing with respect to 254,777 shares took place on April 10, 2000, and closing with respect to 100,000 shares took place on May 4, 2000. These agreements were signed with certain foreign persons in transactions exempt from registration under the exemption provided in Regulation S of the Act. The weighted average purchase price of each share was $7.50. The aggregate amount of proceeds to the Company from the private placement was $2.7 million. Under each of the agreements, for each two shares of common stock purchased in the private placement, the purchaser was issued one warrant to purchase a share of Euronet common stock at a weighted average exercise price of $12.50, expiring in each case on the one year anniversary date of the subscription agreement.

In July 2000 the Company entered into subscription agreements for the sale of 877,946 new common shares of the Company. These agreements were signed with accredited investors in transactions exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. Closing with respect to such sale took place on July 14 and August 29, 2000. The purchase price of each share was $6.97. The aggregate amount of proceeds to the Company from the private placement was $6.1 million.

The Company leases many of its ATMs under capital lease arrangements that expire between 2001 and 2005. The leases bear interest between 8% and 12% per annum. As of December 31, 2000 the Company owed $11.5 million under such capital lease arrangements. (See Note 15 to the Consolidated Financial Statements - Leases.)

The Company expects that its capital requirements will continue in the future but will not be as great as they were in the past, as the Company intends to continue to promote its outsourcing capabilities and re-deploy under-performing ATMs currently operating in the network. This strategy should reduce the Company's reliance on capital expenditures in the future as the business continues to grow. Fixed asset purchases and capital lease payments for 2001 are expected to be approximately $6.2 million in the Company's existing markets, notably Western and Central Europe. Acquisitions of related ATM business and investments in new markets in furtherance of the Company's strategy may require additional capital expenditures.

Based on the Company's current business plan and financial projections, the Company expects to continue to reduce operating losses and net cash used in operating activities in 2001. In the Network Services Segment, the Company anticipates that increased transaction levels in its ATM network will result in additional revenues without a corresponding increase in expenses. In addition, the Company expects to further expand its ATM outsourcing services and offer new value-added services, which will provide continued revenue growth without significantly increasing direct operating expenses or capital investments. In the Software Solutions Segment, the Company expects that the benefits of a restructuring program commenced in the first quarter of 2001 will reduce the operating losses and bring operating costs more in line with anticipated revenues. The Company believes that the credit facility, certain asset sales and cash and cash equivalents will provide the Company with sufficient capital until it achieves positive cash flow. As a result, the Company believes it has sufficient liquidity resources to meet current and future cash requirements.

BALANCE SHEET ITEMS

Cash and Cash Equivalents

The decrease of cash and cash equivalents to $7.2 million at December 31, 2000 from $15.0 million at December 31, 1999 is due primarily to the net effects of working capital movements, foreign exchange gains and losses, the settlement of a forward foreign exchange contract, private placement of common shares, capital expenditures and capital lease payments, and operating losses for the year ended December 31, 2000. (See Note 21 to the Consolidated Financial Statements - Reconciliation of net loss to net cash used in operating activities and the Consolidated Statements of Cash Flows.)

Restricted Cash

Restricted cash decreased to $2.1 million at December 31, 2000 from $10.9 million at December 31, 1999. The majority of restricted cash was held as security with respect to cash provided in Hungary by banks participating in Euronet's ATM network, to cover guarantees for financial instruments and as deposits with customs officials. The decrease resulted primarily from the settlement of the forward foreign exchange contracts using restricted cash and a release of restricted cash resulting from the posting of a surety bond with the Hungarian banking institution that supplies cash to the Company's ATM network in Hungary.

Trade Accounts Receivable

Trade accounts receivable increased to $9.5 million at December 31, 2000 from $7.9 million at December 31, 1999 due primarily to sales from the Software Solutions Segment and increased Network Services Segment revenues.

Property, Plant and Equipment

Net property, plant and equipment decreased to $31.7 million at December 31, 2000 from $36.7 million at December 31, 1999. This decrease is due primarily to a reduction in the rate of installation of ATMs and fixed asset additions. Fixed asset depreciation was in excess of fixed asset additions, and the write-off of $800,000 in ATM hardware further reduced the net fixed asset position.

Intangible Assets

The decrease in net intangible assets to $2.6 million at December 31, 2000 from $16.3 million at December 31, 1999 is due primarily to the $11.2 million write-down of goodwill and other identifiable intangible assets associated with the Software Solutions Segment (see Note 9 to the Consolidated Financial Statements-Intangibles). In addition, the decrease is the result of amortization of purchased intangibles acquired in the Euronet USA acquisition in 1998, and the SBK and Dash acquisitions in 1999.

Current liabilities

Current liabilities decreased to $20.5 million at December 31, 2000 from $26.9 million at December 31, 1999. This decrease is due primarily to decreases in accrued expenses, billings in excess of costs and estimated earnings on software installation costs and settlement of the forward foreign exchange contracts.

Capital Leases

Total capital lease obligations including current installments increased to $11.5 million at December 31, 2000 from $10.6 million at December 31, 1999. This increase is due primarily to additional capital leases resulting from the Company's purchase of Budapest Bank's ATM network, consisting of 147 ATMs on May 1, 2000.

Notes Payable

Notes payable increased to $77.2 million at December 31, 2000 from $72.8 million at December 31, 1999. This is the result of several transactions as follows:

	(In millions)
Balance at December 31, 1999	$72.8
Unrealized foreign exchange gain (DEM vs. US$)	(4.4)
Accretion of bond interest	8.8

Balance at December 31, 2000	$77.2

Stockholders' Deficit

Stockholders' deficit increased to $44.8 million at December 31, 2000 from $9.5 million at December 31, 1999. This is due to the net loss for the year ended December 31, 2000 of $49.6 million which was offset by an increase in additional paid in capital of $14.4 million due to the sale of 1,882,723 shares of common stock for proceeds of $13.0 million, the issue of $400,000 of warrants and the exercise of 390,231 stock options for proceeds of $900,000.

Year 2000 Compliance

The Company's European and U.S. Year 2000 compliance teams reported no material Year 2000 problems during the advent of the year 2000, either with Euronet's own systems or the systems of its customers. The Company is unaware of any material Year 2000 complications to date.

Impact of New Accounting Pronouncements Not Yet Adopted

SFAS 133

The Company is required to adopt Statement of Financial Accounting Standard (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities" as amended by SFAS No. 138 for US GAAP reporting as of 1 January 2001. SFAS 133 and 138 establish accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives).

In accordance with SFAS No. 133, entities are required to carry all derivative instruments on the balance sheet at fair value. The accounting for movements in fair value of derivatives depends upon whether it has been designated and qualifies as part of a hedging relationship and, if so, the reason for holding it. If certain conditions are met, the Company may elect to designate a derivative instrument as a hedge of exposures. If the hedged exposure is a fair value exposure, movements in fair value are recognized in earnings with the offsetting gain or loss on the hedged item attributable to the hedged risk. If the hedged exposure is a cash flow exposure, the effective portion of the movement in fair value of the derivative instrument is initially reported as a component of other comprehensive income and subsequently reclassified into earnings at the time the forecasted transaction impacts earnings. Amounts excluded from the assessment of hedge effectiveness as well as the ineffective portion of movements in fair value of the derivative instrument are reported in earnings in the current period. Accounting for foreign currency hedges is similar to the accounting for fair value and cash flow hedges. If a derivative instrument is not designated as a hedge, movements in the fair value of derivative instruments are recognized in earnings.

Under the provisions of SFAS No. 133, the method that the Company will use to assess effectiveness of a hedge, as well as the measurement approach for determining the ineffectiveness of a hedge, must be established at the inception of a hedge. The Company formally documents all relationships between hedging instruments and hedged items as well as its risk management objective and strategy for entering into the transaction. This process includes linking derivatives designated as fair value or cash flow hedges to specific assets, liabilities or firm commitments on forecasted transactions. This process is repeated on a periodic basis. If at any time the Company determines a hedge is no longer effective, hedge accounting is immediately discontinued and the derivative is marked to market with any gain or loss recorded in earnings.

The Company adopted the provisions of SFAS No. 133 on 1 January 2001 and this had no impact on the Company's consolidated financial statements as the Company does not have any derivative financial instruments. Future changes in the fair value for any remaining trading securities will be recorded through earnings. Changes in fair value of available for sale securities will be recorded in other comprehensive income.

SFAS 140

The FASB issued Statement of Financial Accounting Standard No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS No. 140). SFAS No. 140 replaces SFAS No. 125 as it revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures. SFAS No. 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001 and in certain limited instances can be applied early. SFAS No. 140 requires recognition and reclassification of collateral and for disclosures relating to securitzation and collateral for fiscal years ending after December 15, 2000.The Company does not expect SFAS No. 140 to have a material effect on its financial statements.

Forward-Looking Statements

This document contains statements that constitute forward-looking statements within the meaning of section 27A of the Securities Act and section 21E of the U.S. Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this document, including, without limitation, statements regarding (i) the Company's business plans and financing plans and requirements, (ii) trends affecting the Company's business plans and financing plans and requirements, (ii) trends affecting the Company's business, (v) the adequacy of capital to meet the Company's capital requirements and expansion plans, (vi) the assumptions underlying the Company's business plans, (vii) business strategy, (viii) government regulatory action, (ix) technological advances and (x) projected costs and revenues, are forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by the words believe, expect, anticipated, intend, estimate and similar expressions.

Investors are cautioned that any such forward looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may materially differ from those in the forward-looking statements as a result of various factors, including: technological and business developments in the local card and electronic banking markets affecting the transaction and other fees which the Company is able to charge for its services; foreign exchange fluctuations; competition from bank owned ATM networks, outsource providers of ATM services and software providers; the Company's relationships with its major customers, sponsor banks in various markets and International Card Organization; and changes in laws and regulations affecting the Company's business. These risks, and other risks are described elsewhere in this document and the Company's periodic filings with the Securities and Exchange Commission.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Exposure

In 2000, 30% of the Company's revenues were generated in Poland and Hungary, as compared to 27% in 1999 and 73% in 1998. The 2000 figure has increased due to the increase in revenues for the Polish operations. In Hungary the majority of revenues received are denominated in Hungarian Forint and in Poland, the majority of revenues are denominated in Polish Zloty. However the majority of these foreign currency denominated contracts are linked either to inflation or the retail price index. While it remains the case that a significant portion of the Company's expenditures are made in or are denominated in U.S. Dollars the Company is also striving to achieve more of its expenses in local currencies to match its revenues.

The Company estimates that a further 10% depreciation in foreign exchange rates of the Deutsche Mark, Hungarian Forint, Polish Zloty and the British Pound Sterling against the U.S. dollar, would have the combined effect of a $7.1 million decrease in the reported net loss. This was estimated using 10% of the Company's net losses after adjusting for unusual impairment and other items including U.S. dollar denominated or indexed expenses. The Company believes that this quantitative measure has inherent limitations. It does not take into account any governmental actions or changes in either customer purchasing patterns or the Company's financing or operating strategies.

As a result of continued European economic convergence, including the increased influence of the Deutsche Mark, as opposed to the U.S. Dollar, on the Central European currencies, the Company expects that the currencies of the markets where it invests will fluctuate less against the Deutsche Mark than against the Dollar. Accordingly, the Company believes that its Deutsche Mark denominated debt provides, in the medium to long term, for a closer matching of assets and liabilities than would Dollar denominated debt.

Inflation and Functional Currencies

In recent years, Hungary, Poland and the Czech Republic have experienced high levels of inflation. Consequently, these countries' currencies have continued to decline in value against the major currencies of the OECD over this time period. However, due to the significant reduction in the inflation rate of these countries in recent years, none of these countries are considered to have a hyper-inflationary economy. Further, the majority of all three subsidiaries' revenues are denominated in the local currency. Thus all three subsidiaries use their local currency as the functional currency. The Polish and Czech subsidiaries changed their functional currency to the respective local currency as of January 1, 1998 and January 1, 1999, respectively, and the Hungarian subsidiary changed as of July 1, 1999.

Germany, France and the United Kingdom have experienced relatively low and stable inflation rates in recent years. Therefore, the local currency in each of these markets is the functional currency. Although Croatia, like Germany and France, has maintained relatively stable inflation and exchange rates, the functional currency of the Croatian company is the U.S. dollar due to the significant level of U.S. dollar denominated revenues and expenses. Due to the factors mentioned above, the Company does not believe that inflation will have a significant effect on results of operations or financial condition. The Company continually reviews inflation and the functional currency in each of the countries that it operates in.

Interest Rate Risk

The fair market value of the Company's long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The estimated fair value of the Company's notes payable at December 31, 2000 was $37.5 million compared to a carrying value of $77.2 million. A 1% increase from prevailing interest rates at December 31, 2000 would result in a decrease in fair value of notes payable by approximately $1.5 million. Fair values were determined from quoted market prices and from investment bankers considering credit ratings and the remaining term to maturity. (See Note 20 to the Consolidated Financial Statements - Financial Instruments)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

EURONET SERVICES INC.
INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report

The Board of Directors and Stockholders
Euronet Services Inc.:

We have audited the accompanying consolidated balance sheets of Euronet Services Inc. and subsidiaries as of December 31, 2000 and 1999 and the related consolidated statements of operations and comprehensive loss, changes in stockholders' (deficit)/equity, and cash flows for each of the years in the three-year period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Euronet Services Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000 in conformity with generally accepted accounting principles in the United States of America.

KPMG
Warsaw, Poland

February 9, 2001

EURONET SERVICES INC.
AND SUBSIDIARIES

Consolidated Balance Sheets

	December 31, 2000	December 31, 1999
	(in thousands)	
Assets		
Current assets:		
Cash and cash equivalents (note 7)	$ 7,151	$ 15,037
Restricted cash (note 6)	2,103	10,929
Investment securities (note 7)	-	750
Trade accounts receivable (less allowance for doubtful accounts of $740,000 in 2000 and $381,000 in 1999, note 17)	9,485	7,888
Costs and estimated earnings in excess of billings on software installation contracts (note 8)	1,117	667
Income taxes receivable (note 16)	-	818
Prepaid expenses and other current assets	4,229	3,695
Total current assets	24,085	39,784
Property, plant, and equipment (note 10 and 15):		
Equipment - Automatic teller machines	41,691	41,253
Vehicles and office equipment	2,451	2,363
Computers and software	8,628	7,806
	52,770	51,422
Less accumulated depreciation and amortization	(21,113)	(14,729)
Net property, plant, and equipment	31,657	36,693
Intangible assets, net (notes 9 and 10)	2,604	16,259
Deposits	45	1,355
Deferred income taxes (note 16)	424	460
Other assets, net (notes 3(i))	2,075	2,293
Total assets	$ 60,890	$ 96,844

See accompanying notes to the consolidated financial statements.

EURONET SERVICES INC.
AND SUBSIDIARIES

Consolidated Balance Sheets (cont'd)

Liabilities and Stockholders' Deficit	December 31, 2000	December 31, 1999
	(in thousands)	
Current liabilities:		
Trade accounts payable	$ 5,223	$ 5,768
Current installments of obligations under capital leases (note 15)	3,466	4,188
Accrued expenses and other current liabilities	6,397	12,631
Advance payments on contracts	2,155	1,321
Income taxes payable (note 16)	350	-
Billings in excess of costs and estimated earnings on software installation contracts (note 8)	2,875	3,030
Total current liabilities	20,466	26,938
Obligations under capital leases, excluding current installments (note 15)	8,034	6,397
Notes payable (note 11)	77,191	72,800
Other long-term liabilities	-	202
Total liabilities	105,691	106,337
Stockholders' deficit (note 4):		
Common stock, $0.02 par value. Authorized 30,000,000 shares; issued and outstanding 17,814,910 shares in 2000 and 15,541,956 shares in 1999 (note 12)	356	311
Additional paid in capital (note 11)	81,327	66,969
Treasury stock	(140)	(3)
Employee loans for stock (note 25)	(561)	(794)
Subscription receivable	(59)	(50)
Accumulated deficit	(123,811)	(74,260)
Restricted reserve (note 5)	784	784
Accumulated other comprehensive loss	(2,697)	(2,450)
Total stockholders' deficit	(44,801)	(9,493)
Total liabilities and stockholders' deficit	$ 60,890	$ 96,844

See accompanying notes to the consolidated financial statements.

EURONET SERVICES INC.
AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Loss

	Year Ended December 31,		
	2000	1999	1998
	(in thousands, except per share data)		
Revenues:			
ATM network and related revenue	$ 36,913	$ 26,503	$ 11,525
Software, maintenance and related revenue	15,827	14,969	356
Total revenues	52,740	41,472	11,881
Operating expenses:			
Direct operating costs	24,988	22,830	10,036
Salaries and benefits (note 18)	29,265	24,477	9,831
Selling, general and administrative	11,531	10,725	8,650
Depreciation and amortization	10,384	10,238	4,955
In-process research and development write-off (note 4)	-	-	1,020
Asset write down (note 10)	11,968	-	-
Total operating expenses	88,136	68,270	34,492
Operating loss	(35,396)	(26,798)	(22,611)
Other income/(expense):			
Interest income	1,089	1,950	2,514
Interest expense (note 11)	(10,829)	(10,899)	(7,826)
Foreign exchange loss, net (note 14)	(3,227)	(2,110)	(1,911)
	(12,967)	(11,059)	(7,223)
Loss before income tax and extraordinary item	(48,363)	(37,857)	(29,834)
Income tax (expense)/benefit (note 16)	(1,188)	4,182	(1,430)
Loss before extraordinary item	(49,551)	(33,675)	(31,264)
Extraordinary gain on early retirement of debt, net of applicable income taxes of $0 in 2000, $0 in 1999 and $1,488,000 in 1998 (note 11)	-	2,760	2,889
Net loss	(49,551)	(30,915)	(28,375)
Other comprehensive income:			
Translation adjustment	(247)	(2,515)	65
Comprehensive loss	$ (49,798)	$ (33,430)	$ (28,310)
Loss per share - basic and diluted (note 3(o)):			
Loss before extraordinary item	$ (3.00)	$ (2.21)	$ (2.06)
Extraordinary gain	-	0.18	0.19
Net loss	$ (3.00)	$ (2.03)	$ (1.87)
Weighted average number of shares outstanding	16,499,699	15,252,030	15,180,651

See accompanying notes to the consolidated financial statements.

