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

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, 2004

Commission File Number 000-22167

EURONET WORLDWIDE, INC.
(Exact name of the Registrant as specified in its charter)

DELAWARE	**74-2806888**
(State of other jurisdiction of incorporation or organization)	**(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

Preferred Stock Purchase Rights

Indicate by check mark whether the Registrant (i) 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 (ii) has been subject to such filing requirements for the past 90 days. Yes ☒ 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. ☐

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No ☐

As of June 30, 2004 the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately $594 million. The aggregate market value was determined based on the closing price of the Common Stock on June 30, 2004.

At February 28, 2005, the Registrant had 33,874,561 shares of common stock (the "Common Stock") outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for its Annual Meeting of Shareholders in 2005, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2004, are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS

OVERVIEW

Euronet Worldwide, Inc. ("Euronet" or the "Company") is an industry leader in processing secure electronic financial transactions. Euronet operates the largest independent pan-European automated teller machine ("ATM") network and the largest shared ATM network in India. Our software solutions are used in more than 65 countries around the world. As of December 31, 2004, we had 12 principal offices in Europe, four in the Asia-Pacific region, two in the U.S. and one in Egypt.

As of December 31, 2004, we operated in three principal business segments:

- In our EFT Processing Segment, we process transactions for a network of 5,742 ATMs and approximately 9,700 point of sale (POS) terminals across Europe, the Middle East, Africa and India. We provide comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM and POS management solutions, and electronic recharge services for prepaid mobile airtime.
- Through our Prepaid Processing Segment, we provide prepaid processing, or top-up services, for prepaid mobile airtime and other prepaid products. We operate a network of more than 175,000 POS terminals providing electronic processing of prepaid mobile phone airtime top-up services in the U.S., Europe and Asia Pacific.
- Through our Software Solutions Segment, we offer a suite of integrated electronic financial transaction (EFT) software solutions for electronic payment and transaction delivery systems.

The first company in the Euronet group was established in 1994 as a Hungarian limited liability company. We began operations in 1995, setting up a processing center and installing our first ATMs in Budapest, Hungary. We commenced operations in Poland and Germany in 1995 and 1996, respectively. The Euronet group was reorganized on March 6, 1997 in connection with its initial public offering, and at that time the operating entities of the Euronet group became wholly owned subsidiaries of Euronet Services, Inc., a Delaware corporation. We changed our name from Euronet Services, Inc. to Euronet Worldwide, Inc. in August 2001.

Until December 1998, we devoted substantially all of our resources establishing and expanding our ATM network and outsourced ATM management services business in Central Europe (including Hungary, Poland, the Czech Republic and Croatia) and Germany. In December 1998, we acquired Arkansas Systems, Inc. (now known as Euronet USA), a U.S.-based company that produces electronic payment systems software for retail banks internationally and was a leading electronic payment software system for the IBM iSeries (formerly AS/400) platform. As a result of this acquisition, we were 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 POS devices, credit and debit card operations, the Internet, and telephone and mobile banking. We have invested in software research, development and delivery capabilities and have integrated our EFT Processing Segment and Software Solutions Segment. These two complementary segments present strong cross-selling opportunities within our combined customer base. Also, since this software is used in our operations center, opportunities exist to leverage the core infrastructure and software to provide innovative value-added e-commerce products and services. As a component of the software acquisition, Euronet acquired 33.3% of the shares of DASH, a U.S.-based ATM Processing business.

Between 1999 and 2001, we expanded our presence to Egypt and to Western and Southern Europe including Greece, France and, in particular, the U.K., where we established a sizeable independent ATM network. We opened offices in each of these countries, and began to deploy Euronet-branded ATMs in addition to selling ATM outsourcing and network participation products and services. In 1999, we also acquired the remaining 66.7% of the DASH shares.

Throughout 2001 and 2002, Euronet focused on product developments that would add transaction functionality via new and existing products, including mobile banking and event messaging. Another new product line, the Electronic Recharge line, was added, which enabled customer purchases of prepaid mobile airtime from ATMs, POS terminals and directly from the mobile handset. Unlike in the U.S., where mobile phones companies have historically promoted postpaid plans, mobile phone companies in other countries generally promote prepaid plans. Thus, we saw processing prepaid transactions as a large opportunity.

In 2002, we opened a small office in Slovakia to support expanding efforts in Central Europe and began to sell ATM outsourcing to banks in that country. We also entered India, one of the largest emerging markets for ATM and card growth potential, by establishing the first and now the largest national shared ATM network, called CashNet, and then began to sell ATM outsourcing. In the Indian market, we are focusing on ATM outsourcing and electronic recharge products for replenishing prepaid mobile airtime.

Euronet has progressively shifted its strategy from operating Euronet-owned ATMs to managing outsourced ATMs for banks. In January 2003, we sold our U.K. ATM network and simultaneously signed an ATM outsourcing agreement with the buyer. From that date forward, we have operated the ATMs in that network under a five year outsourcing agreement (See Note 14 - Gain On Disposition Of U.K. ATM Network to the Consolidated Financial Statements). Additionally, in September 2003 we sold our 272 ATMs in Hungary to an established Hungarian financial institution. In connection with the sale, we concurrently entered into a long-term outsourcing agreement and cash sponsorship arrangement with the financial institution. We sold our ATM operations in France in May 2002 due to the imposition of stringent new safety requirements for the operation of ATMs, which made it difficult to operate ATMs profitably in that market (See Note 25 - Discontinued Operations and Assets Held for Sale to the Consolidated Financial Statements). In January 2002, we sold DASH, our U.S.-based ATM Processing business, to focus our efforts on more profitable processing endeavors in emerging markets (See Note 25 - Discontinued Operations and Assets Held for Sale to the Consolidated Financial Statements).

Also in 2003, Euronet complemented its existing two segments by acquiring a third business, e-pay, that focuses on processing transactions for prepaid services, primarily prepaid mobile airtime. We acquired e-pay in February 2003 and began reporting its results in a new segment called the Prepaid Processing Segment. With this acquisition, we gained offices in London and Sydney. Subsequent to this acquisition, e-pay expanded its operations into New Zealand, Ireland, Spain and Poland. Additionally, e-pay owns 40% of the shares of e-pay Malaysia, a company that offers electronic top-up in Malaysia and, through a 51.5% subsidiary of e-pay Malaysia, in Indonesia. e-pay has agreements with mobile operators in those markets under which it supports the distribution of airtime to their subscribers through POS terminals. For more information on the e-pay acquisitions, see Note 4 – Acquisitions to the Consolidated Financial Statements.

Throughout 2003 and 2004, we expanded the Prepaid Processing Segment with acquisitions in Germany, Spain and the U.S. In November 2003, we acquired the German company, Transact Elektronische Zahlungssysteme GmbH (“Transact”), the market leader in electronic processing of prepaid mobile airtime top-up services in Germany. With this acquisition, we acquired an office in Munich. In November 2004, we established a Spanish entity, of which we hold 80%, which purchased all of the prepaid processing and distribution assets from Grupo Meflur Corporacion (Meflur), a Spanish telecommunications distribution company. With this acquisition we gained an office in Monzon, Spain. In the U.S. prepaid business, we enhanced our wholly owned subsidiary, PaySpot, Inc. (PaySpot), with four acquisitions of U.S.-based prepaid companies. In September 2003, we purchased all of the assets and assumed certain liabilities of Austin International Marketing and Investments, Inc. (“AIM”). In January 2004, PaySpot acquired 100% of the shares of Prepaid Concepts, Inc. (“Precept”). In May 2004, PaySpot acquired 100% of the assets of Electronic Payment Solutions (“EPS”). In July 2004, PaySpot also acquired 100% of the shares of Call Processing, Inc (“CPI”). For more information on these acquisitions, see Note 4 – Acquisitions to the Consolidated Financial Statements.

In 2004, we expanded our EFT Segment by increasing our Romanian office to support ATM outsourcing services and by establishing small administrative offices in Bulgaria and Russia to evaluate market opportunities in those countries.

BUSINESS SEGMENT OVERVIEW

For discussion of the amount of total revenue contributed by each segment, please see Note 20 - Business Segment Information to the Consolidated Financial Statements.

EFT PROCESSING SEGMENT

EFT Processing Segment Overview

Our EFT Processing Segment provides outsourcing and network services to banks and mobile phone companies primarily in the developing markets of Central and Southern Europe (Hungary, Poland, the Czech Republic, Croatia, Romania, Slovakia, Kosovo, Albania, Serbia and Greece), Egypt and India, as well as in developed countries of Western Europe (Germany and the U.K.). We provide these services either through our Euronet-owned ATMS or through contracts under which we operate bank’s ATMs. Although all of these markets present market opportunities for expanding the sales of our services, we believe opportunities for transaction growth in the ATM services business are greater in the developing countries.

The major source of revenue generated by our ATM network is recurring monthly management fees and transaction-based revenue. We receive fixed monthly fees under many of our outsourced management contracts. This element of revenue has been increasing over the last few years. Revenue sources of the EFT Processing Segment also include prepaid mobile phone recharge revenue from ATM or mobile phone handsets and advertising revenue. The number of ATMs we operated increased from 3,350 at December 31, 2003 to 5,742 ATMs at December 31, 2004.

We monitor the number of transactions made by cardholders on our network. These include cash withdrawals, balance inquiries, deposits, mobile phone airtime recharge purchases and certain denied (unauthorized) transactions. We do not bill certain transactions on our network to banks, and we have excluded these transactions for reporting purposes. The number of transactions processed over our entire ATM network has increased over the last five years as follows: total transactions per year were 44 million in 2000, 57 million in 2001, 79 million in 2002, 115 million in 2003, and 232 million in 2004. The number of transactions processed monthly grew from approximately 11 million in December 2003 to approximately 26 million in December 2004.

Our processing centers for the EFT Processing Segment are located in Budapest, Hungary and Mumbai, India. They are staffed 24 hours a day, seven days a week and consist of production IBM iSeries computers, which run the Euronet GoldNet ATM software package. The Budapest operations center has an off-site real-time back up iSeries computer. The India center has a stand-by back-up system, which is located on-site. This back up consists of a replicate of our existing data center which would be used to bring up our system using data from our principal processing center in the event of failure. The processing centers' data back-up systems are designed to prevent the loss of transaction records due to power failure and permit the orderly shutdown of the switch in an emergency. Our 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 processing centers' computers operate our ATMs and interface with the local bank and international transaction authorization centers, including 63 host-to-host connections with bank and card organizations. Our EFT processing centers have been certified by a number of transaction exchange entities, such as Visa, LINK and Europay/MasterCard.

For a discussion of revenues, operating profits and total assets of the EFT Processing Segment during each of the last three fiscal years, please see Note 20 – Business Segment Information to the Consolidated Financial Statements and Item 7– Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of Operating Results for the Years Ended December 31, 2004, 2003 and 2002 - By Business Segment.

EFT Processing Products and Services

Outsourced Management Solutions

Euronet offers outsourced management services to banks and other organizations using our processing centers' electronic financial transaction processing software. Our outsourced management services include management of existing bank networks of ATMs, development of new ATM networks on a complete turn-key basis, management of POS networks, management of credit and debit card databases and other financial processing services. These services include 24-hour monitoring from our 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, cash forecasting and reporting. We already provide these services to existing customers and we have invested in the necessary infrastructure to support many additional transactions. As a result, any new outsourced management services agreements should provide additional revenue with lower incremental cost.

Our outsourced management agreements, other than in Germany, generally provide for fixed monthly management fees and in most cases fees payable for each transaction. The transaction fees under these agreements are generally lower than under card acceptance agreements, described below. The fees payable under our outsourced management agreements in Germany are purely transaction based and include no fixed component.