EURONET SERVICES INC.
AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' (Deficit)/Equity

	No. of Shares	Common Stock	Employee Loans For Stock	Additional Paid in Capital	Treasury Stock
	(in thousands, except share data)				
Balance December 31, 1997	15,133,321	$ 304	$ -	$ 63,358	$ (4)
Warrants issue (note 11)	-	-	-	1,725	-
Stock options exercised (note 18)	80,132	3	-	175	-
Stock options granted in Euronet USA acquisition (note 4)	-	-	-	96	-
Subscription paid	-	-	-	-	-
Translation adjustment	-	-	-	-	-
Tax benefit from exercise of stock options (note 16)	-	-	-	951	-
Share compensation expense (note 18)	-	-	-	108	-
Net loss for 1998	-	-	-	-	-
Balance December 31, 1998	15,213,453	$ 307	$ -	$ 66,413	$ (4)
Share compensation expense (note 18)	-	-	-	127	-
Stock options exercised (note 18)	228,503	4	-	331	-
Sale of treasury stock	100,000	-	-	274	1
Warrants repurchase (note 11)	-	-	-	(176)	-
Employee loans for stock (note 25)	-	-	(794)	-	-
Translation adjustment	-	-	-	-	-
Net loss for 1999	-	-	-	-	-
Balance December 31, 1999	15,541,956	$ 311	$ (794)	$ 66,969	$ (3)
Stock options exercised (note 18)	390,231	8	-	941	-
Sale of common stock (note 12)	1,882,723	37	-	13,045	-
Warrants issue (note 12 and 13)	-	-	-	372	-
Subscriptions	-	-	-	-	-
Employee loans for stock (note 25)	-	-	233	-	(137)
Translation adjustment	-	-	-	-	-
Net loss for 2000	-	-	-	-	-
Balance December 31, 2000	17,814,910	$ 356	$ (561)	$ 81,327	$ (140)

See accompanying notes to the consolidated financial statements.

EURONET SERVICES INC.
AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' (Deficit)/Equity (cont'd)

	Subscription Receivable	Accumulated Deficit	Restricted Reserve	Accumulated Other Comprehensive (Loss)/Income	Total
	(in thousands, except share data)				
Balance December 31, 1997	$(253)	$ (14,970)	$784	$ -	$ 49,219
Warrants issue (note 11)	-	-	-	-	1,725
Stock options exercised (note 18)	-	-	-	-	178
Stock options granted in Euronet USA acquisition (note 4)	-	-	-	-	96
Subscription paid	203	-	-	-	203
Translation adjustment	-	-	-	65	65
Tax benefit from exercise of stock options (note 16)	-	-	-	-	951
Share compensation expense (note 18)	-	-	-	-	108
Net loss for 1998	-	(28,375)	-	-	(28,375)
Balance December 31, 1998	$ (50)	$ (43,345)	$784	$ 65	$ 24,170
Share compensation expense (note 18)	-	-	-	-	127
Stock options exercised (note 18)	-	-	-	-	335
Sale of treasury stock	-	-	-	-	275
Warrants repurchase (note 11)	-	-	-	-	(176)
Employee loans for stock (note 25)	-	-	-	-	(794)
Translation adjustment	-	-	-	(2,515)	(2,515)
Net loss for 1999	-	(30,915)	-	-	(30,915)
Balance December 31, 1999	$ (50)	$ (74,260)	$784	$(2,450)	$ (9,493)
Stock options exercised (note 18)	-	-	-	-	949
Sale of common stock (note 12)	-	-	-	-	13,082
Warrants issue (notes 12 and 13)	-	-	-	-	372
Subscriptions	(9)	-	-	-	(9)
Employee loans for stock (note 25)	-	-	-	-	96
Translation adjustment	-	-	-	(247)	(247)
Net loss for 2000	-	(49,551)	-	-	(49,551)
Balance December 31, 2000	$ (59)	$(123,811)	$784	$(2,697)	$(44,801)

See accompanying notes to the consolidated financial statements.

EURONET SERVICES INC.
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2000	1999	1998
	(in thousands)		
Net cash used in operating activities (note 21)	$(16,357)	$(20,371)	$(22,768)
Cash flows from investing activities:			
Fixed asset purchases	(3,428)	(8,685)	(9,740)
Proceeds from sale of fixed assets	706	3,742	543
Purchase of investment securities	-	(5,373)	(29,778)
Proceeds from maturity of investment securities	-	7,772	58,789
Investment in subsidiaries, net of cash acquired	-	(7,316)	(17,338)
Net (decrease)/increase in loan receivable	(13)	28	(8)
Net cash (used in)/provided by investing activities	(2,735)	(9,832)	2,468
Cash flows from financing activities:			
Proceeds from the sale and leaseback of fixed assets	-	827	-
Proceeds from issuance of shares and other capital contributions	13,889	610	178
Proceeds from issuance of notes payable and warrants	378	-	83,100
Costs to obtain loans	-	(22)	(3,294)
Repurchase of notes payable and warrants	-	(5,202)	(5,473)
Repayment of obligations under capital leases	(3,677)	(5,660)	(7,323)
Increase/(decrease) in short-term bank borrowings	192	(300)	142
(Increase)/decrease in subscriptions receivable	(9)	-	203
Cash loaned to employees for purchase of common stock	233	(794)	-
Net cash provided by/(used in) financing activities	11,006	(10,541)	67,533
Effect of exchange differences on cash	200	(167)	865
Net (decrease)/increase in cash and cash equivalents	(7,886)	(40,577)	48,098
Cash and cash equivalents at beginning of period	15,037	55,614	7,516
Cash and cash equivalents at end of period	$ 7,151	$ 15,037	$ 55,614
Supplemental disclosures of cash flow information (note 22):			
Interest paid during year	$ 2,076	$ 1,133	$ 1,907
Income taxes refunded during year	$ -	$ 839	$ -

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

(1) Organization

Euronet Services Inc. was established as a Delaware corporation on December 13, 1997 and capitalized on March 6, 1998. Euronet Services Inc. succeeded Euronet Holding N.V. as the group holding company.

Euronet Services Inc. and its subsidiaries (the "Company" or "Euronet") is a provider of electronic financial solutions and transaction processing services to banks, financial institutions, and other companies. Euronet operates an automated teller machine ("ATM") network in Europe and the U.S., which serves banks and retail companies by accepting most international bankcards and proprietary cards issued by member banks. Some of the ATMs also perform certain deposit, sales or advertising functions. Euronet also provides ATM network management outsourcing services to banks or companies with their own networks. Euronet sells integrated software solutions for electronic payment and financial transaction delivery systems worldwide. Its software comprises a suite of products including a core system, Integrated Transaction Management ("ITM"), and compatible modular software for ATM and POS network processing, electronic funds transfer interfaces, electronic funds transfer switch control, credit/debit card management and processing, and corporate cash management and personal financial management access products.

The subsidiaries of Euronet Services Inc., all of which are, directly or indirectly, wholly owned are:

- EFT Services Holding B.V., incorporated in the Netherlands
- Euronet Banktechnikai Szolgaltato Kft. ("Bank Tech"), incorporated in Hungary
- Euronet Adminisztracios Szolgaltato Kft. ("Administrative Services") (formerly SatComNet), incorporated in Hungary
- Bankomat 24/Euronet Sp. z o.o. ("Bankomat"), incorporated in Poland
- EFT-Usluge d o.o., incorporated in Croatia
- Euronet Services GmbH, incorporated in Germany
- EFT Services France SAS, incorporated in France
- Euronet Services spol. s.r.o., incorporated in the Czech Republic
- Euronet Services SRL, incorporated in Romania
- Euronet Services (UK) Limited, incorporated in the United Kingdom
- Euronet USA Inc. (formerly Arkansas Systems, Inc.) ("Euronet USA") incorporated in Arkansas, United States of America
- EFT Network Services LLC ("Dash"), incorporated in Arkansas, United States of America
- Euronet Holding N.V., incorporated in the Netherlands Antilles (in liquidation)
- Euronet Eft Services Hellas, incorporated in Greece

(2) Financial position and basis of preparation

The Company generated an operating loss of $35.4 million and negative cash flows from operations of $16.4 million for the year ended December 31, 2000, primarily due to the significant costs associated with its investment in delivery, support, research and development in its software subsidiary which was acquired in December 1998. Based on the Company's current business plan and financial projections, the Company expects to reduce operating losses and net cash used in operating activities in 2001. In the Network Services Segment, the Company anticipates that increased transaction levels in its ATM network will result in additional revenues without a corresponding increase in expenses. In addition, the Company expects to further expand its ATM outsourcing services and offer new value-added services, which will provide continued revenue growth without significantly increasing direct operating expenses or capital investments. In the Software Solutions Segment, the Company expects reduced operating expenses and improved operating performance due to a cost restructuring program introduced in the first quarter of 2001. The Company believes that the credit facility (see note 13), certain asset sales and cash and cash equivalents at December 31, 2000 will provide the Company with sufficient cash resources until it achieves positive cash flow.

Based on the above, management is confident that the Company will be able to continue as a going concern. Accordingly, these consolidated financial statements have been prepared on a going concern basis which contemplates the continuation and expansion of trading activities as well as the realization of assets and liquidation of liabilities in the ordinary course of business.

(3) Summary of significant accounting policies and practices

(a) Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America.

All significant intercompany balances and transactions have been eliminated.

(b) Foreign currencies

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transactions. Assets and liabilities denominated in foreign currencies are remeasured at rates of exchange on the balance sheet date. Resulting gains and losses on foreign currency transactions are included in the consolidated statement of operations and comprehensive loss.

The financial statements of foreign subsidiaries where the local currency is the functional currency are translated to U.S. dollars using (i) exchange rates in effect at period end for assets and liabilities, and (ii) average exchange rates during the period for results of operations. Adjustments resulting from translation of such financial statements are reflected in accumulated other comprehensive income as a separate component of consolidated stockholders' equity.

The financial statements of foreign subsidiaries where the functional currency is the U.S. dollar are remeasured using historical exchange rates for nonmonetary items while current exchange rates are used for monetary items. Foreign exchange gains and losses arising from the remeasurement are reported in the consolidated statement of operations and comprehensive loss.

(c) Cash equivalents

For the purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(d) Investment securities

The Company has classified its investment securities as held-to-maturity or available-for-sale. Held-to-maturity securities are those securities in which the Company has the ability and intent to hold the security to maturity. All securities not included in held-to-maturity are classified as available-for sale.

Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premium and discounts. Available-for-sale securities are recorded at fair value. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from operating results and reported as a separate component of other comprehensive income/loss until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis.

A decline in the market value of any held-to-maturity or available-for-sale security below cost that is deemed other than temporary results in a reduction in the carrying amount to fair value. The impairment is charged to operating results and a new cost basis for the security is established. Premiums and discounts are amortized or accreted over the life or term of the related held-to-maturity security or available-for-sale security as an adjustment to yield using the effective interest method.

Dividend and interest income are recognized when earned.

(e) Forward foreign exchange contracts

Forward foreign exchange contracts are recorded at fair values in the consolidated balance sheet in other current assets or other current liabilities with the related gain or loss recognized in the consolidated statement of operations, unless the contracts meet certain hedging criteria. A foreign exchange contract is considered a hedge of an identifiable foreign currency commitment if (i) the contract is designated as, and is effective as, a hedge of foreign currency commitment and (ii) the foreign currency commitment is firm.

In addition, the significant characteristics of expected terms of the anticipated transaction are identified and it is probable that the anticipated transaction will occur. Gains and losses on foreign exchange contracts meeting these hedge accounting criteria are deferred and included in the measurement of the related foreign currency transaction. Losses are not deferred if, however, it is estimated that the deferral would lead to recognition of losses in later periods.

(f) Property, plant and equipment

Property, plant, and equipment are stated at cost. Equipment under capital leases are stated at the lesser of fair value of the leased equipment and the present value of future minimum lease payments.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Equipment held under capital leases and leasehold improvements are amortized straight line over the shorter of their estimated useful lives or the lease term.

Depreciation and amortization rates are as follows:

Automated teller machines	5-7 years
Computers and software	3-5 years
Vehicles & office equipment	5 years
Cassettes	1 year
Leasehold improvements	Over the lease term

(g) Goodwill and other intangible assets

Goodwill represents the excess of purchase price over fair value of net assets acquired. Other identifiable intangible assets are valued at their fair market value at the time of purchase.

Amortization is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Goodwill	7-10 years
Developed technology	5 years
Assembled workforce	4 years
Installed base	4 years
Distributor/agent relationships	8 years
Trade-name	10 years

The Company assesses the recoverability of this intangible asset by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired operation. The amount of goodwill impairment, if any, is measured based on projected undiscounted future operating cash flows. The assessment of the recoverability of goodwill will be impacted if estimated future operating cash flows are not achieved.

(h) Impairment of long-lived assets

The Company accounts for long-lived assets in accordance with the provisions of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets to Be Disposed Of." This Statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to projected undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets on a discounted cash flow basis. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(i) Other assets

Other assets include deferred financing costs, investments in affiliates, and loans receivables. Deferred financing costs represent expenses incurred to obtain financing which have been deferred and amortized over the life of the loan using the effective interest method.

(j) Investments in affiliates

Investment in the common stock of EFT Network Services, LLC ("Dash"), a 33 1/3% owned affiliate until wholly acquired on August 13, 1999, was accounted for by the equity method until the date of acquisition. Under this method, the Company's share of net income or loss was reflected in the Company's investment account, and dividends received are treated as a reduction of the investment account. The fair value of the investment in excess of the underlying equity in net assets is amortized over 10 years. The acquisition on August 13, 1999 was accounted for under the purchase method of accounting (see note 4).

(k) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(l) Risks and uncertainties

The Company has made a number of estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(m) Revenue recognition

Euronet recognizes revenue at the point at which the service is performed. Revenues from software licensing agreement contracts are recognized on a percentage of completion basis whereby a pro-rata portion of revenue and related costs are recognized as the work progresses. Revenues from software licensing agreement contracts representing newly released products deemed to have a higher than normal risk of failure during installation are recognized on a completed contract basis whereby revenues and related costs are deferred until the contract is complete.

(n) Research and development costs

The Company applies SFAS 2 and 86 in recording research and development costs. Research costs aimed at the discovery of new knowledge with the hope that such knowledge will be useful in developing a new product or service or a new process or technique or in bringing about significant improvement to an existing product or process are expensed as incurred (refer to Note 24). Development costs aimed at the translation of research findings or other knowledge into a plan or design for a new product or process or for a significant improvement to an existing product or process whether intended for sale or use are capitalized on a product-by-product basis when technological feasibility is established.

Technological feasibility of computer software products is established when the Company has completed all planning, designing, coding, and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements.

Capitalized software costs are amortized on a product-by-product basis equal to the greater of the amount computed using (a) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (b) the straight-line method over the remaining estimated economic life of the product, generally three years, including the period being reported on. Amortization commences in the period when the product is available for general release to customers.

(o) Loss per share

Loss per share has been calculated by dividing the net loss attributable to common shareholders by the weighted-average number of shares outstanding during the year. The effect of potential common shares (stock options and warrants outstanding) is anti-dilutive. Accordingly, dilutive loss per share does not assume the exercise of the stock options and warrants outstanding.

(p) Stock-based compensation

The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related Interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair market value of the Company's shares at the date of the grant over the exercise price. Such compensation cost is charged to expense on a straight-line basis over the vesting period of the respective options. If vesting is accelerated as a result of certain milestones, the unrecognized compensation would be recorded as expense on the date such milestones have or have been deemed to have been achieved. The Company has adopted the disclosure-only provisions of SFAS No. 123 (see Note 18).

(q) Reclassifications

Certain amounts have been reclassified in the prior year consolidated financial statements to conform to the 2000 consolidated financial statement presentation.

(4) Acquisitions

On March 26, 1999 the Company signed an agreement with Service Bank GmbH & Co. KG ("Service Bank") to acquire 252 installed ATMs in Germany and 36 ATMs in inventory. The purchase price for this established ATM network was 12.2 million Deutsche Marks ($6.7 million). Pursuant to the agreement, the Company receives monthly fees based on revenues realized from the ATMs less certain expenses and management fees payable to Service Bank. The risks and rewards of ownership of the ATM network transferred to the Company as of January 1, 1999, and revenues and expenses from the operation of the ATM network accrued to Euronet from that date.

The acquisition was accounted for as a purchase; accordingly, the results of operations have been included in the accompanying consolidated financial statements since January 1, 1999. The purchase price was allocated to assets acquired in the amount of $3.5 million based on their fair values. The excess of the purchase price over the fair value of the net assets acquired of $3.2 million was recorded as goodwill and is amortized over seven years.