Euronet-Branded ATM Transaction Processing

Euronet has a network of ATMs in central European countries that are branded as Euronet ATMs. To manage this ATM network, our operations center uses our Software Solutions Segment's Integrated Transaction Management core software solution. The ATMs in our networks are able to process transactions for holders of credit and debit cards issued by or bearing the logos of banks and international card organizations such as American Express, Diners Club International, Visa, MasterCard and Europay. This ability is accomplished through our agreements and relationships with these banks, international credit and debit card issuers and international associations of card issuers.

In a typical ATM transaction, the transaction is routed from the ATM to our 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. The card issuer is responsible for authorizing ATM transactions processed on our ATMs.

When a bank cardholder conducts a transaction on a Euronet-owned ATM, we receive a fee from the cardholder's bank for that transaction. The bank pays us this fee either directly or indirectly through a central switching and settlement network. When paid indirectly, this fee is referred to as the "interchange fee." All of the banks in a shared ATM and POS switching system establish the amount of the interchange fee by agreement. We receive transaction-processing fees for successful transactions and, in certain circumstances, for transactions that are not completed because they fail to receive authorization. The fees paid to us by the card issuers are independent of any fees charged by the card issuers to cardholders in connection with the ATM transactions. We do not charge cardholders a transaction or access fee for using our ATMs.

We generally receive fees from our customers for four types of transactions that are processed on our ATMs:

- cash withdrawals
- balance inquiries
- transactions not completed because the relevant card issuer does not give authorization
- prepaid telecommunication recharges

Card Acceptance or Sponsorship Agreements

Our agreements with banks and international card organizations generally provide that all credit and debit cards issued by the customer bank or organization may be used at all ATM machines we operate in a given market. In most markets, we have agreements with a bank under which we are designated as a service provider (which we refer to as “sponsorship agreements”) for the acceptance of cards bearing international logos, such as Visa and MasterCard. These card acceptance or sponsorship agreements allow us to receive transaction authorization directly from the card issuing bank or international card organization. Our agreements generally provide for a term of three to seven years and are automatically renewed unless either party provides notice of non-renewal prior to the termination date. In some cases, the agreements are terminable by either party upon six months notice. We are generally able to connect a bank to our network within 30 to 90 days of signing a card acceptance agreement. Generally, the bank provides the cash needed to complete transactions on the ATM, although we have contracted for cash supply with a cash supply bank in the Czech Republic. Under our card acceptance agreements, the ATM transaction fees we charge vary depending on the type of transaction and the number of transactions attributable to a particular card issuer. Our agreements generally provide for payment in local currency. Transaction fees are sometimes denominated in U.S. dollars or are adjusted for inflation. Transaction fees are billed to banks and card organizations with payment terms no longer than one month.

Other Products and Services

Our network of owned or operated ATMs allows for the sale of financial and other products or services at a low incremental cost. We have developed value-added services in addition to basic cash withdrawal and balance inquiry transactions. These new services include bill payment, “mini-statement” and recharge (purchasing prepaid airtime from ATM and mobile phone devices) transactions. We are committed to the ongoing development of innovative new products and services to offer our EFT processing customers and intend to implement additional services as markets develop.

In Poland, Hungary, Croatia, Romania, the Czech Republic, the U.K., Egypt, India and Indonesia, we have established electronic connections to some or all of the major mobile phone operators. These connections permit us to transmit to them electronic requests to recharge mobile phone accounts. We have either established or adapted networks of ATMs in these markets to offer customers of the mobile operators the ability to credit their prepaid mobile phone accounts. We began to distribute prepaid mobile telephone vouchers on our networks in Hungary and Poland in November 1999. In May and October 2000, we added this service to our Czech Republic and Croatian ATM networks, respectively. In Poland, Hungary, Croatia and Indonesia, we have contracts with all of the local mobile operators.

We include transaction fees payable under the electronic recharge solutions that we distribute through our ATMs in EFT Processing Segment revenues. Fees for recharge transactions vary substantially from market to market and are based on the specific prepaid solution and the denomination of prepaid usage purchased. Any or all of these fees may come under pricing pressure in the future.

In an automatic ATM recharge transaction, our ATM prompts a consumer through a series of ATM screens, during which the customer’s credit or debit card is used to make payment for the recharge transaction. The card transaction is processed and settled to us in the same fashion as a typical ATM transaction. We then send a signal to the mobile operator requesting credit to the customer’s account in the amount of the transaction. The credit takes place automatically, and the customer receives a message confirming the transaction. Our Mobile Recharge transaction follow the same pattern, but the transaction occurs with screens directly on the mobile phone. These recharge transactions are similar to “top up” transactions in our new Prepaid Processing Segment, but since they are transmitted from our ATMs or mobile phone handsets and proceed through our ATM operations center and managed by our ATM operations group, they will continue to be reported in the EFT Processing Segment.

Our agreements with mobile operators for the ATM recharge business vary in term from one to five years. They provide for the maintenance of the electronic connection necessary to provide recharge transactions to customers and define operational and commercial terms regarding the method by which we will provide that transaction (ATM and mobile phone), settlement and the liability for transactions processed.

We have expanded our outsourced management solutions beyond ATMs to include card management and additional services, such as POS terminal management, bill payment and prepaid mobile operator solutions. We support these services using our proprietary software products.

Since 1996, we have been selling advertising on our network. Advertising clients can display their advertisements on the video screens of our ATMs, on the receipts issued by the ATMs and on coupons dispensed with cash from the ATMs.

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EFT Processing Segment Strategy

We believe banks in both the developing and developed markets are becoming more receptive to outsourcing the operation of their ATMs and POS networks. The operation of these devices requires expensive hardware and software and specialized personnel. We have these resources available and offer them to banks under outsourcing contracts. The expansion and enhancement of our outsourced management solutions, both in existing markets and new markets, will remain an important business strategy for Euronet. We believe increasing the number of bank-owned ATMs that we operate under management agreements will provide continued growth while minimizing the capital we place at risk.