On August 13, 1999, Euronet USA purchased the remaining 66 2/3% interest in Dash for a consideration of $800,000 payable in 24 equal monthly installments commencing on July 1, 1999. Euronet USA has delivered letters of credit to each of the sellers in the amount of the entire unpaid balance of the purchase price of Dash. As payments are made, the outstanding credit risk exposures related to the letters of credit are reduced proportionately. Euronet USA now owns a 100% interest in Dash.

The acquisition was accounted for as a purchase; accordingly, the results of operations have been included in the accompanying consolidated financial statements since July 1, 1999. The purchase price was allocated to assets acquired of $680,000 based on their fair values. The excess of the purchase price over the fair value of the net assets acquired of $120,000 has been recorded as goodwill and is amortized over ten years.

On November 30, 1998, the Company acquired the outstanding common stock of Euronet USA for purchase consideration of approximately $17.9 million (including incidental costs of $90,000 and fair value of stock options of $96,000). Euronet USA, with headquarters in Little Rock, Arkansas, sells payment and transaction delivery systems worldwide. Its main software products include ATM and network processing, electronic funds transfer interfaces, electronic funds transfer switch control, credit/debit card processing and corporate cash management and personal financial management access products. Euronet USA is the software provider to Euronet's ATM transaction processing center in Central Europe.

The acquisition was accounted for as a purchase; accordingly, the results of operations are included in the accompanying consolidated financial statements since the date of acquisition. The purchase price was allocated to assets acquired ($7.5 million) and liabilities assumed ($6.0 million) based on their fair values. The excess of the purchase price over the fair value of the net assets acquired of $16.4 million was allocated $1.0 million to in-process research and development ("IPRD"), $8.7 million to other identifiable intangible assets and the remaining $6.7 million to goodwill (see Note 9). This allocation was based on independent valuations performed at the time of acquisition. In-process research and development was written-off to operations at the date of the acquisition. In the third quarter of 2000 the remaining book value of intangibles and goodwill of $11.2 million was written down in accordance with SFAS No. 121 (see Note 10).

(5) Restricted reserve

The restricted reserve arose from the provisions of Hungarian accounting law in relation to share capital contributed in foreign currency to Bank Tech and Administrative Services. Under these rules, a foreign currency capital contribution is recorded in the local accounting records of the companies using the rate when the capital was contributed. The foreign currency gain (or loss) which arises upon usage of the foreign currency is recorded as a separate non-distributable reserve.

The reserve has remained frozen during the year as the laws in Hungary have now changed and no longer require this accounting. However, the change in the law is not retroactive and the historical reserve remains undistributable.

(6) Restricted cash

The restricted cash balances as of December 31, 2000 and 1999, were as follows:

	December 31, 2000	December 31, 1999
	(in thousands)	
ATM deposits	$ 710	$ 6,567
Deposits for financial instruments	-	3,649
Other	1,393	713
	$2,103	$10,929

The ATM deposit balances held are equivalent to the value of certain banks' cash held in Euronet's ATM network. The Company also has deposits with commercial banks to cover guarantees and deposits with customs officials to cover future charges.

(7) Investment securities

The amortized cost for short-term held-to-maturity and available-for-sale securities by class security type at December 31, 2000 and 1999, were as follows:

	December 31, 2000	December 31, 1999
	(in thousands)	
Held-to-maturity:		
U.S. Federal Agency obligations	$ -	$ 750
Corporate debentures	-	2,305
Total investments	$ 0	$3,055

Securities totaling $2,305,000 and $750,000 have been recorded in cash and cash equivalents and investment securities, respectively, on the balance sheet at December 31, 1999. In 2000 and 1999, the Company recorded a realized loss of $0 and $40,780, respectively, resulting from the sale of available-for-sale securities.

(8) Contracts in progress

Amounts included in the consolidated financial statements which relate to recoverable costs and accrued profits not yet billed on contracts are classified as current assets under costs and estimated earnings in excess of billings on software installation contracts. Amounts received from customers in excess of revenues recognized to date are classified as current liabilities under billings in excess of cost and estimated earnings of software installation contracts.

The software installation contracts in progress consist of the following:

	December 31, 2000	December 31, 1999
	(in thousands)	
Costs and estimated earnings on software installation contracts	$ 11,911	$ 7,872
Less billings to date	(13,669)	(10,235)
	$ (1,758)	$ (2,363)

Components are included in the accompanying consolidated balance sheets under the following captions:

	December 31, 2000	December 31, 1999
	(in thousands)	
Costs and estimated earnings in excess of billings on software installation contracts	$ 1,117	$ 667
Billings in excess of costs and estimated earnings on software installation contracts	(2,875)	(3,030)
	$(1,758)	$(2,363)

(9) Intangibles

Intangible assets are carried at amortized cost and consist of the following:

	December 31, 2000	December 31, 1999
	(in thousands)	
Goodwill	$2,973	$10,641
Developed technology	-	5,700
Assembled workforce	-	1,130
Installed base	-	1,080
Distributor/agent relationships	-	380
Trade-name	-	400
	2,973	19,331
Less accumulated amortization	(369)	(3,072)

Total	$2,604	$16,259
	======	=======

Refer to Note 10 for details of the write down of intangibles in 2000.

(10) Asset Write Down

During the third quarter of 2000, the Company reduced the carrying value of certain assets in accordance with SFAS No.121. The asset write-downs totaled $12.0 million, of which $11.2 million related to goodwill and other identifiable intangible assets associated with the Company's acquisition of Arkansas Systems, Inc. ("Euronet USA) in December 1998. The remaining $800,000 write- down related to the Company's ATM hardware inventory acquired associated with the Company's acquisition of the SBK ATM network in Germany and the Budapest Bank ATM network in Hungary.

As a result of the Company's inability to achieve operating improvements, including software license and service orders for Euronet USA's traditional core product (ITM) and cost reductions, the Software Solutions Segment continued operating at a loss through the first three quarters of 2000. The Company calculated the expected cash flows of the Company's Software Solutions Segment, which identified an impairment of its long-lived assets. Accordingly, in the third quarter of 2000, the Company recorded an impairment charge based on the present value of expected cash flows of $11.2 million for the write-down of goodwill and other identifiable intangible assets recorded upon the acquisition of Euronet USA. The Company considers the rapidly changing business environment surrounding electronic transaction payment systems software to be a primary indicator of any potential impairment of goodwill and other identifiable intangible assets related to the Company's Software Solutions Segment. The Company is in the process of repositioning Euronet USA in the market through development and release of a new set of products that are independent of Euronet USA's traditional core product lines, including a new, platform independent Java based transaction processing software package with wireless banking and messaging modules and a set of mobile phone prepaid recharge solutions. It has become apparent, based on market reaction to these new products, that these new products and solutions rather than Euronet USA's traditional ITM solution will be the primary source of software solutions revenues in the future.

In order to determine the extent of the asset impairment and the related asset write-down, the Company estimated the discounted cash flows of the Software Solutions Segment products and services in determining the fair value of the goodwill and related identifiable intangible assets. The Company's estimate was based on historical results which have shown recurring operating losses since acquisition, current projections, and internal earnings targets, net of applicable taxes. The Company's discounted cash flow analysis indicated that the carrying value of intangible assets related to Euronet USA should be reduced to zero as of September 30, 2000. The net book value of the intangible assets prior to the write down was $11.2 million.

The asset write-down is disclosed as a separate operating expense item in the Company's Consolidated Statements of Operations and Comprehensive Loss.

The Company periodically reviews the recorded values of its long-lived assets to determine if future cash flows to be derived from these assets will be sufficient to recover the remaining recorded asset values. A portion of the ATM hardware assets acquired with the Budapest Bank and Service Bank ATM network purchases were deemed technologically inferior relative to the Company's standards. Specifically, these assets were not technologically advanced to support the entire current and future set of transactions the Company typically offers to users of its ATM network. As a result of this analysis, the Company recorded a non-cash charge of $800,000 related to a reduction in the carrying value of ATM hardware, adjusting to its net realizable value.

(11) Notes payable

On June 22, 1998, the Company sold 243,211 units in a public offering, each consisting of DM 1,000 principal amount at maturity of 12 3/8% senior discount notes due on July 1, 2006 and 729,633 warrants to purchase 766,114 shares of common stock. Each warrant entitles the holder to purchase, on or after June 22, 1998 and prior to July 1, 2006, 1.05 shares of common stock at an exercise price of $5.00 per share. Cash interest on the notes will not be payable prior to July 1, 2002. Commencing January 1, 2003, cash interest will be payable semi-annually on January 1 and July 1 of each year. The notes and the warrants are separately transferable. The gross proceeds to the Company was DM 150.0 million (approximately $83.1 million) representing an issue price of DM 616.75 per DM 1,000 principal amount at maturity. Of this amount, $1.7 million has been allocated to the warrants within stockholders' equity to reflect their fair market value on the date of issuance. Net proceeds to the Company after underwriting discount and offering expenses were DM 145.1 million (approximately $81.3 million).

Pursuant to the Company's indenture, the Company is subject to certain restrictions and covenants, including, without limitation, covenants with respect to the following matters: (i) limitation on additional indebtedness; (ii) limitation on restricted payments; (iii) limitation on issuance and sales of capital stock of restricted subsidiaries; (iv) limitation on transactions with affiliates; (v) limitation on liens; (vi) limitation on guarantees of indebtedness by restricted subsidiaries; (vii) purchase of Euronet notes upon a change of control; (viii) limitation on sale of assets; (ix) limitation on dividends and other payment restrictions affecting restricted subsidiaries; (x) limitation on investments in unrestricted subsidiaries; (xi) limitation on lines of business; and (xii) provision of financial statements and reports. The Company is in compliance with these covenants at December 31, 2000.

During 1999, the Company repurchased notes with a face value of DM 22.0 million and 65,850 warrants for a total purchase price of $5.2 million. This repurchase was accounted for as an extinguishment of debt with a resulting $2.7 million (net of income taxes of $0) recognized as an extraordinary gain on such extinguishment. The extinguishment gain represents the difference between the allocated carrying value of the debt extinguished ($8.1 million) and the consideration paid ($5.0 million), offset by the write-off of the allocated unamortized deferred financing costs ($300,000). Of the total purchase price of $5.2 million, $176,000 was allocated to the warrants based on their fair market value at the time of purchase and recorded as an adjustment to additional paid-in capital. Of the total extinguishment gain, $803,000 was recorded in the fourth quarter of 1999 relating to the purchase of notes with a face value of DM 7.6 million on December 13, 1999.

During December 1998, the Company repurchased notes with a face value of DM 26.4 million and 31,173 warrants for a total purchase price of $5.5 million. This repurchase was accounted for as an extinguishment of debt with a resulting $2.9 million (net of income taxes of $1.5 million) recognized as an extraordinary gain on such extinguishment. The extinguishment gain (pre-tax) represents the difference between the allocated carrying value of the debt extinguished ($10.2 million) and the consideration paid ($5.5 million), offset by the write-off of the allocated unamortized deferred financing costs ($341,000).

The following table provides the composition of notes payable at December 31,:

	2000	1999
	(in thousands)	
Principal amount	$ 93,819	$100,113
Unamortized discount	(16,628)	(27,313)
Carrying balance	$ 77,191	$ 72,800

The effective interest rate relating to the aforementioned notes payable was 13.09% for 2000 and 1999. The interest expense was approximately $8.8 million and $9.5 million for the years ended December 31, 2000 and 1999, respectively.

(12) Private Placement of Common Shares

In July 2000, the Company entered into subscription agreements for the sale of 877,946 new common shares of the Company. Closing with respect to such sale took place on July 14, 2000 and August 29, 2000. These agreements were signed with accredited investors in transactions exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. The purchase price of each share was $6.97. The aggregate amount of proceeds to the Company from the private placement was $6.1

million.

In April 2000, the Company entered into two separate subscription agreements for the sale of an aggregate of 354,777 new common shares of the Company. Of the total new shares, closing with respect to 254,777 shares took place on April 10, 2000, and closing with respect to 100,000 shares took place on May 4, 2000. These agreements were signed with certain foreign persons in transactions exempt from registration under the United States Securities Act of 1933 (the "Act") pursuant the exemption provided in Regulation S of the Act. The weighted average purchase price of each share was $7.50. The aggregate amount of proceeds to the Company from the private placement was $2.7 million. Under each of the agreements, for each two shares of common stock purchased in the private placement, the accredited investors were issued one warrant, expiring in each case on the one year anniversary date of the subscription agreement, to purchase a share of Euronet common stock at a weighted average exercise price of $12.50.

In February 2000, the Company entered into two subscription agreements for the sale of an aggregate of 650,000 new common shares of the Company. Closing under these agreements took place on March 13, 2000. These agreements were signed with certain accredited investors in transactions exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. The purchase price of each share was $6.615, which represents 90% of the average closing price for the ten trading days prior to and including February 15, 2000. The aggregate amount of proceeds to the Company from the private placement was $4.3 million. Under each of the agreements, for each two shares of common stock purchased in the private placement, the purchasers were issued one warrant to purchase a share of Euronet common stock at an exercise price of $11.615, expiring in each case on the one year anniversary date of the subscription agreement.

(13) Credit Facility

On June 28, 2000 the Company entered into an unsecured revolving credit agreement (the "Credit Agreement") providing a facility of up to $4.0 million from three shareholders as follows: DST Systems in the amount of $2.4 million; Hungarian-American Enterprise Fund in the amount of $1.0 million; and Michael J. Brown in the amount of $600,000. The facility was available to be drawn upon until December 28, 2000, and repayment of any draws was due June 28, 2001. On December 28, 2000 the facility was amended and renewed for a further six months and is available to be drawn until June 28, 2001 with repayment of any draws being due December 28, 2001. Draws on the facility will accrue interest at 10 percent per annum, payable quarterly. A "commitment" fee was paid for the initial facility of 100,000 warrants issued pro- rata to the lenders with a warrant strike price set at the average share price, as quoted on NASDAQ for 10 trading days prior to the warrant issue date, less 10 percent. An additional fee of 100,000 warrants, on the same terms, was paid for the subsequent extension of the facility. Warrants are to be issued on similar terms and conditions for each draw on the facility at the rate of 80,000 warrants for each $1.0 million of funds drawn. As of March 1, 2001, the Company had not made any draws under the Credit Agreement.

(14) Forward Foreign Exchange Contracts

On May 26, 1999, the Company entered into foreign currency call options with Merrill Lynch to purchase Euro 79.3 million for $85.9 million and foreign currency put options to sell $83.6 million for Euro 79.3 million on May 26, 2000 (the "Settlement Date"). Under such contracts, the Company would be required to make a cash payment to Merrill Lynch on May 31, 2000, should the Euro weaken against the US Dollar and fall below $1.055 (the "Floor Rate") on the Settlement Date. At the same time, should the Euro strengthen against the U.S. dollar and rise above $1.0835 to the Euro (the "Ceiling Rate") the Company would receive a cash payment from Merrill Lynch depending upon the Euro/Dollar exchange rate on such Settlement Date.

In the week of March 13, 2000, the Company entered into put options with Merrill Lynch to sell Euro 79.0 million for $75.1 million on May 26, 2000. The contracts were purchased to limit the Company's exposure on the call option described above against a fall of the Euro below $0.95.

The Company was required to cash collateralize the net fair value of such options contracts measured on a mark-to-market basis, and on May 26, 2000, the Company had on deposit $8.3 million with Merrill Lynch.

On May 26, 2000, the rate of the Euro was $0.9118 and the Company settled the above option contracts in the amount of $8.3 million resulting in a total net loss on such contracts of $10.3 million inclusive of the cost of the contracts. At December 31, 2000, the Company had not entered into any further option contracts.

(15) Leases

(a) Capital leases

The Company leases many of its ATMs under capital lease agreements that expire between 2001 and 2005 and bear interest at rates between 8% and 12%. Lease installments are paid on a monthly, quarterly or semi-annual basis. Euronet has the right to extend the term of certain leases at the conclusion of the basic lease period.

The gross amount of the ATMs and computer equipment and related accumulated amortization recorded under capital leases were as follows:

	December 31, 2000	December 31, 1999
	(in thousands)	
ATMs	$13,924	$18,027
Other	366	768
	14,290	18,795
Less accumulated amortization	(3,429)	(4,813)
Net book value	$10,861	$13,982

Depreciation of assets held under capital leases amounted to $2.0 million, $2.1 million, and $2.9 million for the years ended December 31, 2000, 1999, and 1998, respectively, and is included in depreciation and amortization expense.

(b) Operating leases

The Company also has noncancelable operating rental leases for office space which expire over the next 3 to 9 years. Rent expense under these leases amounted to $1.4 million, $2.1 million, and $1.1 million for the years ended December 31, 2000, 1999, and 1998, respectively.

(c) Future minimum lease payments

Future minimum lease payments under the capital leases and the noncancelable operating lease (with initial or remaining lease terms in excess of one year) as of December 31, 2000 are:

	Capital Leases	Operating Leases
	(in thousands)	
Year ending December 31,		
2001	5,137	1,315
2002	4,470	1,049
2003	2,951	779
2004	1,512	515
2005	363	515
2006 and thereafter	-	82
Total minimum lease payments	14,433	
Less amounts representing interest	(2,933)	
Present value of net minimum capital lease payments	11,500	

Less current installments of obligations under capital leases	(3,466)
Long term capital lease obligations	$ 8,034

(16) Taxes

The sources of (loss)/income before income taxes are presented as follows:

	Year Ended December 31,		
	2000	1999	1998
	(in thousands)		
United States	$(30,227)	$(19,866)	$ (8,985)
Netherlands Antilles	-	77	700
Europe	(18,136)	(18,068)	(21,549)
Loss before income taxes	$(48,363)	$(37,857)	$(29,834)

Total income tax (expense)/benefit for the years ended December 31, 2000, 1999 and 1998 was allocated as follows:

	Year Ended December 31,		
	2000	1999	1998
	(in thousands)		
Loss from continuing operations	$(1,188)	$ 4,182	$(1,430)
Extraordinary item	-	-	(1,488)
Stockholders' (deficit)/equity for compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes	-	-	951
	$(1,188)	$(4,182)	$(1,967)

The income tax benefit/(expense) from operations consisted of the following:

	Year Ended December 31,		
	2000	1999	1998
	(in thousands)		
Current tax (expense)/benefit:			
U.S. Federal	$ (838)	$ 1,828	$(1,430)
Europe	(350)	-	-
Total current	(1,188)	1,828	(1,430)
Deferred tax benefit/(expense):			
U.S. Federal	-	2,354	-
Total deferred	-	2,354	-
Total tax (expense)/benefit	$ (1,188)	$ 4,182	$(1,430)

	Year Ended December 31,		
	2000	1999	1998
	(in thousands)		
Income tax benefit at statutory rates	$ 16,443	$11,933	$10,143
Permanent differences	(186)	(1,078)	(1,191)
Tax-exempt interest	-	-	520
Stock options exercised	-	-	(931)
Tax rate differences	(1,757)	(938)	(638)
Adjustment to deferred tax asset for enacted changes in tax rates	(1,909)	(443)	(191)
(Expiration)/utilization of tax loss carried forward	(716)	(1,700)	971
Other	(2,115)	176	(175)
Change in valuation allowance	(10,948)	(5,924)	(9,938)
Actual income tax (expense)/benefit	$ (1,188)	$ 4,182	$(1,430)

As a result of the formation of the Company a portion of the stock compensation cost recorded in 1996 became a temporary difference for which the Company recognized a gross deferred tax asset of $1.4 million in 1997. A valuation allowance for this deferred tax asset was established. During 1997, certain of the stock options were exercised resulting in a tax deduction of $1.0 million. Because of the tax loss position of the Company in 1997 in the United States, this tax deduction was not utilized and increased the tax loss carryforward. The Company established a valuation allowance for the deferred tax asset resulting from the tax loss carryforward in the United States. This tax loss carryforward was utilized in 1998 and therefore, $951,553 of the tax benefit was recorded as an adjustment to additional paid in capital.

The tax effect of temporary differences and carryforwards that give rise to deferred tax assets and liabilities are as follows:

	December 31,	
	2000	1999
	(in thousands)	
Deferred tax assets:		
Tax loss carryforwards	$ 14,325	$ 11,526
Stock compensation expense	1,130	1,130
Unrealized exchange rate differences	4,614	2,559
Interest expense	7,164	4,327
Accrued expenses	1,548	2,936
Billings in excess of earnings	1,108	1,036
Other	2,145	16
Total deferred tax assets	32,034	23,530
Valuation allowance	(30,689)	(19,741)
Total deferred tax assets	1,345	3,789
Deferred tax liabilities:		
Property and equipment	26	660
Non-goodwill intangible assets	-	2,333
Capitalized research and development costs	515	109
Earnings in excess of billings	380	227
Total deferred tax liabilities	921	3,329
Net deferred tax assets	$ 424	$ 460

The valuation allowance for deferred tax assets as of January 1, 2000, 1999 and 1998 was $19.7 million, $14.3 million and $4.8 million, respectively. The net change in the total valuation allowance for the years ended December 31, 2000, 1999, and 1998 were increases of $10.9 million, $5.4 million and $9.5 million, respectively.

The valuation allowance relates primarily to deferred tax assets established under SFAS No. 109 for loss carryforwards at December 31, 2000, 1999 and 1998 of $46.9 million, $45.0 million and $32.9 million, respectively. The tax operating loss carryforwards will expire through 2004 for EFT-Uslage d o.o., The tax operating loss carryforwards will expire through 2005 for Euronet Adminisztracios Szolgaltato Kft., Euronet Banktechnikai Szolgaltato Kft.,Bankomat 24/Euronet Sp. Z o.o., Euronet SRL, and 2007 for Euronet Services spol. sro. The tax operating losses for Euronet Services Inc. and Euronet USA can be carried back two years and forward twenty years. The tax operating losses for Euronet Services Inc. and Euronet USA can be carried back two years and forward twenty years. The tax operating losses for Euronet GmbH and Euronet Services Ltd. can be carried forward indefinitely.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2000. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

At December 31, 2000 the Company has net operating loss carry forwards of approximately $46.9 million which will expire as follows:

Year ending December 31,	In thousands
2001	$ 1,479
2002	4,108
2003	7,860
2004	8,771
2005	7,541
2006	1,014
2007 and thereafter	16,162
Total	$46,935

(17) Valuation and Qualifying Accounts

	Balance at January 1	Additions charged to expense	Amounts written off	Balance at December 31
		(in thousands)		
1998				
Allowance for doubtful accounts	$-	$ 291	$ -	$291
1999				
Allowance for doubtful accounts	$ 291	$ 90	$ -	$381
2000				
Allowance for doubtful accounts	$ 381	$ 408	$49	$740

(18) Stock plans

The Company has established a share compensation plan that provides certain employees options to purchase shares of its common stock. The options vest over a period of five years from the date of grant. Options are exercisable during the term of employment or consulting arrangements with the Company and its subsidiaries. At December 31, 2000, the Company has authorized options for the purchase of 6,463,991 shares of common shares, of which 4,584,508 have been awarded to employees and 2,441,928 remain unexercised.

In accordance with a shareholders' agreement dated February 15, 1996 and amended on October 14, 1996, Euronet reserved 2,850,925 common shares for the purpose of awarding common shares ("milestone awards") to certain investors and options to acquire common shares ("milestone options") to the founders, management and key employees. The Company granted 800,520 milestone awards at an exercise price of $0.02 per share and 2,050,405 milestone options at an exercise price of $2.14 per share.

Upon the initial public offering of the Company on March 6, 1997, all milestone awards and milestone options granted under the milestone arrangement (with the exception of 49,819 options to certain key employees which vested equally over the two years following the initial public offering) vested and all shares became immediately issuable to beneficiaries of milestone awards and options. At that time, 800,520 milestone awards and 232,078 milestone options were exercised. As of December 31, 2000 1,428,303 milestone options remain unexercised.

Share option activity during the periods indicated is as follows:

	Number of Weighted-Average Shares	Exercise Price
Balance at December 31, 1997 (1,984,365 shares exercisable)	2,798,206	2.67
Granted	941,396	5.87
Granted in Euronet USA acquisition	63,410	4.44
Exercised	(80,132)	2.13
Forfeited	(100,289)	6.23
Balance at December 31, 1998 (2,174,412 shares exercisable)	3,622,591	3.46
Granted	1,140,830	5.02
Exercised	(228,503)	1.46
Forfeited	(233,194)	5.09
Balance at December 31, 1999 (2,379,729 shares exercisable)	4,301,724	3.87
Granted	1,237,000	7.24
Exercised	(390,231)	2.43
Forfeited	(563,985)	6.00
Balance at December 31, 2000 (2,441,928 shares exercisable)	4,584,508	4.65

At December 31, 2000, the range of exercise prices, weighted-average remaining contractual life and number exercisable of outstanding options was as follows:

Range of Exercise Prices	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Contractual Remaining Life (years)	Number Exercisable	Weighted-Average Exercise Price
0-1.39	359,506	$ 0.73	3.5	359,506	$ 0.73
1.40-2.79	1,553,703	2.11	6.0	1,529,343	2.12
2.80-4.18	71,471	3.33	7.1	32,143	3.32
4.19-5.58	747,208	5.00	7.9	196,186	5.00
5.59-6.97	1,190,396	6.38	8.0	194,971	5.90
6.98-8.36	441,800	8.05	8.8	8,800	8.00
8.36-9.76	22,000	8.69	9.6	0	0.00
9.77-11.15	62,004	10.57	5.3	35,317	10.62
11.16-12.54	43,924	11.60	6.4	27,368	11.60
12.55-13.94	92,496	13.94	5.8	58,294	13.94
	4,584,508	$ 4.65	6.9	2,441,928	$ 3.00

The Company applies APB Opinion No. 25 in accounting for its share option plans. The exercise price of the options is established generally based on the estimated fair value of the underlying shares at grant date. For options granted prior to the initial public offering, the fair value was determined by taking into consideration the per share price at which the most recent sale of equity securities was made by Euronet to investors. For options granted after the initial public offering, the fair value is determined by the market price of the share at the date of grant. However, in contemplation of the initial public offering in March 1997, compensation expense was recognized in 1996 relating to all options granted during the fourth quarter of 1996. Such compensation expense was calculated as the excess of the fair market value of the underlying shares (determined as $4.22, which is the cash price per share at which GE Capital subscribed for preferred shares of Euronet in February 1997) over the exercise price of $2.14 per share. Euronet recorded $4,172,000 of compensation expense in the 1997 consolidated financial statements and an additional compensation expense of $343,000 with respect to these options was recognized over the remaining vesting period of such options. Of this amount, $0, $127,000 and $108,000 has been expensed in the years ended December 31, 2000, 1999 and 1998, respectively.

The following table provides the fair value of options granted during 2000, 1999 and 1998 together with a description of the assumptions used to calculate the fair value using the Black-Scholes pricing model:

	Year ended December 31,		
	2000	1999	1998
Expected volatility	82.0%	100%	100%
Average risk-free rate	7.21%	6.61%	8.8%
Average expected lives	5 years	5 years	5 years
Weighted-average fair value (per share)	$5.27	$1.71	$3.51

Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, Euronet's net loss and net loss per share would have increased to the amounts indicated below:

	Year ended December 31,		
	2000	1999	1998
	(in thousands, except per share data)		
Net loss-as reported	$(49,551)	$(30,915)	$(28,375)
Net loss-pro forma	$(50,280)	$(32,606)	$(29,067)
Loss per share-as reported	$(3.00)	$(2.03)	$(1.87)
Loss per share-pro forma	$(3.05)	$(2.14)	$(1.91)

Pro forma impact reflects only options granted since December 31, 1994. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma amounts presented above because compensation cost is reflected over the options' vesting periods and compensation cost for options granted prior to January 1, 1995 is not considered.

(19) Business segment information

Euronet and its subsidiaries operate in two business segments: (1) a segment that provides an independent shared ATM network and other electronic payment network services to banks, retail and financial institutions (the "Network Services Segment"); and (2) a segment that produces application software and solutions for payment and transaction delivery systems (the "Software Solutions Segment"). These business segments are supported by a corporate service segment which provides corporate and other administrative services which are not directly identifiable with the two business segments, (the "Corporate Services Segment"). The accounting policies of each segment are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on profit or loss from operations before income taxes not including nonrecurring gains and net loss. Prior period segment information has been restated to conform to the current period's presentation.

As the Network Services Segment continued to grow throughout 1999, the Company's management began to divide the internal organization of the segment into Sub-segments. Accordingly, beginning in January 2000, the Company divided the Network Services Segment into three Sub-segments: "Central European Sub-segment" (including Hungary, Poland, the Czech Republic, Croatia, Greece and Romania), "Western European Sub-segment" (including Germany, France, and the United Kingdom) and "Other Operations Sub-segment" (including the United States and unallocated processing center costs). Where practical, certain amounts have been reclassified to reflect the change in internal reporting. The Company is unable to present Network Services Segment assets by Sub-segment as of December 31, 1999. Prior to January 1, 2000, certain assets that were used to provide support services to the Company as a whole were included in the assets in the balance sheet of the Company's wholly owned Hungarian subsidiary, Bank Tech. In order to segregate corporate assets from those of the Hungarian operations, these assets were transferred as of December 31, 1999, from Bank Tech to an existing Hungarian shell company, Administrative Services. Those assets are now shown under the Other Operations Sub-segment.

The following tables present the segment results of the Company's operations for the years ended December 31, 2000, 1999 and 1998.

(In thousands)

For the year ended December 31, 2000	Network Services Central Europe	Western Europe	Other	Network Services Total	Software Solutions	Corporate Services	Total
Total revenues	$ 18,599	$ 16,615	$ 1,700	$ 36,914	$ 16,006	$ -	$ 52,920
Total operating expenses	(21,669)	(18,901)	(2,409)	(42,979)	(37,475)	(7,862)	(88,316)
Operating loss	(3,070)	(2,286)	(709)	(6,065)	(21,469)	(7,862)	(35,396)
Interest income	289	65	190	544	103	442	1,089
Interest expense	(1,016)	(168)	(150)	(1,334)	-	(9,495)	(10,829)
Foreign exchange (loss)/gain, net	(616)	(494)	(155)	(1,265)	1	(1,963)	(3,227)
Net loss before income taxes	$ (4,413)	$ (2,883)	$ (824)	$ (8,120)	$(21,365)	$(18,878)	$(48,363)
Segment assets	$ 25,697	$ 16,755	$ 3,652	$ 46,104	$ 9,433	$ 5,353	$ 60,890
Fixed assets	17,145	11,707	1,682	30,534	968	155	31,657
Depreciation and amortization	3,977	2,884	1,100	7,961	2,215	208	10,384
Asset write down	668	110	-	778	11,190	-	11,968

(In thousands)

For the year ended December 31, 1999	Network Services Central Europe	Western Europe	Other	Network Services Total	Software Solutions	Corporate Services	Total
Total revenues	$ 12,664	$ 12,637	$ 1,202	$ 26,503	$ 15,149	$ -	$ 41,652
Total operating expenses	(20,683)	(16,477)	(2,250)	(39,410)	(22,290)	(6,750)	(68,450)
Operating loss	(8,019)	(3,840)	(1,048)	(12,907)	(7,141)	(6,750)	(26,798)
Interest income	448	16	103	567	148	1,235	1,950
Interest expense	(981)	(101)	(51)	(1,133)	-	(9,766)	(10,899)
Foreign exchange (loss)/gain, net	(399)	(19)	(146)	(564)	2	(1,548)	(2,110)
Net loss before income taxes	$ (8,951)	$ (3,944)	$(1,142)	$(14,037)	$ (6,991)	$(16,829)	$(37,857)
Segment assets	n/a	n/a	n/a	$ 56,658	$ 21,527	$ 18,659	$ 96,844
Fixed assets, net	n/a	n/a	n/a	35,438	1,113	142	36,693
Depreciation and amortization expense	n/a	n/a	n/a	7,410	2,683	145	10,238

(In thousands)

For the Year ended December 31, 1998	Network Services	Software Solutions	Corporate Services	Total
Total revenues	$ 11,525	$ 371	$ -	$ 11,896
Total operating expenses	26,350	2,671	5,486	34,507
Operating loss	(14,825)	(2,300)	(5,486)	(22,611)
Interest income	193	1	2,320	2,514
Interest expense	(1,903)	-	(5,923)	(7,826)

Foreign exchange (loss)/gain, net	102	-	(2,013)	(1,911)
Net loss before income taxes and extraordinary item	$(16,433)	$ (2,299)	$(11,102)	$(29,834)
Segment assets	57,828	19,493	56,117	133,438
Fixed assets, net	32,400	697	85	33,182
Depreciation and amortization expense	4,724	190	41	4,955

The following is a reconciliation of the segment information to the consolidated financial statements.

	Year ended December 31, 2000	1999 (in thousands)	1998
Revenues:			
Total revenues for reportable segments	$52,920	$41,652	$11,896
Elimination of inter-segment revenues	(180)	(180)	(15)
Total consolidated revenues	$52,740	$41,472	$11,881
Operating expenses:			
Total operating expenses for reportable segments	$88,316	$68,450	$34,507
Elimination of inter-segment expenses	(180)	(180)	(15)
	$88,136	$68,270	$34,492

Total revenues and long-lived assets for the years ended December 31, 2000, 1999 and 1998 for the Company analyzed by geographical location is as follows:

	Total Revenues			Long-lived Assets	
(in thousands)	Year ended December 31,			December 31,	
	2000	1999	1998	2000	1999
United States	$17,442	$16,172	$356	$984	$ 1,155
Germany	9,984	11,160	2,394	4,800	6,635
Hungary	6,524	5,606	5,936	5,878	9,114
Poland	9,147	5,798	2,787	9,824	10,991
Other	9,643	2,736	408	10,171	8,798
Total	$52,740	$41,472	$11,881	$31,657	$36,693

Total revenues are attributed to countries based on location of customer for the ATM and related service segment. For revenues generated by the Euronet USA software solutions segment, all revenues are attributed to the United States. Long lived assets consist of property, plant, and equipment, net of accumulated depreciation.

(20) Financial instruments

Most of Euronet's financial instruments (cash and cash equivalents, trade accounts receivable, investment securities, prepaid expenses and other current assets, trade accounts payable, accrued expenses and other current liabilities, advance payments on contracts, billings in excess of costs and estimated earnings on software installation contracts, costs and estimated earnings in excess of billings on software installation contracts) are short-term in nature. Accordingly, the carrying value of these instruments approximates their fair values. The fair value of notes payable was determined based on quoted market prices for the same issue and amounted to $37.5 million (carrying value of $77.2 million) at December 31, 2000 and $52.0 million (carrying value of $72.8 million) at December 31, 1999. See Note 14 for details of the Company's foreign exchange contracts.