We continually strive to make our own ATM networks more efficient by eliminating the underperforming ATMs and installing ATMs in more desirable locations.

This ATM and Mobile Recharge line of services has been substantially strengthened through complementary services obtained by our acquisitions of e-pay, Transact, AIM and Precept. We can now provide top-up services through POS terminals. We intend to expand our technology and business methods into other markets where we operate and hope to leverage our relationships with mobile phone companies and banks in those markets to cross-sell and to facilitate that expansion.

Seasonality

Our experience is that the level of transactions on our networks is subject to seasonal variation. Transactions per ATM tend to drop in the first quarter, as compared to the preceding fourth quarter, to the lowest levels we experience during the year, primarily due to a drop in post-holiday travel and spending. Since revenues of the EFT Processing Segment are more weighted toward transactions, this segment is directly affected by this seasonality. In years prior to 2004, we believe our aggressive rollout of ATMs lessened the impact of seasonal variations on our overall transaction levels and revenues, as transactions from new ATMs compensated for the reduction in overall transaction levels.

Segment Significant Customers And Government Contracts

No individual customer makes up greater than 10% of the consolidated total revenue in the EFT Processing Segment. We do not have any government contracts in this segment.

EFT Processing Segment Competition

Our principal EFT Processing competitors include ATM networks owned by banks and national switches consisting of consortiums of local banks that provide outsourcing and transaction services to banks and independent ATM deployers. Large, well-financed companies that operate ATMs offer ATM network and outsourcing services also compete with us in various markets. None of these competitors have dominant market share. Competitive factors in our EFT Processing Segment include network availability and response time, price to both the bank and to its customers, ATM location and access to other networks.

Certain independent (non bank-owned) companies provide electronic recharge on ATMs in markets in which we provide this service. We are not aware of any independent companies providing electronic recharge on ATMs across multiple markets in which we provide this service. In this area, we believe competition will come principally from banks providing such services on their own ATMs through relationships with mobile operators or from card transaction switching networks that add recharge transaction capabilities to their offerings (as is the case in the U.K. through the LINK network).

PREPAID PROCESSING SEGMENT

Prepaid Processing Segment Overview

Through our Prepaid Processing Segment, we are one of largest providers of prepaid processing, or “top-up,” services for prepaid mobile phone airtime. Our Prepaid Processing Segment provides electronic top-up services for prepaid mobile airtime in the U.K., Germany, Spain, Poland, Ireland, Australia, New Zealand, Malaysia, Indonesia and in the U.S. The Prepaid Processing Segment now supports top-up transactions at more than 175,000 points of sale in 85,000 locations across ten countries.

We began reporting the results of this new segment in the first quarter of 2003. In February 2003, we acquired the U.K.-based company, e-pay Limited, which had offices in U.K. and Australia. During 2003, we expanded our prepaid services to Poland, Ireland and New Zealand. In the second half of 2003, Euronet expanded the Prepaid Processing Segment with acquisitions of AIM in the U.S. and Transact in Germany. In 2004, we further expanded this segment with the acquisition of Movilcarga (which owns prepaid assets) from Grupo Meflur Corporacion (Meflur), a prepaid company in Spain, and we expanded our wholly-owned subsidiary, PaySpot, Inc., through the acquisition of the shares or assets three U.S.-based prepaid companies:

- Precept in January,
- EPS in May, and
- CPI in July.

For a discussion of revenues, operating profits and total assets of the Prepaid Processing Segment during each of the last three fiscal years, please see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Comparison of Operating Results for the Years Ended December 31, 2004, 2003 and 2002 - By Business Segment and Note 20 - Business Segment Information to the Consolidated Financial Statements.

The major source of revenue generated by our Prepaid Processing Segment is commissions received from mobile operators for the processing and sale of prepaid airtime for mobile phones.

Customers using mobile phones pay for their usage in two ways:

- through "postpaid" accounts, where usage is billed at the end of each billing period, and
- through "prepaid" accounts, where customers pay in advance by crediting their accounts prior to usage.

Although operators in the U.S. and certain European countries have provided service principally through postpaid accounts, the trend in Europe and other countries offering wireless services has shifted toward prepaid accounts. This shift is driven, according to Oftel (the U.K. telecommunications regulator) surveys, by customers' belief that prepaid products better meet their needs and enable them to better control their monthly wireless expenditures. Moreover, the mobile operators in developing markets favor prepaid because they do not take the credit risk with respect to payment for airtime usage. In certain developing markets, the majority of mobile phones are prepaid.

Currently, two principal methods are available to credit prepaid accounts (referred to as "top-up" of accounts). The first is through the purchase of "scratch cards" bearing a PIN (personal identification number) that, when entered into a customer's mobile phone account, credit the account by the value of airtime purchased. Scratch cards are sold predominantly through retail outlets. The second is through various electronic means of crediting accounts using POS terminals. Electronic top-up (or "e-top-up") methods have several advantages over scratch cards, primarily because electronic methods do not require the cost of creation, distribution and management of a physical inventory of cards or involve the risk of losses stemming from fraud and theft.

Prior to 2004, scratch cards were the predominant method of crediting mobile phone accounts in most developed markets. However, a shift has occurred in these markets away from usage of scratch cards to more efficient e-top-up methods. In the U.K., for example, we estimate that in early 2000 approximately 10% of all top-ups were performed through e-top-ups and 90% through scratch cards. By December 2004, we estimate that as much as 75% of all U.K. top-ups were performed through e-top-ups and only 25% through scratch cards.

Our Prepaid Processing Segment processes the distribution of prepaid mobile phone minutes to consumers through networks of POS terminals and direct connections to the electronic payment systems of retailers. In some markets, we enter into agreements with mobile phone operators and connect directly to their back-office systems. In other markets (such as Germany, Poland and the U.S.), we distribute mobile phone time by connecting directly to the mobile operators or by purchasing PINs that enable airtime top-up from third party sources who have negotiated with the mobile operator. We then distribute the mobile phone time electronically through POS terminals, either via a direct credit from the mobile operator to the mobile phone, or via the sales of PINs. The business has grown rapidly over the past year as new retailers have been added and prepaid airtime has switched from scratch cards to distribution by electronic means.