(21) Reconciliation of net loss to net cash used in operating activities

The reconciliation of net loss to net cash used in operating activities for the years ended December 31, 2000, 1999, and 1998 follows.

	Year Ended December 31,		
	2000	1999	1998
		(in thousands)	
Net loss	$(49,551)	$(30,915)	$(28,375)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share compensation expense	-	127	108
Depreciation and amortization	10,383	10,238	4,955
Asset write downs	11,968	-	-
Unrealized foreign exchange (losses)/gains	(4,261)	(8,294)	5,690
Loss/(gain) on disposal of fixed assets	2,182	(715)	28
In-process research and development write-off	-	-	1,020
Amortization of deferred financing costs	232	269	147
Accretion of discount on notes payable	8,753	9,506	5,772
Extraordinary gain on extinguishment of debt	-	(2,760)	(4,377)
Realization of deferred tax benefit from stock compensation credited to additional paid-in capital	-	-	951
Decrease/(increase) in deferred income tax	36	(2,797)	-
Increase/(decrease) in income tax payable, net	818	(2,667)	1,969
Decrease/(increase) in restricted cash	9,755	2,043	(12,125)
Increase in trade accounts receivable	(1,597)	(2,028)	(473)
(Increase)/decrease in costs and estimated earnings in excess of billings on software installation contracts	(450)	78	(326)
(Increase)/decrease in prepaid expenses and other current assets	(457)	184	(1,692)
Decrease/(increase) in deposits for ATM leases	1,310	802	385
Decrease in cash surrender value of life insurance policies	-	-	489
(Decrease)/increase in trade accounts payable	(432)	1,119	94
Increase/(decrease) in advance payments on contracts	834	350	(32)
(Decrease)/increase in accrued expenses and other liabilities	(5,725)	3,049	2,523
(Decrease)/increase in billings in excess of costs and estimated earnings on software installation costs	(155)	2,040	501
Net cash used in operating activities	$(16,357)	$(20,371)	$(22,768)

(22) Non-cash financing and investing activities

Capital lease obligations of $5.1 million, $5.2 million and $3.9 million during the years ended December 31, 2000, 1999 and 1998, respectively, were incurred when the Company entered into leases primarily for new automated teller machines.

During the years ended December 31, 2000, 1999 and 1998, the Company issued warrants to purchase common stock totaling $ 372,000, $0, and $1,725,000, respectively.

(23) Concentrations of business and credit risk

Euronet is subject to concentrations of business and credit risk. Euronet's financial instruments mainly include trade accounts receivables, cash and cash equivalents and investment securities. Euronet's customer base, although limited, includes the most significant international card organizations and certain banks in the markets in which it operates. Therefore, the Company's operations are directly affected by the financial condition of those entities.

Cash and cash equivalents, and investment securities are placed with high-credit quality financial institutions or in short-term duration, high-quality debt securities. Euronet does not require collateral or other security to support financial instruments subject to credit risk. Management believes that the credit risk associated with its financial instruments is minimal due to the control procedures which monitor credit worthiness of customers and financial institutions.

(24) Research and Development

The Company regularly engages in research and development activities aimed at the development and delivery of new products, services and processes to its customers including, but not limited to, bill payment and presentment, telephone banking products, applications for wireless application protocol ("WAP") enabled customer touch points, other wireless banking products, GSM mobile prepaid recharge products ATM browser products and internet banking solutions as well as significant improvements to core software products.

The Company's research and development costs incurred for computer products to be sold, leased or otherwise marketed totaled $6.7 million, $3.2 million and $153,000 for the years ended December 31, 2000, 1999 and 1998, respectively. In 2000, $1.0 million was capitalized and appears on the Company's balance sheet in prepaid expenses and other assets, net of accumulated amortization of $137,000. In 1999, $322,000 was capitalized, net of accumulated amortization of $70,000.

(25) Employee Loans for Common Stock Program

In October 1999 the Company's Board of Directors approved and implemented a Loan Agreement Program ("Program") for certain employees under which the Company has loaned sums of money to participating employees in order for them to purchase shares of the Company's stock on the open market. The shares are pledged to the Company to secure the loans. As of December 31, 2000 166,195 shares are held by the Company as collateral for the loans. The loans carry five-year terms are non-recourse, non-interest bearing loans. The shares vest to the employees in five equal tranches of 20 percent of the shares for five years, commencing at the date each employee began employment with the Company. As the shares vest, the employees are entitled to pay off the loans and free the shares of the pledge. These loans are considered an award of stock options as the loans are non-recourse and the employee is not obligated to pay any interest on the loans. The loans have been accounted for as a separate component of stockholders' deficit. In the event that any one of the employees defaults on the term of the loans, the shares received by the Company will be recorded as treasury stock.

(26) Sale of Croatian Network

On November 19, 1999, the Company completed the sale of its Croatian ATM network to Raiffeisenbank Austria, d.d., a Croatian financial institution ("RBA"), for consideration of $2.7 million. The carrying value of the Croatian assets was $2.0 million, resulting in a gain to the Company of $657,000, recorded as an offset to operating costs. Subsequent to the sale of the network assets, the Company and RBA entered into an ATM services agreement whereby the Company will provide ATM management and other related services to RBA for an initial term of 15 years.

(27) Employee Benefit Plans

Euronet has established a Profit Sharing and 401(k) plan for all employees who have completed six months of service and are not otherwise covered by a retirement benefit plan (national or private) outside of the US. Each plan participant can contribute up to the maximum amount allowed by the Internal Revenue Service to the Plan through payroll deductions. Euronet's matching contribution to the plan is discretionary and is determined each year by the Board of Directors. The employee's vested percentage regarding the employer's contribution varies according to years of service. Euronet's contribution accrual to the Plan for the years ended December 31, 2000, 1999 and 1998 was $213,000 $159,000 and $26,000 respectively.

Euronet maintains both a fully funded and self-funded health insurance programs, which cover all full-time employees and their families at no charge to the employees. In order to administer the self-funded program, Euronet has entered into a contractual agreement with a third party administrator by which Euronet pays a monthly service fee to the administrator based upon employee enrollment participating in the self-funded plan. Euronet has also purchased a stop/loss insurance policy to limit Euronet's self-funded liability to $25,000 per employee per year and a total loss on all claims to approximately $31,000 per month.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY.

The information under "Election of Directors" in the Proxy Statement for the Annual Meeting of Shareholders for 2001 is incorporated herein by reference. Information concerning executive officers is set forth under "Executive Officers of the Registrant" in Part I.

ITEM 11. EXECUTIVE COMPENSATION.

The information under "Executive Compensation" in the Proxy Statement for the Annual Meeting of Shareholders for 2001 is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information under "Ownership of Common Stock by Directors and Executive Officers" and "Election of Directors" in the Proxy Statement for the Annual Meeting of Shareholders for 2001 is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information under "Election of Directors" and "Executive Compensation" in the Proxy Statement for the Annual Meeting of Shareholders for 2001 is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) List of Documents Filed as Part of this Report.

1. Financial Statements

2. Schedules

None.

3. Exhibits

Exhibit Number	Exhibit Description
Exhibit 10.1	Revolving Credit Agreement between Euronet Services Inc. and Michael J. Brown, DST Systems Inc. and Hungarian American Enterprise Fund dated June 28, 2000.
Exhibit 10.2	Amendement to Revolving Credit Agreement dated December 28, 2000.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EURONET SERVICES INC.

Date: March 6, 2001

/s/ Richard P. Halka

Richard P. Halka

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Michael J. Brown Michael J. Brown	Chairman of the Board of Directors Chief Executive Officer and President (principal executive officer)	March 6, 2001
/s/ Daniel R. Henry Daniel R. Henry	Director and Chief Operating Officer	March 6, 2001
/s/ Steven J. Buckley Steven J. Buckley	Director	March 6, 2001
/s/ Eriberto R. Scocimara Eriberto R. Scocimara	Director	March 6, 2001
/s/ Thomas A. McDonnell Thomas A. McDonnell	Director	March 6, 2001
/s/ Richard P. Halka Richard P. Halka	Chief Financial Officer and Chief Accounting Officer (principal financial officer and principal accounting officer)	March 6, 2001

Exhibit 10-1

REVOLVING CREDIT AGREEMENT

This Revolving Credit Agreement, dated as of June 28, 2000 (this "Agreement"), is among Euronet Services Inc., a Delaware corporation (the "Borrower"), the Lenders listed on the signature pages below. In consideration of the terms and conditions contained herein, and of any loans or other extensions of credit made now or hereafter to the Borrower by the Lenders, the parties agree as follows:

ARTICLE I.

DEFINITIONS

The terms listed below are defined as follows for purposes of this Agreement:

"Advance" means an advance of funds made hereunder by the Lenders to the Borrower.

"Aggregate Outstanding Credit Exposure" means, as of any day, the aggregate of the Outstanding Credit Exposure of all the Lenders.

"Aggregate Revolving Commitment" means the aggregate of the Revolving Commitments of all of the Lenders; provided, however, that so long as Borrower is not in Default under this Agreement, the aggregate of the Revolving Commitments shall not be less than Four Million Dollars ($4,000,000.00).

"Agreement" means this agreement, as it may be amended or modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as in effect from time to time in the United States of America, applied in a manner consistent with that used in preparing the financial statements referred to in Section 4.1.4.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Authorized Officer" means, with respect to the Borrower, any of its President or Vice Presidents.

"Borrower" means Euronet Services Inc., a Delaware corporation.

"Borrowing Date" means a date on which an Advance is made hereunder, provided that no Borrowing Date may occur later than the date falling six months after the date hereof (and if such date falling six months after the date hereof is not a Business Day, the final Borrowing Date may occur on the next succeeding Business Day).

"Borrowing Notice" is defined in Section 2.5.

"Business Day" means a day (other than a Saturday or Sunday) on which banks generally are open in Kansas City and New York for the conduct of substantially all of their commercial lending activities.

"Capitalized Lease" of a Person means any lease of Property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Charges" shall mean all national, federal, state, county, city, municipal, and/or other governmental taxes, levies, assessments, charges, liens, claims or encumbrances upon and/or relating to (i) the Obligations, (ii) the Borrower's employees, payroll, income and/or gross receipts, (iii) Borrower's ownership and/or use of any of its assets, or (iv) any other aspect of Borrower's business.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Compliance Certificate" means a compliance certificate, in substantially the form of Exhibit "B" hereto, with appropriate insertions, signed by the Borrower's chief financial officer, showing the calculations necessary to determine compliance with this Agreement and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, describing the nature and status thereof and any action the Borrower is taking or proposes to take with respect thereto.

"Default" means an event described in Article VI.

"Financial Statements" means those audited consolidated financial statements of the Borrower as of December 31, 1999 included in the Borrower's annual report on Form 10-K and the unaudited consolidated financial statements of the Borrower as of March 31, 2000 included in the Borrower's most recently filed form 10-Q.

"Indebtedness" shall mean all liabilities, obligations and indebtedness to any Person of any and every kind and nature, whether primary, secondary, direct, indirect, absolute, contingent, fixed, or otherwise, heretofore, now or hereafter owing, due, or payable, however evidenced, created, incurred, acquired or owing and however arising, whether under written or oral agreement, by operation of law, or otherwise, but excluding indebtedness or other obligations of Borrower to any of its Subsidiaries. Without in any way limiting the generality of the foregoing, Indebtedness specifically includes (i) the Obligations, (ii) all liabilities created or arising under any lease of real or personal property, or conditional sale or other title retention agreement with respect to property used and/or acquired by a Person, (iii) all unfunded pension fund obligations and liabilities and (iv) deferred taxes.

"Indebtedness For Borrowed Money" means Indebtedness for money borrowed or any reasonable financial equivalent thereof, including without limitation obligations under a written loan agreements or notes and obligations under Capitalized Leases.

"Initial Warrants" shall means the warrants issuable in accordance with the provisions of Section 12.2.1.

"Lenders" means the Persons listed on the signature pages of this Agreement and their respective successors and assigns.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's portion of any Advance.

"Loan Documents" means this Agreement, the Notes and all other agreements, instruments and documents executed by or on behalf of the Borrower or any Lender in connection with this Agreement or the Obligations.

"Material Adverse Effect" means a material adverse effect on the consolidated financial condition and/or consolidated results of operations of the Borrower.

"Maturity Date" means the date falling 12 months after the date hereof (provided that the Maturity Date may be accelerated to an earlier date under Section 2.1.4, and provided further that if such date is not a Business Day, the Maturity Date shall be the next succeeding Business Day).

"Note" or "Notes" means the promissory notes issued in connection with this Agreement and which evidence Borrower's indebtedness to the Lenders in connection herewith.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes and all accrued and unpaid fees, and all expenses, reimbursements and other obligations of Borrower to the Lenders or to any Lender arising under the Loan Documents.

"Operating Lease" of a Person means any lease of Property other than a Capitalized Lease.

"Outstanding Credit Exposure" means, as to any Lender at any time, the aggregate principal amount of its Loans outstanding at such time.

"Participants" is defined in Section 10.2.1.

"Payment Date" means the last Business Day of each month after the first Borrowing Date.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, entity, party, or government (whether national, federal, state, county, city municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof).

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Pro Rata Share" means, with respect to a Lender, a portion equal to a fraction the numerator of which is such Lender's Revolving Commitment and the denominator of which is the Aggregate Revolving Commitment.

"Required Lenders" means Lenders in the aggregate having at least 80% of the Aggregate Revolving Commitment or, if the Aggregate Revolving Commitment has been terminated, Lenders in the aggregate holding at least 80% of the Aggregate Outstanding Credit Exposure; provided, however, that any Lender who is then in breach of its Revolving Commitment may not be one of the "Required Lenders".

"Revolving Commitment" means, for each Lender, the obligation of such Lender to make Loans to the Borrower, all in an aggregate amount at any one time outstanding not exceeding the amount set forth opposite its signature on the signature pages hereto, as such amount may be reduced from time to time pursuant to the terms hereof.

"Section" means a numbered section of this Agreement, unless another document is specifically referenced.

"Subsidiary" means any entity, the majority of the equity ownership or voting interests of which is at the time owned, directly or indirectly, by the Borrower or by one or more other Subsidiaries of the Borrower or by the Borrower and one or more of its Subsidiaries.

"Substantial Portion" means, with respect to the Property of Borrower, Property which represents more than 25% of the combined assets of Borrower as would be shown in the financial statements of Borrower as at the beginning of the four-quarter period ending immediately prior to the quarter in which such determination is made.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Transferee" means any purchaser or any other Person acquiring an interest in any Lender's interest in the Loan Documents.

"Warrants" means the warrants exercisable for the purchase of common stock of the Borrower which is described in Article XII hereof.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II.

THE CREDITS

2.1 Commitment.

2.1.1 Revolving Commitment. From and including the date of this Agreement and prior to the Maturity Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make Loans to the Borrower from time to time in amounts not to exceed in the aggregate at any one time outstanding its Revolving Commitment. Subject to the terms of this Agreement, the Borrower may borrow, repay and reborrow at any time prior to the Maturity Date.

3.1.2 Ratable Loans. Each Advance hereunder shall consist of Loans made from the several Lenders ratably according to their Pro Rata Shares.

2.1.3 Limitation on Borrowings. Notwithstanding anything to the contrary contained in this Agreement or in any other Loan Document, the Aggregate Outstanding Credit Exposure shall at no time exceed the sum of (i) the Aggregate Revolving Commitment, plus (ii) unpaid but not yet payable interest and fees due under this Agreement. The Borrower agrees that if at any time any such excess shall arise, it shall, on the next Payment Date repay Loans to the extent necessary to eliminate such excess.

2.1.4 Termination of Commitment; Acceleration of Maturity Date by Borrower. Notwithstanding Section 2.1.1 hereof, if at any time Borrower pre-pays all Obligations in accordance with Section 2.4, the Borrower may, subject to the survival clauses herein, terminate this Agreement by giving written notice of termination to all of the Lenders, such notice to be effective as of the date which is three business days following the date received.

2.2 Minimum Amount of Each Advance. Each Advance shall be in the minimum amount of One Million Dollars ($1,000,000.00) (and in multiples of $100,000.00 if in excess thereof), provided, however, that any Advance may be in the amount of the entire remaining available portion of the Aggregate Revolving Commitment.

2.3 Dollar Denominations of Each Advance and Payment. All Advances to Borrower and all sums due to Lenders hereunder will be paid in United States Dollars, and all references herein to "$" are to United States Dollars.

2.4 Principal Payments.

2.4.1 Optional. Borrower may from time to time pay, without penalty or premium, all or any part of the outstanding Advances.

2.4.2 Mandatory. Borrower shall pay all outstanding Advances on the earlier of (i) the Maturity Date or (ii) upon Lender's acceleration of debt under Section 7.1.2. In addition, in the event that, during the term hereof, the Borrower receives any proceeds from any sale by Borrower of its debt or equity securities or from Indebtedness for Borrowed Money contracted with the approval of the Required Lenders as required hereunder, the Borrower shall be required to make a prepayment of the outstanding Advances, pro rata to the Lenders, equal to the full amount of the proceeds so received; provided, however, that the proceeds from a placement of shares with American Century Ventures, Inc. which is currently being implemented by the Borrower shall not be required to be allocated to the prepayment of any funds hereunder.

2.4.3 Application of Advances to Warrant Exercise or Purchase of Borrower' Shares. If Borrower fails to repay any Advances (together with related Interest pursuant to Section 2.7) as required on the Maturity Date, the amount by which Borrower fails to meet such payment obligation hereunder (the "Repayment Shortfall") (or any portion thereof) may be, at each Lender's sole discretion and option, (i) applied toward the payment of the Exercise Price (as defined in Article XII) with respect to the redemption of any Warrant issued pursuant to the terms hereof or (ii) subject to applicable laws, regulations and Borrower's contractual commitments as in effect on the date of this Agreement, applied toward the purchase price of the Borrower's shares in accordance with the terms of this Section 2.4.3. Any Lender wishing to exercise the options provided in clauses (i) or (ii) above shall give the Borrower written notice of such exercise (and, in the case of (i), a notice of exercise of the Warrants with respect to which such option is applied) within 15 days following the Maturity Date. If the Repayment Shortfall is applied to the purchase of shares as provided in clause (ii) above, subject to fulfillment of any legal or regulatory requirement for issuance of the shares, the Borrower shall, within 15 business days of receipt of such notice, sell and issue to the Lender(s) its shares of common stock, par value $0.02 per share at a per share price equal to the average closing price of such shares as quoted on the NASDAQ SmallCap market during the ten trading days immediately prior to and including the Maturity Date (the "10 Day Average Price"). The number of shares issued and sold to each Lender hereunder shall be equal to (a) the number of shares issuable under Warrants exercised in the case of clause (i) above, or (b) the number derived from dividing the aggregate amount of the Advances with respect to which the option provided in clause (ii) above is exercised by the 10 Day Average Price, rounded down to the nearest whole number.

2.5 Method of Making New Advances. Borrower shall give each Lender notice (a "Borrowing Notice") not later than 11:00 a.m. (New York time) three Business Days prior to the Borrowing Date of each Advance, and each notice will be in writing (e-mail communications will suffice as a writing) and specify:

(i) the Borrowing Date, which shall be a Business Day, of such Advance, and

(ii) the aggregate amount of such Advance.

Provided that each notice provides the requisite information and Borrower has requested an amount fundable in accordance with the terms and conditions of this Agreement, then not later than 11:00 a.m. (New York time) on each Borrowing Date, each Lender will fund each Advance to Borrower by wire transfer to Borrower's account at LaSalle National Bank, as follows:

Account Name: Euronet Services, Inc
Account Number: 8600394954
Bank Name: LaSalle National Bank
135 South LaSalle Street
Chicago, IL 60603
Bank ABA: 071-000-505

2.6 Interest Rate. Each Advance shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Advance is made until the date each Advance is repaid by Borrower at a rate of ten percent (10%) per annum, computed daily.

2.7 Interest Payment Dates; Interest and Fee Basis. Interest accrued on each Advance shall be payable on a calendar quarterly basis, within five business days of the end of each quarter. Interest on Advances shall be calculated for actual days elapsed on the basis of a 365-day year. Interest shall be payable for the day an Advance is made, if such Advance is wired to Borrower on or prior to the time set forth in Section 2.5, but not for the day of any payment on the amount paid if payment is received at the place of payment after 11:00 a.m. (New York time). Notwithstanding anything herein, Borrower may pre-pay any interest without any penalty or premium.

2.8 Rates Applicable After Default. Notwithstanding anything to the contrary contained in Sections 2.1 or 2.5, during the continuance of a Default, the Required Lenders may, at their option, by notice to the Borrower, declare that no additional Advance may be made. During the continuance of a Default, the Required Lenders may, at their option, by notice to the Borrower (which notice may be given or revoked at the option of the Required Lenders), declare that each Advance shall bear interest at the rate otherwise applicable plus 5% per annum (the "Default Rate").

2.9 Method of Payment. All payments of the Obligations hereunder shall be made in immediately available funds to each Lender at the Lender's address specified pursuant to Article XI, or at any other address specified in writing by the Lender to the Borrower, by 11:00 a.m. (New York time).

2.10 Promissory Notes. To evidence Borrower's indebtedness hereunder, Borrower will execute and deliver to each Lender a promissory note in the form attached hereto as Exhibit "A" (the "Note"). Each Lender, in consultation with Borrower, will attach a schedule to the Note indicating (i) the principal amount of each Advance, (ii) interest accruing on each Advance, (iii) each payment of principal and/or interest on each Advance, and (iv) each Lender's Pro Rata Share of each Advance and each payment; provided, however, that the failure to so record shall not affect the Borrower's obligations hereunder or under the Note. The records of the Lenders regarding Advances, interest accruals, payments and pro rata allocation thereof between the Lenders shall govern absent manifest error.

ARTICLE III.

CONDITIONS PRECEDENT

3.1 Initial Borrowing. The Lenders shall not be required to make the initial Advance hereunder unless the Borrower has executed and delivered to each Lender:

(i) The Promissory Note from the Borrower payable to the order of each Lender, for the benefit of each Lender in the form of Exhibit "A";

(ii) A true and correct Compliance Certificate from Borrower in the form of Exhibit "B"; and

(iii) The Initial Warrants.

3.2 Each Borrowing. The Lenders shall not be required to make any Advance unless on the applicable Borrowing Date Borrower has executed and delivered to each Lender:

(i) A true and correct Compliance Certificate from Borrower in the form of Exhibit "B" ; and

(ii) The Additional Warrants required to be issued in connection with such Advance in accordance with Section 12.2.2 hereof.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Borrower. The Borrower represents and warrants as follows, it being understood that for purposes of this Article IV, the term "Borrower" shall mean the Borrower and/or any of its Subsidiaries:

4.1.1 Corporate Existence and Standing. The Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of its state of incorporation and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted and where the failure to have such authority would be reasonably likely to have a Material Adverse Effect.

4.1.2 Authorization and Validity. The Borrower has the right and power and is duly authorized and empowered to enter into, execute, deliver and perform the Loan Documents to which it is a party. The execution and delivery by the Borrower of the Loan Documents to which it is a party and the performance by it of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents to which it is a party constitute legal, valid and binding obligations of the Borrower enforceable against it in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

4.1.3 No Conflict; Government Consent. The execution, delivery and performance by the Borrower of the Loan Documents to which it is a party (i) shall not violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower, or breach any provision contained in its Articles of Incorporation or By-Laws and (ii) shall not breach any material provision contained in any agreement, instrument, indenture or other document to which it is now a party or by which it is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on the Property of the Borrower pursuant to the terms of any such agreement, instrument or indenture. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents to which the Borrower is a party.

4.1.4 Financial Statements. The Borrower's Financial Statements provided to each Lender wereperformance by the Borrower of the Loan prepared in accordance with generally accepted accounting principles in effect on the date they were prepared and fairly present the assets, liabilities and financial condition and results of operations of the Borrower and such other Persons described therein as of the dates thereof, and there are no omissions therefrom or other facts or circumstances which are or may be material not mentioned therein. There exist no equity, loans or outstanding advances to any Person not reflected in the Financial Statements.

4.1.5 Material Adverse Effect. There has been no Material Adverse Effect since the date of the most recent Financial Statement.

4.1.6 Taxes. Borrower and the Susidiaries have filed all federal, state and local tax returns (including, but not limited to, income and payroll tax returns) and other reports which Borrower and the Subsidiaries are required by law, rule or regulation to file and all Charges that are due and payable have been paid.

4.2 Representations and Warranties of the Lenders. Each Lender that is a corporation or a legal entity represents and warrants as follows:

4.2.1 Corporate Existence and Standing. The Lender is a corporation duly incorporated, validly existing and in good standing under the laws of its state of incorporation.

4.2.2 Authorization and Validity. The Lender has the right and power and is duly authorized and empowered to enter into, execute, deliver and perform the Loan Documents to which it is a party. The execution and delivery by the Lender of the Loan Documents to which it is a party and the performance by it of its obligations thereunder have been duly authorized by proper corporate proceedings, and the Loan Documents to which it is a party constitute legal, valid and binding obligations of the Lender enforceable against it in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

4.2.3 No Conflict. The execution, delivery and performance by the Lender of the Loan Documents (i) shall not violate any applicable law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Lender, or breach any provision contained in its Articles of Incorporation or By-Laws and (ii) shall not breach any material provision contained in any agreement, instrument, indenture or other document to which it is now a party or by which it is bound.

ARTICLE V.

COVENANTS

During the term of this Agreement, unless the Required Lenders shall otherwise consent in writing:

5.1 Notice of Default. As provided in Section 6.7, Borrower will give prompt notice in writing to the Lenders of the occurrence of any Default or Unmatured Default of which it is aware.

5.2 Conduct of Business.

5.2.1 Corporate Status. The Borrower and each Subsidiary will do all things necessary to remain duly incorporated, validly existing and in good standing as a corporation in its jurisdiction of incorporation.

5.2.2 Other Changes. Neither the Borrower nor any Subsidairy will make any material change in its capital structure or in any of its business objectives, purposes and operations which causes a Material Adverse Effect. The Borrower and each Subsidiary will also do all things necessary to qualify to do business in each jurisdiction in which it does a material amount of business.

5.3 Compliance with Laws. The Borrower and each Subsidiary will materially comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject.

5.4 Indebtedness. Neither the Borrower nor any Subsidiary will, without consent of Required Lenders, incur any Indebtedness For Borrowed Money (other than the Obligations) during the term hereof, provided that the Borrower or its Subsidiaries may complete financing transactions not to exceed $10 million in the aggregate that are currently under discussion or negotiation with banks or lease finance companies in Hungary, the United Kingdom, Germany and the United States.

ARTICLE VI.

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

6.1 Representations and Warranties. Any statement, warranty, representation, report, financial statement, or certificate made or delivered by the Borrower or any Subsidiary or any its or their respective officers or agents to any Lender is not true and correct in any material respect on the date as of which made.

6.2 Non-Payment. The Borrower fails to make any payment due hereunder within fifteen (15) days after the due date.

6.3 Failure to Observe Covenants. The breach by Borrower or any Subsidiary of any of the other terms, provisions or covenants of this Agreement which is not remedied within twenty (20) Business Days after written notice from any Lender.

6.4 Bankruptcy, Receivership or Similar Proceedings. Neither the Borrower nor any of the Subsidiaries (i) has an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect; (ii) makes an assignment for the benefit of creditors; (iii) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any Substantial Portion of its Property; (iv) institutes any proceeding seeking an order for relief under the Federal bankruptcy laws as now or hereafter in effect or seeking to adjudicate it a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, or (v) without the Borrower's or the relevant Subsidiary's application, approval or consent, a receiver, trustee, examiner, liquidator or similar official is appointed for the Borrower or any subsidiary, or an involuntary bankruptcy proceeding is instituted against the Borrower or any Subsidiary and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 45 days.

6.5 Defaults under Loan Documents. The occurrence of any "default", as defined in any Loan Document (other than this Agreement or the Note) or the breach of any of the terms or provisions of any Loan Document (other than this Agreement or the Note), which default or breach continues beyond any period of grace therein provided.

6.6 Material Adverse Effect. A default shall occur under any agreement, document or instrument, other than the Loan Documents, now or hereafter existing, to which the Borrower or any Subsidiary is a party, which default has a Material Adverse Effect upon any of the covenants, representations or warranties contained in the Loan Documents; and the same is not cured to the satisfaction of all Lenders within twenty (20) Business Days after any Lender gives the Borrower notice identifying such default. Without limiting the generality of the foregoing, any default under the Indenture entered into by the Borrower with respect to its 12- 3/8% Senior Discount Notes due 2006 (the "Indenture") shall be considered a default under this Section 6.6.

6.7 Notice of Compliance and Defaults. The Borrower shall notify the Lenders of the occurrence of any Default or Unmatured Default within 10 business days of such Default. The Borrower shall provide the Lenders with a copy of any annual and quarterly statements furnished to the trustee under the Indenture as to the performance by the Borrower of its obligations under the Indenture and as to any default in such performance.

ARTICLE VII.

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

7.1 Acceleration.

7.1.1 Bankruptcy or Insolvency Defaults. If any Default described in Section 6.4 occurs with respect to the Borrower, (i) the obligations of the Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Lenders.

7.1.2 Other Defaults. If any Default occurs and is continuing (other than a Default described in Section 6.4), any Lender may: (i) terminate or suspend its obligation to make Loans and declare the Obligations to it to be due and payable, or both, whereupon such Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind; and (ii) exercise and and all of their rights and remedies under applicable law. However, if Borrower fails to pay the Obligations in full by the Maturity Date, then the Lenders agree to refrain from exercising their remedies under this Agreement or applicable law until forty-five (45) days after the Maturity Date; provided, however, during that 45 day period, interest will accrue at the Default Rate until the date on which all Obligations are paid.

7.2 Amendments. Subject to the provisions of this Article VII, the Required Lenders and the Borrower may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing, modifying in any manner the rights of the Lenders or the Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender affected thereby:

(i) Extend the maturity of any Loan;

(ii) Change the definition of Required Lenders or the percentage of the Aggregate Revolving Commitment, the Aggregate Outstanding Credit Exposure, or the number of Lenders which shall be required for the Lenders or any of them to take any action under this Section or any other provision of the Loan Documents;

(iii) Waive any individual Lender's right to payment of principal, interest or commitment fees due to such Lender (provided that such Lender is not in breach of its Revolving Commitment);

(iv) Waive any individual Lender's right to the issuance and receipt of Warrants due to such Lender (provided that such Lender is not in breach of its Revolving Commitment); or

(v) Amend this Section 7.2.

7.3 Preservation of Rights. No delay or omission of the Lenders or the Lenders to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of an Advance notwithstanding the existence of a Default or the inability of the Borrower to satisfy the conditions precedent to such Advance shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 7.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Lenders until the Obligations have been paid in full.

ARTICLE VIII.

GENERAL PROVISIONS

8.1 Survival.

8.1.1 Survival of Warranties and Representations. Borrower covenants, warrants and represents to the Lenders, on its own behalf and on behalf of its Subsidiaries, that all of its representations and warranties contained in the Loan Documents shall be true at the time of such Person's execution of the Loan Documents, and shall survive the execution, delivery and acceptance thereof by the parties thereto and the closing of the transaction described therein or related thereto.

8.1.2 Survival of Obligations Upon Termination of Agreement. Except as otherwise expressly provided for in the Loan Documents, no termination or cancellation (regardless of cause or procedure) of the Loan Documents shall in any way affect or impair the powers, obligations, duties, rights, and liabilities of the Borrower or any Lender in any way or respect relating to any transaction or event occurring prior to such termination or cancellation or any of the undertakings, agreements, covenants, warranties and representations of any Lender contained in the Loan Documents. All such undertakings, agreements, covenants, warranties and representations shall survive such termination or cancellation.

8.2 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

8.3 Taxes. Any taxes (excluding (x) U.S. federal taxation of the overall net income of any Lender, and (y) national, state or local overall net income and franchise or other similar taxes imposed on any Lender by a jurisdiction under the laws of which such Lender is organized, in which its principal office is located, or in which its principal office is located) or other similar assessments or charges made by any governmental or revenue authority in respect of the Loan Documents shall be paid by the Borrower, together with interest and penalties, if any resulting from the Borrower's failure to fulfill its obligations hereunder.

8.4 Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

8.5 Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrower and the Lenders and supercede all prior agreements and understandings among such parties relating to the subject matter thereof.

8.6 Benefits of this Agreement. The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

8.7 Expenses; Indemnification. The Borrower shall indemnify each Lender, and each of their respective directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Borrowing hereunder, other than any such losses, claims, damages, penalties, judgments, liabilities or expenses which (w) result from the gross negligence or willful misconduct of the Person to be indemnified, (x) result from any Lender's breach or alleged breach of its Revolving Commitment, (y) arise out of or relate to any dispute regarding the reasonableness of any fees for which the Borrower has any reimbursement or indemnity obligation, or (z) are the subject of or are incurred in connection with any litigation or proceeding with respect to which the Borrower, on the one hand, and one or more of the Lenders, on the other hand, are directly opposing parties and with respect to which the Borrower has substantially prevailed. The obligations of the Borrower under this Section shall survive the termination of this Agreement.

8.8 Accounting. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with Agreement Accounting Principles.

8.9 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

8.10 Nonliability of Lenders. Until the Warrants are issued to and exercised by any of the Lenders, the relationship between the Borrower and the Lenders shall be solely that of borrower and lender. No Lender shall have any fiduciary responsibilities to the Borrower.

8.11 CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF MISSOURI.

8.12 CONSENT TO JURISDICTION. THE PARTIES HEREBY IRREVOCABLY SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR MISSOURI STATE COURT IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS.

8.13 Confidentiality. Each Lender agrees to hold any confidential information which it may receive from the Borrower pursuant to this Agreement in confidence, except for disclosure (i) to other Lenders, (ii) to legal counsel, accountants, and other professional advisors to that Lender or to a Transferee each of whom shall be subject to the restrictions set forth in this Section, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, or (v) to any Person in connection with any legal proceeding to which that Lender is a party.

8.14 Nonreliance. Each Lender hereby represents that it is not relying on or looking to any margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System) for the repayment of the Borrowings provided for herein.

8.15 CONFLICT OF TERMS. EXCEPT AS OTHERWISE PROVIDED IN THE LOAN DOCUMENTS BY SPECIFIC REFERENCE TO THE APPLICABLE PROVISION OF THIS AGREEMENT, IF ANY PROVISION CONTAINED IN THIS AGREEMENT IS IN CONFLICT WITH, OR INCONSISTENT WITH, ANY PROVISION IN THE OTHER LOAN DOCUMENTS, THE PROVISION CONTAINED IN THIS AGREEMENT SHALL GOVERN AND CONTROL.