In our prepaid markets, we expand our distribution networks through the signing of new contracts with retailers, and in some markets through acquisition of existing networks. We also seek to improve our results of our existing networks through the addition of new mobile operators in markets where we do not already distribute all of the available prepaid time. In addition, in the U.S. we are expanding our sales presence in all sales segments. We are continuing to focus on our growing network of distributors, generally referred to as Independent Sales Organizations (ISOs), that are paid a commission for delivering us contracts with retailers in their network to distribute PINs from their terminals. Given the role of the ISOs we typically classify this as indirect sales. In addition to indirect sales, we are increasing our focus on direct relationships with independent convenient store retailers and chains, where we can negotiate direct agreements with the merchant on a multiyear basis.

To distribute PINs, we establish an electronic connection with the POS terminals and maintain systems that monitor transaction levels at each terminal. As sales to customers of mobile phone time are completed, the customer pays the retailer and the retailer becomes obligated to make settlement to us of the principal amount of the phone time sold. At e-pay, these amounts are deposited in accounts that are held in trust for the mobile operators. In Germany and the U.S., retailer accounts are directly debited on a contractually defined basis. No trust arrangements currently are required in Germany or the U.S. with respect to amounts settled to us. We maintain systems that permit us to monitor the payment practices of each retailer.

Prepaid Processing Products and Services

Prepaid Mobile Airtime Transaction Processing

We process prepaid mobile airtime top-up transactions for two types of clients, distributors and retailers, across the ten countries where we currently process POS transactions through retail shops. Both types of client transactions start with a consumer in a merchant shop. The consumer uses a specially programmed POS terminal in the shop or the retailer's electronic cash register system that is connected to our network. The customer will select a predefined amount of prepaid airtime from the carrier of his choice, and the retailer enters the selection into the POS terminal. The consumer will pay that amount to the retailer (in cash or other payment methods accepted by the retailer). The POS device then transmits the selected transaction to our data center. Using the electronic connection we maintain with the mobile operator or drawing from an inventory of PINs, the purchased amount of airtime will be either credited directly to the account of the consumer's account or delivered via PIN printed by the terminal and given to the customer. In the case of PINs printed by the terminal, the customer must then call a mobile operator's toll free number to activate the purchased airtime to this customer's mobile account.

One difference in our relationships with various retailers and distributors is in how we charge for our services. For distributors and certain very large retailers, we charge a processing fee. However, the majority of our transactions occur with smaller retailer clients. With these clients, we receive a commission on each transaction that is withheld from the payments made to the mobile operator, and we share that commission with the retailers.

We monitor the number of transactions made on our prepaid network. Total transactions processed by the Prepaid Processing Segment in 2004 were 229 million, a 124% increase over the 102 million transactions processed during 2003. This transaction count includes transactions from Precept starting in January 2004, from EPS starting in May 2004, from CPI starting in July 2004, and from Movilcarga starting in November 2004. As of December 2004, the Prepaid Processing Segment processed approximately 22 million electronic prepaid transactions per month at more than 175,000 POS terminals across more than 85,000 retailer locations in the U.S., Europe and Asia Pacific.

Retailer And Distributor Contracts

We provide our prepaid services over networks installed in retail outlets or, in the case of major retailers, through direct connections to their electronic cash register systems. The POS terminals or the register systems are connected to our processing centers. In markets where we operate e-pay technology (the U.K., Australia, Poland, Ireland, New Zealand, Spain and the U.S.), we own and maintain the POS terminals. In Germany, the terminals are sold to the retailers or to distributors who service the retailer. In all cases, we have contracts with the retailers. Our agreements with major retailers for the POS business typically have two or three-year terms. These agreements include terms regarding the connection of our networks to the respective retailer's registers or payment terminals or the maintenance of POS terminals, and obligations concerning settlement and liability for transactions processed. Generally, our agreements with individual or small retailers have shorter terms and provide that either party can terminate the agreement upon six months' notice.

In Germany, distributors have historically controlled the sale of mobile phone scratch cards, and they now are key intermediaries in the sale of e-top-up. Our business in Germany is substantially concentrated in and dependent upon relationships with our major distributors. The termination of any of our agreements with major distributors could materially and adversely affect our business in Germany. However, we are engaged in the process of establishing agreements with independent retailers in order to diversify our exposure to such distributors.

Other Products And Services

Our POS network can be used for the distribution of other products and services. Although prepaid mobile airtime is the primary product distributed through our Prepaid Processing Segment, additional products include prepaid long distance calling card plans, prepaid Internet plans and prepaid mobile content, such as ring tones and games. In certain locations, the terminals used for prepaid services can also be used for electronic funds transfer (EFT) to process credit and debit card payments for retail merchandise.

Prepaid Processing Segment Strategy

We plan to expand our prepaid mobile phone top-up business in our existing markets and new markets by taking advantage of our existing relationships with mobile phone operators and retailers. Although all of these markets present market opportunities for expanding the sales of our services, we believe opportunities for transaction growth in the Prepaid Processing Segment are greater in Poland, Germany and the U.S., where there is significant organic growth in the prepaid markets or a shift is occurring from scratch cards to electronic top-up. We also anticipate potential transaction growth opportunities in Spain through the addition of certain mobile operator agreements.

Seasonality

Our experience is that the level of transactions on our networks is subject to seasonal variation. Transaction levels tend to drop in the first quarter, as compared to the preceding fourth quarter, to the lowest levels we experience during the year, primarily due to a drop in post-holiday travel and spending. Since revenues of the Prepaid Processing Segment are primarily transaction-based, this segment is directly affected by this seasonality. We believe that the rapid growth in total POS terminals and transaction volume has lessened the impact of seasonal variations on our overall transaction levels and revenues, as transactions from new POS terminals compensated for the reduction in overall transaction levels.