ARTICLE IX.

SETOFF; RATABLE PAYMENTS

9.1 Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if the Borrower becomes insolvent, however evidenced, or any Default or Unmatured Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender to or for the credit or account of the Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

9.2 Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Outstanding Credit Exposure in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Aggregate Outstanding Credit Exposure held by the other Lenders so that after such purchase each Lender will hold its Pro Rata Share (as calculated immediately prior to the receipt of such payment) of the Aggregate Outstanding Credit Exposure. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their respective Pro Rata Shares (as calculated immediately prior to such receipt of collateral or other protection) of the Aggregate Outstanding Credit Exposure. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE X.

BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

10.1 Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrower and the Lenders and their respective successors and assigns, except that neither the Borrower nor any of the Lenders may assign their respective rights or obligations under the Loan Documents without the prior written consent of (i) the Borrower in the case of an assignment by any Lender (except as provided below), or (ii) all Lenders in the case of an assignment by the Borrower; provided, however, that any Lender may assign its rights and obligations to any wholly owned subsidiary of the Lender without the consent of the Borrower. Any assignee or transferee of a Note agrees by acceptance of its assignment or transfer to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note issued in exchange therefor.

10.2 Participations.

10.2.1 No Permitted Participants; Effect. No Lender may, without the prior consent of the Borrower, sell to any bank, fund or other entity ("Participants") participating interests in any Outstanding Credit Exposure owing to such Lender, any Note held by such Lender, any Revolving Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such consent and subsequent sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, all amounts payable by the Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrower shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

10.2.2 Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Outstanding Credit Exposure or Revolving Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Outstanding Credit Exposure or Revolving Commitment, postpones any date fixed for any regularly-scheduled payment of principal of any Loan in which such Participant has an interest, or any regularly-scheduled payment of interest or fees on any such Outstanding Credit Exposure or Revolving Commitment, or releases any guarantor of any such Outstanding Credit Exposure.

10.2.3 Benefit of Setoff. The Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 9.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 9.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 9.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 9.2 as if each Participant were a Lender.

ARTICLE XI.

NOTICES

Except as otherwise permitted hereby with respect to borrowing notices, any notice required or permitted to be given under this Agreement shall be sent by United States mail, FAX or nationally established overnight courier service, and shall be deemed received (i) when received by the addressee if sent via the United States mail, postage prepaid, (ii) when receipt thereof by the addressee is confirmed by telephone if sent by FAX and (iii) one Business Day after delivery to an overnight courier service, if sent by such service, in each case addressed to the relevant party at the address set forth for such party on the signature pages hereto or at such other address as may be designated by such party in a notice sent in accordance with the terms of this Article XI to the other parties.

ARTICLE XII.

WARRANTS

12.1 Agreement to Issue Warrants. In connection with this Agreement and the Lenders' funding and fulfillment of their Revolving Commitments, the Borrower agrees to issue warrants to purchase up to Four Hundred Twenty Thousand (420,000) shares of its common stock to the Lenders in the form attached hereto as Exhibit "C" (the "Warrants") and in accordance with the terms and conditions set forth herein and therein. However, Borrower has no obligation to issue Warrants to any Lender until each such Lender has satisfied the terms and conditions set forth herein which are applicable to it. The term "Exercise Price" as used in the Warrant shall be equal to the average of the Borrower's share price as quoted on NASDAQ during the ten trading days prior to the date of issuance of the Warrant, less ten percent.

12.2 Terms and Conditions of Warrants.

12.2.1 Issuance of Initial Warrants. Upon the execution of this Agreement by all of the Lenders and the Borrower, the Borrower will issue One Hundred Thousand (100,000) Warrants to the Lenders according to their Pro Rata Shares.

12.2.2 Issuance of Additional Warrants. The Borrower will issue an additional Eighty Thousand (80,000) Warrants to the Lenders according to their Pro Rata Shares for each One Million Dollars ($1,000,000) (or any partial portion thereof) of Aggregate Outstanding Credit Exposure (the "Additional Warrants"). The Additional Warrants shall be issued as of each Borrowing Date, provided that it is understood by the Parties that any Advances for which Warrants have been issued that have been repaid to the lenders but subsequently re-borrowed hereunder shall not result in additional Warrants. In the event that one or more Lenders is in breach of their Revolving Commitment, then the Borrower will not issue Warrants to such Lender(s), and the Borrower will reduce its aggregate issuance of Warrants by that Lender's Pro Rata Share, it being understood that the obligations of the Borrower under any warrants issued hereunder shall not be affected thereby.

12.2.3 Securities Regulations Provisions.

(i) Each Lender hereby represents and warrants to the Borrower, that such Lender is an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act of 1933. Notwithstanding anything herein to the contrary, the issuance of Warrants to any Lender is conditioned upon such Lender being an accredited investor at the time of issuance of such Warrants. Each Lender agrees to execute such documents as may be reasonably requested by Borrower at the time of issuance of such Warrants representing and warranting to Borrower such Lender's status as an accredited investor.

(ii) Each Lender hereby acknowledges and agrees that the Warrants issued pursuant to Article XII hereof, and the securities issuable upon exercise of such Warrants, have not been registered under the Securities Act of 1933 or any state securities laws and may not be transferred in the absence of such registration or an exemption therefrom.

Each Lender further acknowledges and agrees that such Warrants and such securities may be transferred only in compliance with the conditions specified in such Warrants.

ARTICLE XIII.

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Borrower and the Lenders.

[Signature Pages Follow]

Required Disclosure. As required by Section 432.045 of Title 28, Chapter 432 of the Missouri Revised Statutes, the parties acknowledge as follows:

ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT BORROWER AND LENDERS FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS BORROWER AND LENDERS MAY LATER AGREE IN WRITING TO MODIFY IT.

In Witness Whereof, the Borrower and the Lenders have executed this Agreement as of the date first above written.

EURONET SERVICES, INC.
as the Borrower

____
Mr. Daniel R. Henry

Title: Chief Operating Officer

4601 College Boulevard
Leawood, Kansas 66211
FAX: (913) 327-1921
Telephone: (913) 327-4200

Revolving Commitments
- ---------------------

$2,400,000 DST Systems, Inc.
as a Lender

By:___________________________

333 West 11/th/ Street, 5/th/ Floor
Kansas City, Missouri 64105-1594
FAX: (816) 435-8630
Telephone: (816) 435-8660

$1,000,000 Hungarian American Enterprise Fund
as a Lender

By:_______________________________
Mr. Eriberto R. Scocimara

President

1 East Putnam Avenue
Greenwich, Connecticut 06830-5429
FAX: (203) 869-3556
Telephone: (203) 869-3114

$600,000 Mr. Michael J. Brown
as a Lender

____

Michael J. Brown

11508 Canterbury Circle
Leawood, Kansas 66211
FAX: (913) 491-9622
Telephone: (913) 491-3514

EXHIBIT "A"

REVOLVING PROMISSORY NOTE

$___________ ________, 2000

Euronet Services, Inc., a Delaware corporation (the "Borrower"), promises to pay to the order of __________________[each Lender] the principal sum of ___________________[the Lender's Commitment] Dollars, together with interest on the unpaid principal amount thereof (the "Principal Balance") at the rates and on the date or dates set forth in this Note.

Section 1. Payment Terms

(a) Rate of Interest. This Note shall bear interest on the Principal Balance at an annual rate of ten percent (10%) (the "Applicable Rate").

(b) Payments of Interest. Interest shall be payable on a quarterly calendar basis within five business days of the end of each calendar quarter.

(c) Maturity. The entire Principal Balance, and all accrued but unpaid interest, if any remains, shall be due and payable in full on June 28, 2001 ("Maturity").

(d) Prepayments. The Maker may make prepayments of principal at any time and from time to time.

(e) Application of Payments. All payments under this Note shall be applied first to late charges, premiums, and other costs, if any, then to accrued but unpaid interest and then to reduce the Principal Balance.

Section 2. Default

(a) General Remedies. If the Maker fails to make any payment under this Note on the date such payment is due, [Lender] or other holder of this Note (the "Holder") may, at its option, declare all amounts due under this Note to be immediately due and payable, and exercise any or all rights and remedies available to it hereunder and under all applicable laws.

(b) Interest Rate and Late Charge after Default. If the Maker fails to make any payment under this Note on the date of such payment is due, the Principal Balance shall bear interest at 5 percentage points above the Applicable Rate, until such payment is made.

Section 3. Place and Payment of Notices

(a) Place of Payments. All payments on this Note shall be paid in immediately available funds at the address of _____________ set forth for notices in Section 3(b), or such other place as the Holder may specify from time to time. Any payment of principal or interest which falls due on a weekend day or legal public holiday shall be payable on the next business day in and such extension of time shall be included in calculating the amount of interest to be paid.

(b) Notice. Any notice or other communication required or permitted to be given hereunder shall be in writing, and shall be delivered to the parties at the addresses set forth below (or to such other addresses as the parties may specify by due notice to the others). Notices or other communications given by certified mail, return receipt requested, postage prepaid, shall be rebuttably presumed given 3 days after the date of mailing. Notices or other communications sent in any other manner shall be given only when actually received.

(a) If to the Maker:

Euronet Services Inc.
4601 College Boulevard, Suite 300
Leawood, Kansas, 66211
Attention: Jeffrey B. Newman
Telefax: 1 913 327 1921

(b) If to _____________:

____
____
____
Attention: _________________
Telecopy: __________________

With a copy to:
____
____
____
Attention: _________________
Telecopy: __________________

Section 4. Miscellaneous

Each right, power and remedy of the Holder under this Note or under applicable laws shall be cumulative and concurrent, and the exercise of any one or more of them shall not preclude the simultaneous or later exercise by the Holder of any or all such other rights, powers or remedies. No failure or delay by the Holder to insist upon the strict performance of any one or more provisions of this Note or to exercise any right, power or remedy consequent upon a breach hereof or default hereunder shall constitute a waiver thereof, or preclude the Holder from exercising any such right, power or remedy. No modification, change, waiver or amendment of this Note shall be deemed to be made unless in writing signed by the party to be charged. If it becomes necessary to employ counsel to collect this obligation, the Maker agrees to pay reasonable attorneys' fees for legal services involved. The Maker and each indorser, guarantor, accommodation party and surety of this Note hereby waive demand, presentment for payment, protest, notice of dishonor and notice of protest. This Note shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. The invalidity, illegality or unenforceability of any provision of this Note shall not affect or impair the invalidity, legality or enforceability of any other provision. This Note shall be deemed to be made in, and shall be governed by the laws of the State of Missouri.

EURONET SERVICES, INC.

____
Name:_________________
Title:_________________

SCHEDULE OF ADVANCES AND PAYMENTS OF PRINCIPAL
AND INTEREST TO REVOLVING NOTE
OF EURONET SERVICES, INC.,
DATED _______, 2000

Date of Advance	Principal Amount of Advance	Date of Principal Payment	Principal Amount Paid	Unpaid Principal Balance	Amount of Interest Paid

EXHIBIT "B"

COMPLIANCE CERTIFICATE

To: The Lenders parties to the
Credit Agreement Described Below

This Compliance Certificate is furnished pursuant to that certain Revolving Credit Agreement dated as of June 28, 2000 (as amended, modified or extended from time to time, the "Agreement") among the Borrower and the Lenders. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected Chief Financial Officer of the Borrower;

2. I have reviewed the terms of the Agreement and I have made, or have caused to be made under my supervision, a review of the transactions and conditions of the Borrower during the accounting period covered by the Borrower's most recent financial statements;

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or Unmatured Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this certificate.

4. The representations and warranties contained in Article IV are true and correct in all material respects as of the date hereof except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall be true and correct on and as of such earlier date; and

5. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, any Material Adverse Change in the financial condition of the Borrower from that reflected in the financial statements and projections previously provided to Lenders.

The foregoing certifications herein are true and correct and are made and delivered this ____ day of ____________, 2000

Mr. Richard Halka

____

Chief Financial Officer

Euronet Services Inc.

EXHIBIT "C"

FORM OF WARRANT

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM. THIS WARRANT AND SUCH SECURITIES MAY NOT BE TRANSFERRED UNLESS IN COMPLIANCE WITH THE CONDITIONS SPECIFIED IN THIS WARRANT.

________________, 2000

EURONET SERVICES INC.
WARRANT

EURONET SERVICES INC., a Delaware corporation (the "Company"), for value received, hereby certifies that __________ or its registered assigns, is entitled to purchase from the Company, at any time or from time to time during the period specified in Section 2 hereof, ______________ fully paid and nonassessable shares of Common Stock, par value US$0.02, of the Company (the "Common Stock"), at an exercise price equal to US$________ ("US$" means United States Dollars) per share, subject to adjustment hereunder (the "Exercise Price"), and subject to the other terms herein. As used herein, the term "Warrant Shares" means the shares of Common Stock issuable upon exercise of this Warrant (the "Warrant").

1. Manner of Exercise; Issuance of Certificates; Payment for Shares. Subject to the provisions hereof, this Warrant may be exercised by the holder hereof, in whole or in part, by the surrender of this Warrant, together with a completed exercise agreement in the form attached hereto (the "Exercise Agreement"), to the Company during normal business hours on any business day at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the holder hereof), and upon payment to the Company in cash, by certified or official bank check or by wire transfer to an account specified by the Company of the Exercise Price for the Warrant Shares specified in the Exercise Agreement. The Warrant Shares so purchased shall be deemed to be issued to the holder hereof or such holder's designee, as the record owner of such shares, as of the close of business on the date on which this Warrant shall have been surrendered, the completed Exercise Agreement shall have been delivered, and payment shall have been made for such shares as set forth above. Certificates for the Warrant Shares so purchased, representing the aggregate number of shares specified in the Exercise Agreement, shall be delivered to the holder hereof within five business days after this Warrant shall have been so exercised. The certificates so delivered shall be in such denominations as may be requested by the holder hereof and shall be registered in the name of such holder. In the event this Warrant is exercised in part, the Company shall also deliver a new

Warrant to the holder hereof, which Warrant shall be identical to this Warrant, except that the number of Warrant Shares exercisable therefor shall be decreased by the number of Warrant Shares so purchased.

2. Period of Exercise. This Warrant is exercisable at any time or from time to time on or after the date first listed above, and before 5:00 p.m., United States Eastern Standard Time on the date following one year thereafter (the "Exercise Period"), provided, however, that if the Company is in default as provided in the last sentence of Section 7.1.2 of the Revolving Credit Agreement dated June 28, 2000 pursuant to which this Warrant is issued (the "Credit Agreement"), then the Exercise Period shall expire three business days after the date on which all Obligations, as defined in the Credit Agreement, have been paid.

3. Certain Agreements of the Company. The Company covenants as follows:

(A) Shares to be Fully Paid. All Warrant Shares shall, upon issuance in accordance with the terms of this Warrant, be validly issued, fully paid, and nonassessable and free from all taxes, liens, and charges with respect to the issue thereof.

(B) Reservation of Shares. During the Exercise Period, the Company shall at all times have authorized, and reserved for the purpose of issuance upon exercise of this Warrant, a sufficient number of shares of Common Stock to provide for the exercise of this Warrant.

(C) Certain Actions Prohibited. The Company shall not, by amendment of its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but shall at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the holder of this Warrant in order to protect the exercise privilege of the holder of this Warrant against impairment, consistent with the tenor and purpose of this Warrant. Without limiting the generality of the foregoing, the Company shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(D) Successors and Assigns. This Warrant shall be binding upon any entity succeeding to the Company by merger, consolidation, or acquisition of all or substantially all the Company's assets.

4. Antidilution Provisions. During the Exercise Period, the Exercise Price and the number of Warrant Shares shall be subject to adjustment from time to time as provided in this Section 4.

(a) Subdivision or Combination of Common Stock. If the Company at any time subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the Common Stock into a greater number of shares, then, after the record date for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision shall be proportionately reduced and the number of Warrant Shares shall be proportionately increased. If the Company at any time combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the Common Stock into a smaller number of shares, then, after the record date for effecting such combination, the Exercise Price in effect immediately prior to such combination shall be proportionately increased and the number of Warrant Shares shall be proportionately decreased.

(b) Rights; Options; Warrants. In case the Company shall issue rights, options, warrants or convertible or exchangeable securities (other than a convertible or exchangeable security subject to Section 4(a)) to all holders of its Common Stock, entitling them to subscribe for or purchase shares of Common Stock at a price per share which is lower (at the record date for such issuance) than the then Current Market Value (defined in Section 4(c) below) per share of Common Stock, the number of Warrant Shares issuable upon exercise of each Warrant thereafter shall be determined by multiplying the number of Warrant Shares theretofore purchasable upon exercise of each Warrant by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance of such rights, options, warrants or convertible or exchangeable securities plus the number of additional shares of Common Stock offered for subscription or purchase, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance of such rights, options, warrants or convertible or exchangeable securities plus the number of shares which the aggregate offering price of the total number of shares of Common Stock so offered would purchase at the then Current Market Value per share of Common Stock. Such adjustment shall be made whenever such rights, options, warrants or convertible or exchangeable securities are issued, and shall become effective retroactively immediately after the record date for the determination of shareholders entitled to receive such rights, options, warrants or convertible or exchangeable securities.