Significant Customers and Government Contracts

No individual customer makes up greater than 10% of the consolidated total revenue of the Prepaid Processing Segment. This Segment does not have any government contracts in any country.

Prepaid Processing Segment Competition

We face competition in the prepaid business in all of our markets. A few multinational companies operate in several of our markets, and we, therefore, compete with them in a number of countries. In other markets, our competition is from smaller, local companies. None of these companies is dominant in any of the markets where we do business.

We have approximately 40% of the POS top-up market in the U.K., 60% in Germany and 40% in Australia. In addition, we offer complementary ATM and mobile recharge solutions through our EFT processing centers.

The principal competitive factors in this area include price (that is, the level of commission charged for each recharge transaction) and up time offered on the system. Major retailers with high volumes are in a position to demand a larger share of the commission, which increases the amount of competition among service providers.

SOFTWARE SOLUTIONS SEGMENT

Software Solutions Segment Overview

Through our Software Solutions Segment, we offer an integrated suite of card and retail transaction delivery applications for the IBM iSeries platform and some applications on NT server environments. These applications are generally referred to as Euronet Software. The core system of this product, called “Integrated Transaction Management” (ITM), provides for transaction identification, transaction routing, security, transaction detail logging, network connections, authorization interfaces and settlement. Front-end systems in this product support ATM and POS management, telephone banking, Internet banking, mobile banking and event messaging. These systems provide a comprehensive solution for ATM, debit or credit card management and bill payment facilities. We also offer increased functionality to authorize, switch and settle transactions for multiple banks through our GoldNet module. We use GoldNet for our own EFT requirements, processing transactions across multiple European countries and in India.

Although our Software Solutions Segment is headquartered in the U.S., the majority of our software customers is international and, in particular, located in developing markets. This international customer mix is largely because our software products, based on the Integrated Transaction Management (“ITM”) core system, consist of relatively small and inexpensive packages that are appropriate for smaller banks with up to $10 billion in assets and various transaction processing needs. Euronet Software is the preferred transaction-processing software for banks that operate their back office using the IBM iSeries platform, which is also a relatively inexpensive, expandable hardware platform. We believe demand will continue for our software from banks in many markets and throughout the developing world as new banks are established. Once a customer purchases our software and installs the core system, we provide a series of modules, upgrades and maintenance services that often result in recurring revenues.

Our customer services support “follow-the-sun” initiatives, which represent the Company’s commitment to providing same time zone support for our customers worldwide. We have three centers covering EMEA, the Americas and Asia-Pacific. This coverage presents several benefits to our customers, including immediate access to live technical support, infrastructure expansion to aid in faster problem resolution and a more in-depth knowledge and allowance for the uniqueness of conducting business in the various regions.

For a discussion of revenues, operating losses and total assets of the Software Solutions Segment during each of the last three fiscal years, please see Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations - Comparison of Operating Results for the Years Ended December 31, 2004, 2003 and 2002 - By Business Segment and Note 20 - Business Segment Information to the Consolidated Financial Statements.

Software Solutions Segment Strategy

Software products are an integral part of our product lines, and our investment in research, development, delivery and customer support reflects our ongoing commitment to an expanded customer base. We have found significant opportunities for cross-selling processing services to our software solutions customers and that our ability to develop, adapt and control our own software gives us credibility with our processing services customers. We have been able to enter into agreements under which we use our software in lieu of cash as our initial capital contributions to new transaction processing joint ventures. Such contribution permits us to enter new markets without significant cash outlay. Therefore, although revenues from our Software Solutions Segment are not currently growing significantly, we view it as a valuable element of our overall business strategy. Our software is used by our Budapest and India processing centers in our EFT Processing Segment, resulting in cost savings and added value compared to third-party license and maintenance options.

Our strategy in the Software Solutions Segment in 2004 included improvement of the application functionality for our core debit and credit solutions, Internet and telephone banking. Our software was upgraded to become compliant with certain new mandates of the international card organizations, involving initiatives such as EMV (Europay, MasterCard and Visa) chip card support and Triple DES (Data Encryption Standard) support. EMV standards define the technology required for issuance and acceptance of chip cards. Triple DES security standards represent a significant strengthening of encryption requirements to further protect sensitive data that is transmitted in transactions. The three major card associations have jointly developed these emerging industry standards, and we believe they will have a significant influence over EFT-related hardware and software decisions throughout the next five years. Our ability to support mandated initiatives such as EMV and Triple DES has provided significant opportunities to sell updated software to our existing customers and may enable Euronet to replace competitors' non-compliant solutions.

In the last four years, we also undertook a strategy of signing customers to extended long-term software maintenance agreements. We continue to invest in emerging markets and technologies that complement our processing and software solutions.

Seasonality

The Software Solutions Segment is not materially affected by seasonality.

Significant Customers and Government Contracts

No individual consumer makes up greater than 10% of the consolidated total revenue of the Software Solutions Segment. This Segment does not have any government contracts with any country.

Backlog

We define "software sales backlog" as fees specified in contracts, which have been executed by us and for which we expect recognition of the related revenue within one year. At December 31, 2004, the revenue backlog was $4.3 million, as compared to December 31, 2003, when the revenue backlog was $5.3 million and at December 31, 2002, when the revenue backlog was $4.9 million. The average backlog for 2003 was $5.0 million, and for 2004 was $4.9 million. We intend to continue to focus on expediting the delivery and implementation of software in an effort to deliver existing backlog sales, while simultaneously replenishing the backlog through continuing product sales growth.

Software Solutions Segment Competition

We are the leading supplier of electronic financial transaction processing software for the IBM iSeries (formerly AS/400) platform in a largely fragmented market, which is made up of competitors that offer a variety of solutions that compete with our products, ranging from single applications to fully integrated electronic financial processing software. Other industry suppliers service the software requirements of large mainframe systems and UNIX-based platforms, and accordingly are not considered competitors. We have specific target customers consisting of financial institutions that operate their back office systems with the IBM iSeries.

The Software Solutions Segment has several types of competitors. Competitors of the Software Solutions Segment compete across all EFT software components in the following areas: (i) ATM, network and POS software systems, (ii) Internet banking software systems, (iii) credit card software systems, (iv) mobile banking systems, (v) mobile operator solutions, (vi) telephone banking, and (vii) full EFT software.

Competitive factors in the Software Solutions business include price, technology development and the ability of software systems to interact with other leading products.

RESEARCH AND DEVELOPMENT

We have made an ongoing commitment to the development, maintenance and enhancement of our products and services. We regularly engage in research and development activities in each of our business segments aimed at the development and delivery of new products, services and processes to our customers, including bill payment and presentment, telephone and Internet banking products, applications for mobile devices and wireless banking software products. We are also making significant improvements to our core software products.

Our research and development costs for software products to be sold, leased or otherwise marketed totaled $2.7 million in 2004, $4.1 million for 2003 and $5.0 million for 2002. Of these amounts, as of December 31, 2004, $1.5 million was capitalized and is included on our Consolidated Balance Sheet in other long-term assets, net of accumulated amortization of $3.1 million. These costs were capitalized under our accounting policy requiring the capitalization of development costs on a product-by-product basis once technological feasibility is established through the completion of a detailed program design or the creation of a working model of the product. Technological feasibility of computer software products is established when we have completed all planning, designing, coding, and testing activities necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements. See Note 24 - Research and Development to the Consolidated Financial Statements for a more detailed summary of the prior three years research and development capitalized costs and related amortization expense.

FINANCIAL INFORMATION BY GEOGRAPHIC AREA

For a discussion of revenues; property, plant & equipment; and total assets by geographic location, please see Note 20—Business Segment Information to the Consolidated Financial Statements.

EMPLOYEES

Our business is highly automated and we outsource many of its specialized, repetitive functions such as ATM maintenance and installation, cash delivery and security. As a result, our labor requirements for ongoing operation of our EFT and prepaid networks are relatively modest and are centered on monitoring activities to ensure service quality and cash reconciliation and control. We also have customer service departments in all divisions to interface, investigate and resolve reported problems in processing transactions. We have technical service departments to implement connections with banks and mobile operators and adapt POS terminals to our central processing centers.

We had 385 and 548 employees as of December 31, 2002 and 2003, respectively. As of December 31, 2004, the number of employees has increased to 651, due to acquisitions and additional administrative and implementation staff to address our large contracts. We believe our future success will depend in part on our ability to continue to recruit, retain and motivate qualified management, technical and administrative employees.

Currently, no union represents any of our employees. We have never experienced any work stoppages or strikes by our workforce.

GOVERNMENT REGULATION

Our business activities do not constitute “financial activities” subject to licensing in any of our current markets. Any expansion of our activity into areas that are qualified as “financial activity” under local legislation may subject us to licensing and we may be required to comply with various conditions to obtain such licenses. Moreover, the interpretations of bank regulatory authorities as to the activity we currently conduct might change in the future. We monitor our business for compliance with applicable laws or regulations regarding financial activities.

Under German law, only licensed financial institutions may operate ATMs in Germany. Therefore, we may not operate our own ATM network in Germany. In that market, we act only as a subcontractor providing certain ATM-related services to a sponsor bank. As a result, our activities in the German market currently are entirely dependent upon the continuance of our agreement with our sponsor bank, or the ability to enter into a similar agreement with another bank in the event of the termination of such agreement. In January 2004, we entered into a new sponsorship agreement with Bankhaus August Lenz (“BAL”) canceling an agreement with DiBa Bank, our previous sponsor bank. We believe, based on our experience, we should be able to find a replacement for BAL if the agreement with BAL is terminated for any reason. The inability to maintain the BAL agreement or to enter into a similar agreement with another bank upon a termination of the BAL agreement could have a material adverse effect on our operations in Germany.

INTELLECTUAL PROPERTY

We have registered or applied for registration of our trademarks including the names “Euronet” and “Bankomat” and/or the blue diamond logo in most markets in which we use those trademarks. Certain trademark authorities have notified us that they consider the trademarks “Euronet” and “Bankomat” to be generic and therefore not protected by trademark laws. This determination does not affect our ability to use the Euronet trademark in those markets but it would prevent us from stopping other parties from using it in competition with Euronet. We have purchased a registration of the “Euronet” trademark in the class of ATM machines in Germany, the U.K. and certain other Western European countries. We have registered the “e-pay logo” trademark in the U.K., Australia, and Malaysia and will be extending such registration as we expand that business to new markets. We cannot be sure that we will be entitled to use the e-pay trademark in any markets other than those in which we have registered the trademark. Other trademarks Euronet has registered or has registrations pending in various countries include Integrated Transaction Management; ITM; PaySpot; Arksys; Cashnet; Bank24 and Bank Access 24.

During 2000 and 2001, we filed patent applications for a number of our new software products and our new processing technology, including our recharge services and a browser-based ATM operating system. In 2003, we filed a patent application with the U.S. Patent Office for our POS recharge products in support of e-pay and PaySpot technology. As of the date of this report, these patents are still pending. Technology in the areas in which we operate is developing very rapidly and we are aware that many other companies have filed patent applications for similar products. The procedures of the U.S. patent office make it impossible for us to predict whether our patent applications will be approved or will be granted priority dates that are earlier than other patents that have been filed for similar products or services. If other applicants are granted priority dates that are earlier than ours, and if their patents are considered to cover technology that has been incorporated into our systems, we may be required to obtain licenses and pay royalties to the holders of such patents to continue to use the affected technology or be prohibited from continuing the offering of such services if licenses are not obtained. This could materially and adversely affect our business.