(c) Issuance of Common Stock at Lower Values. In case the Company shall, in a transaction in which Sections 4(a) and 4(b) are inapplicable, issue or sell shares of Common Stock, or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock to an Affiliate (defined below) of the Company, at a price per share of Common Stock (determined in the case of such rights, options, warrants or convertible or exchangeable securities, by dividing (A) the total amount receivable by the Company in consideration of the issuance and sale of such rights, options, warrants or convertible or exchangeable securities, plus the total consideration, if any, payable to the Company upon exercise, conversion or exchange thereof, by (B) the total number of shares of Common Stock covered by such rights, options, warrants or convertible or exchangeable securities) that is lower than the Current Market Value per share of Common Stock in effect immediately prior to such sale or issuance, then the number of Warrant Shares issuable upon exercise of each Warrant thereafter shall be determined by multiplying the number of Warrant Shares theretofore purchasable upon exercise of such Warrant by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after such sale or issuance and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such sale or issuance plus the number of shares of Common Stock which the aggregate consideration received (determined as provided below) for such sale or issuance would purchase at such Current Market Value per share of Common Stock. Such adjustment shall be made successively whenever any such sale or issuance is made. For purposes of this Section 4(c), the shares of Common Stock which the holder of any such rights, options, warrants or convertible or exchangeable securities shall be entitled to subscribe for or purchase shall be deemed to be issued and outstanding as of the date of such sale and issuance and the consideration received by the Company therefor shall be deemed to be the consideration received by the Company for such rights, options, warrants or convertible or exchangeable securities, plus the consideration or premiums stated in such rights, options, warrants or convertible or exchangeable securities to be paid for the shares of Common Stock covered thereby.

In case the Company shall issue and sell shares of Common Stock or rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock for a consideration consisting, in whole or in part, of property other than cash or its equivalent, then in determining the "price per share of Common Stock" and the "consideration" receivable by or payable to the Company for purposes of the first sentence of this Section 4(c), the Board of Directors of the Company shall determine, in good faith, the fair value of such property, which determination shall be evidenced by a resolution of the Board of Directors of the Company. In case the Company shall issue and sell rights, options, warrants or convertible or exchangeable securities containing the right to subscribe for or purchase shares of Common Stock, together with one or more other securities as part of a unit at a price per unit, then in determining the "price per share of Common Stock" and the "consideration" receivable by or payable to the Company for purposes of the first sentence of this Section 4(c), the Board of Directors of the Company shall determine, in good faith, the fair value of the rights, options, warrants or convertible or exchangeable securities then being sold as part of such unit, which determination shall be evidenced by a resolution of the Board of Directors of the Company.

For purposes of Section 4(b) and this Section 4(c), "Current Market Value" per share of Common Stock or any other security at any date means (i) if the security is not registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (a) the value of the security, determined in good faith by the Board of Directors of the Company and certified in a resolution of the Board of Directors of the Company, based on the most recently completed arm's-length transaction between the Company and a person or entity other than an Affiliate of the Company and the closing of which occurs on such date or shall have occurred within the six-month period preceding such date, or (b) if no such transaction shall have occurred on such date or within such six-month period, the fair market value of the security as determined by a nationally or regionally recognized independent financial expert (provided that, in the case of the calculation of Current Market Value for determining the cash value of fractional shares, any such determination within six months that is, in the good faith judgment of the Board of Directors of the Company, a reasonable determination of value, may be utilized) or (ii) (a) if the security is registered under the Exchange Act, the average of the daily closing sales prices of the securities for the 20 consecutive trading days immediately preceding such date, or (b) if the securities have been registered under the Exchange Act for less than 20 consecutive trading days before such date, then the average of the daily closing sales prices for all of the trading days before such date for which closing sales prices are available, in the case of each of (ii)(a) and (ii)(b), as certified by the Chief Executive Officer, President, any Vice President or the Chief

Financial Officer of the Company. The closing sales price for each such trading day shall be: (A) in the case of a security listed or admitted to trading on any United States national securities exchange or quotation system, the closing sales price, regular way, on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, (B) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system, the last reported sale price on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reputable quotation source designated by the Company, (C) in the case of a security not then listed or admitted to trading on any national securities exchange or quotation system and as to which no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the Borough of Manhattan, City and State of New York, customarily published on each business day, designated by the Company, or, if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 30 days prior to the date in question) for which prices have been so reported and (D) if there are not bid and asked prices reported during the 30 days prior to the date in question, the Current Market Value shall be determined as if the securities were not registered under the Exchange Act. "Affiliate" means, with respect to any specified person or entity, (a) any person or entity directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person or entity or (b) any person or entity that owns, directly or indirectly, 10% or more of such specified person's or entity's voting capital stock or any director of such specified person or entity.

(d) Consolidation, Merger or Sale. In case the Company after the date hereof (a) shall consolidate with or merge into any other entity and shall not be the continuing or surviving corporation of such consolidation or merger, (b) shall permit any other entity to consolidate with or merge into the Company and the Company shall be the continuing or surviving entity but, in connection with such consolidation or merger, all outstanding shares of Common Stock shall be changed into or exchanged for stock or other securities of any other entity or cash or any other property, (c) shall transfer all or substantially all of its properties or assets to any other person or entity, or (d) shall effect a capital reorganization or reclassification of the Common Stock (other than a capital reorganization or reclassification for which adjustment in the Exercise Price is provided in Section 4(a)), then, and in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this Warrant, the holder of this Warrant, upon the exercise hereof at any time after the consummation of such transaction, shall be entitled to receive (at the aggregate Exercise Price in effect at the time of such consummation for all Common Stock issuable upon such exercise immediately prior to such consummation), in lieu of the Common Stock issuable upon such exercise immediately prior to such consummation, the highest amount of securities, cash or other property to which such holder would have been entitled as a shareholder upon such consummation if such holder had exercised this Warrant immediately prior thereto, subject to adjustments (subsequent to such consummation) as nearly equivalent as possible to the adjustments provided for in this Section 4. The Company shall not effect any such consolidation, merger, or sale of assets, or capital reorganization or reclassification unless prior to the consummation thereof, the continuing or surviving corporation (if other than the Company) assumes by written instrument the obligations under this Section 4 and the obligations to deliver to the holder of this Warrant such securities, cash or other property as, in accordance with the foregoing provisions, the holder may be entitled to acquire.

(e) Distribution of Assets. In case the Company shall declare or make any distribution of its assets to all holders of Common Stock as a partial liquidating dividend, by way of return of capital or otherwise, other than a dividend payable in shares of Common Stock or in cash out of earnings of the Company, the holder of this Warrant shall be entitled upon exercise of this Warrant to receive the amount of cash, securities or other property that would have been payable to the holder had such holder been the holder of such shares of Common Stock on the record date for the determination of stockholders entitled to such distribution.

(f) Notice of Adjustment. Upon the occurrence of any event that requires any adjustment of the Exercise Price, the Company shall give notice thereof to the holder of this Warrant, which notice shall state the Exercise Price resulting from such adjustment and the increase or decrease, if any, in the number of Warrant Shares, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(g) Adjustment of Exercise Price. No adjustment of the Exercise Price shall be made in an amount less than 1% of the Exercise Price in effect at the time such adjustment is otherwise required to be made, but any such lesser adjustment shall be carried forward and shall be made at the time and together with the next subsequent adjustment which, together with any adjustments so carried forward, shall amount to not less than 1% of such Exercise Price. In the event that any adjustment of the Exercise Price as required herein results in a fraction of a cent, such Exercise Price shall be rounded up to the nearest cent.

(h) No Fractional Shares. If any exercise of this Warrant would result in the issuance of a fractional share of Common Stock, such fractional share shall be disregarded and the number of shares of Common Stock issuable upon such exercise shall be the nearest whole number of shares.

(i) Other Notices. In case at any time:

(i) the Company shall declare any dividend upon the Common Stock payable in shares of stock of any class or make any other distribution (other than dividends or distributions payable in cash out of retained earnings) to the holders of the Common Stock;

(ii) the Company shall offer for subscription pro rata to all holders of the Common Stock any additional shares of stock of any class or other rights;

(iii) there shall be any capital reorganization of the Company, or reclassification of the Common Stock or sale of all or substantially all its assets to another entity;

(iv) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, in each such case, the Company shall give to the holder of this Warrant notice of (a) the date on which the books of the Company shall close or a record shall be taken for determining the holders of Common Stock entitled to receive any such dividend, distribution or subscription rights, or for determining the holders of Common Stock entitled to vote in respect of any such transaction, and (b) the date (or, if not then known, a reasonable approximation thereof by the Company) when such transaction shall occur. Such notice shall also specify the date on which the holders of Common Stock shall be entitled to receive such dividend, distribution or subscription rights or to exchange their Common Stock or stock or other securities or property deliverable upon consummation of such transaction. Such notice shall be given at least 30 days prior to the record date or the date on which the Company's books are closed in respect thereto. Failure to give any such notice or any defect therein shall not affect the validity of any action referred to in clauses (i), (ii), (iii) and (iv) above.

(j) Certain Events. In case any event shall occur as to which paragraphs (a), (b), (c), (d) or (e) of this Section 4 are not strictly applicable but the failure to make any adjustment would not fairly protect the rights represented by this Warrant in accordance with the essential intent of such provisions, the Company shall give notice of such event as provided in Section 4(f) and shall make an appropriate adjustment in the Exercise Price and the number of Warrant Shares to preserve, without dilution, the rights represented by this Warrant.

5. Issue Tax. The issuance of certificates for Warrant Shares upon the exercise of this Warrant shall be made without charge to the holder of this Warrant or such shares for any issuance tax or other costs in respect thereof; provided that the holder shall pay all transfer taxes owed upon the issuance of such shares in the name of any person or entity designed by the holder.

6. No Rights as a Stockholder. Prior to the exercise of this Warrant, the holder hereof, as such, shall not be entitled to any rights of a stockholder of the Company, including, without limitation, the right to vote, to consent, to exercise any preemptive right, to receive any notice of meetings of stockholders for the election of directors of the Company or any other matter or to receive any notice of any proceedings of the Company, except as may be specifically provided for herein.

7. Transfer, Exchange, and Replacement of Warrant; Resale of Warrant Shares.

(a) Restriction on Transfer. THIS WARRANT (INCLUDING ANY REPLACEMENT WARRANT) MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF (WHETHER BY OUTRIGHT OR COLLATERAL ASSIGNMENT) EXCEPT FOR THE EXERCISE OF THIS WARRANT IN ACCORDANCE WITH ITS TERMS. THE HOLDER OF THIS WARRANT SHALL BE BOUND BY THE TRANSFER RESTRICTIONS CONTAINED HEREIN.

(b) Replacement of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of any such loss, theft, or destruction, upon delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company, at its expense, shall execute and deliver, in lieu thereof, a new Warrant of like tenor.

(c) Cancellation; Payment of Expenses. Upon the surrender of this Warrant in connection with any replacement as provided in this Section 7, this Warrant shall be promptly cancelled by the Company. The Company shall pay all taxes and all other expenses (other than legal expenses, if any, incurred by the holder) and charges payable in connection with the preparation, execution, and delivery of Warrants pursuant to this Section 7.

(d) Register. The Company shall maintain, at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the holder hereof), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued.

(e) Restriction on Resale. The Warrant Shares have not been registered under the Securities Act or any state securities laws, and may not be sold or transferred unless (i) subsequently registered thereunder or (ii) the undersigned shall have delivered to the Company an opinion of counsel (which opinion and counsel shall be reasonably acceptable to the Company) to the effect that the Warrant Shares to be sold or transferred may be sold or transferred pursuant to an exemption from such registration.

(f) Exercise Without Registration. If, at the time of the surrender Warrant in connection with any exercise of this Warrant, the Warrant Shares of this Warrant in connection with any exercise of this Warrant, the Warrant Shares shall not be registered under the Securities Act and under applicable state securities or blue sky laws, the Company may require, as a condition of allowing such exercise, that the holder of this Warrant furnish to the Company a written opinion of counsel, which opinion and counsel are acceptable to the Company, to the effect that such exercise may be made without registration under the Securities Act and applicable state securities or blue sky laws.

8. Notices. All notices, requests, and other communications required or permitted to be given or delivered hereunder to the holder of this Warrant shall be in writing, and shall be personally delivered, or shall be sent by certified or registered mail or by recognized overnight mail courier, postage prepaid and addressed, to such holder at the address shown for such holder on the books of the Company, or at such other address as such holder shall have furnished to the Company. All notices, requests and other communications required or permitted to be given or delivered hereunder to the Company shall be in writing, and shall be personally delivered, or shall be sent by certified or registered mail or by recognized overnight mail courier, postage prepaid and addressed, to Euronet Service Inc., 4601 College Boulevard, Suite 300, Leawood, Kansas 66211, Attention: Michael J. Brown, Chief Executive Officer, or to such other address as the Company shall have furnished to the holder of this Warrant. Any such notice, request or other communication may be sent by facsimile, but shall in such case be subsequently confirmed by a writing personally delivered or sent by certified or registered mail or by recognized overnight mail courier as provided above. All notices, requests and other communications shall be deemed to have been given either at the time of the receipt thereof at the address specified in this Section 8 or, if mailed by registered or certified mail or with a recognized overnight mail courier, upon deposit with the United States Post Office or such overnight mail courier, postage

prepaid and properly addressed.

9. Governing Law. THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO ITS OR ANY OTHER JURISDICTION'S CONFLICTS OF LAW.

10. Miscellaneous.

(a) Amendments. This Warrant may only be amended by an instrument in writing signed by the Company and the holder hereof.

(b) Headings. The headings of the sections and paragraphs of this Warrant are for reference purposes only, and shall not affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer.

EURONET SERVICES INC.

By:______________________________
Michael J. Brown
Chief Executive Officer

FORM OF EXERCISE AGREEMENT

Dated: ________________, _______

To:_________________________

The undersigned, pursuant to the provisions set forth in the within Warrant, hereby agrees to purchase _________ shares of Common Stock covered by such Warrant, and makes payment herewith in full therefor at the price per share provided by such Warrant in cash or by certified or official bank check in the amount of US$__________. Please issue a certificate or certificates for such shares of Common Stock in the name of and pay any cash for any factional share to:

Name:___________________________________

Signature: _________________________

Address: _________________________

____

Note: The above signature should correspond exactly with the name on the face of the within Warrant.

Exhibit 10-2

Amendment to Revolving Credit Agreement

This Amendment to Revolving Credit Agreement ("Amendment") is made as of December [28], 2000 by and among Euronet Services Inc., a Delaware corporation (the "Borrower"); DST Systems, Inc., a Delaware corporation ("DST"); Hungarian American Enterprise Fund, a Delaware corporation ("HAEF"); and Michael J. Brown ("Mr. Brown"). DST, HAEF and Mr. Brown are sometimes collectively referred to as the "Lenders" and individually as a "Lender." The Borrower and the Lenders are sometimes referred to collectively herein as the "Parties"

RECITALS

The Borrower and the Lenders entered into a Revolving Credit Agreement dated as of June 28, 2000 (the "Credit Agreement");

The Borrower and the Lenders wish to modify the terms of the Credit Agreement;

Now therefore, in consideration of the mutual covenants herein contained, the Parties agree as follows:

1. Amendments to Credit Agreement

1.1 Unless otherwise provided herein, capitalized terms that are not defined herein shall have the meanings set forth in the Credit Agreement.

1.2 In Article I of the Credit Agreement, the definitions of "Borrowing Date" and "Maturity Date" are deleted and replaced, respectively, by the following:

"Borrowing Date" means a date on which an Advance is made hereunder, provided that no Borrowing Date may occur later than the date falling twelve months after the date hereof (and if such date falling twelve months after the date hereof is not a Business Day, the final Borrowing Date may occur on the next succeeding Business Day).

"Maturity Date" means December 28, 2001 (provided that the Maturity Date may be accelerated to an earlier date under Section 2.1.4, and provided further that if such date is not a Business Day, the Maturity Date shall be the next succeeding Business Day).

1.3 Immediately following the execution of this Agreement, the Borrower shall exchange the Note issued to each Lender for a new Note, amended to reflect the new Maturity Date indicated above.

1.4 Except as provided herein, the terms of the Credit Agreement are ratified and confirmed.

2. Consideration for Extensions of Time

2.1 In consideration of the extensions of time provided in Section 1, the Borrower shall, on the date this Amendment is executed by all of the Lenders, execute and deliver to the Lenders:

(i) an amendment to the Warrants issued to each Lender, in form and substance satisfactory to each Lender extending the expiration date of the Warrants issued to such Lender to the new Maturity Date;

(ii) new warrants to purchase 100,000 shares of the common stock of the Lender on the terms and conditions set forth in Section 12.1 of the Credit Agreement. Such warrants shall be issued to the Lenders in proportion to their Pro-Rata Shares, and shall be considered "Warrants" as such term is defined in Article I of the Credit Agreement.

3. Miscellaneous

3.1 The Parties agree that this Amendment shall be considered a "Loan Document" and that the interpretive provisions of the Credit Agreement relating to Loan Documents shall apply to this Amendment, including, without limitation, Section 8.11 (Choice of Law) and Section 8.12 (Consent to Jurisdiction).

In witness whereof the Parties have executed this Amendment on the date first above written.

The Borrower:

Euronet Services Inc.

By: ________________________

The Lenders:

DST Systems, Inc.

By:_________________________

Hungarian American Enterprise Fund

By:_______________________________
Mr. Eriberto R. Scocimara
President

Mr. Michael J. Brown

____
Michael J. Brown