EXECUTIVE OFFICERS OF THE REGISTRANT

The name, age, period of service and position held by each of our Executive Officers as of March 15, 2005 are as follows:

NAME	AGE	SERVED SINCE	POSITION HELD
Michael J. Brown	48	July 1994	Chairman and Chief Executive Officer
Daniel R. Henry	39	July 1994	Director, President and Chief Operating Officer
Jeffrey B. Newman	50	December 1996	Executive Vice President – General Counsel
Rick L. Weller	47	November 2002	Executive Vice President – Chief Financial Officer
Miro I. Bergman	42	March 1997	Executive Vice President – Managing Director EMEA
James P. Jerome	47	October 1999	Executive Vice President – Managing Director - Software Division
Paul S. Althasen	40	March 2003	Director, Executive Vice President –Joint Managing Director e-pay
John A. Gardiner	41	March 2003	Executive Vice President –Joint Managing Director e-pay

AVAILABILITY OF REPORTS, CERTAIN COMMITTEE CHARTERS AND OTHER INFORMATION

Our website addresses are www.euronetworldwide.com and www.eeft.com. We make all Securities and Exchange Commission (SEC) public filings, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Sections 13(a) or 15(d) of the Exchange Act available on our website free of charge as soon as reasonably practicable after these documents are electronically filed with, or furnished to, the SEC. The information on our website is not, and shall not be deemed to be a part of this report or incorporated into any other filings we make with the SEC. In addition, the SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding Euronet.

The charters for our Audit, Compensation, and Corporate Governance and Nominating Committees, as well as the Code of Ethics for our employees, including our Chief Executive Officer and Senior Financial Officer, are available on our website at www.euronetworldwide.com or the SEC website at www.sec.gov. We will also provide printed copies of these materials to any stockholder, upon request to Euronet Worldwide, Inc., 4601 College Boulevard, Suite 300, Leawood, Kansas, U.S.A. 66211, Attention: Investor Relations.

ITEM 2. PROPERTIES

Our executive offices are located in Leawood, Kansas, U.S.A. As of December 31, 2004, we also maintained principal offices in Little Rock, Arkansas, U.S.A.; Warsaw, Poland; Zagreb, Croatia; Prague, Czech Republic; Berlin, Germany; Bucharest, Romania; Bratislava, Slovakia; Athens, Greece; Cairo, Egypt; Jakarta, Indonesia; Sydney, Australia; and Albany, New Zealand. We have processing centers in Budapest, Hungary; Mumbai, India; Basildon, U.K.; Munich, Germany; Monzon, Spain; and Leawood, Kansas, U.S.A. All of our offices, including our operations centers, are leased. Our office leases provide for initial terms of 24 to 84 months.

Our processing centers for the EFT Processing Segment are located in Budapest, Hungary and Mumbai, India. The Budapest operations center has an off-site real time back up iSeries computer. The back up system provides high availability in the event of a failure of production iSeries computers. The Budapest processing center also includes an iSeries computer used for product and connection testing and development. The India backup system is warm, and is located on-site.

Our processing centers for the Prepaid Segment are located in four countries. Our Basildon, U.K. operations center has a secondary data center in Laindon, U.K. The primary and secondary centers both process transactions simultaneously and are load balanced. In the event that one of the centers experiences a disaster each center is capable of processing all of e-pay's business. Our Munich, Germany operations center has a backup location being commissioned in Speyer, Germany. All critical servers are stored in a data safe, which also protects vouchers against fraud or damage. Our Monzon, Spain operations center and our operations center in Leawood, Kansas, U.S.A. both have data back-up systems that are designed to prevent the loss of transaction records due to power failure and permit the orderly shutdown of the switch in an emergency.

ITEM 3. LEGAL PROCEEDINGS

The Company is from time to time a party to litigation arising in the ordinary course of its business. Currently, there are no legal proceedings against the Company that management believes would have a material adverse effect upon the consolidated results of operations or financial condition of the Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASE OF EQUITY SECURITIES

MARKET INFORMATION

From March 1997 to November 1999, our common stock, par value $0.02 per share ("Common Stock") was quoted on the Nasdaq National Market under the symbol EEFT. On November 8, 1999, our listing was shifted to the Nasdaq SmallCap Market. On July 3, 2002, our listing was again transferred to the Nasdaq National Market. The following table sets forth the high and low daily closing prices during the quarter for our Common Stock for the quarters ended:

	2004		2003		2002	
For the three months ended	High	Low	High	Low	High	Low
December 31	$26.87	$18.33	$18.40	$11.74	$ 7.98	$ 4.59
September 30	$24.09	$16.00	$13.15	$ 8.50	$13.71	$ 4.61
June 30	$24.25	$18.50	$12.90	$ 7.85	$18.30	$11.34
March 31	$20.05	$15.92	$ 8.22	$ 6.16	$22.09	$16.91

DIVIDENDS

Since our inception, no dividends have been paid on our Common Stock. We do not intend to distribute dividends for the foreseeable future. Certain of our credit facilities contain restrictions on the payment of dividends.

HOLDERS

At December 31, 2004, there were 103 record holders of our Common Stock.

PRIVATE PLACEMENTS AND ISSUANCES OF EQUITY

During 2004 we issued the following securities, which were not registered at the time of issuance under the Securities Act of 1933 (the "Act"):

In December 2004, 257,160 warrants that were issued in connection with the 1998 placement of 12 3/8% Senior Discount Notes were exchanged for 277,269 shares of the Company's Common Stock.

On December 15, 2004, the Company closed the sale of $140 million in aggregate principal amount of 1.625% Contingent Convertible Senior Debentures Due 2024 ("Convertible Debentures"). The net proceeds, after fees totaling $4.4 million, were $135.6 million paid in cash. The $4.4 million in fees has been deferred and will be amortized over five years, the term of the initial put option by the holders of the Convertible Debentures. The Convertible Debentures have an annual interest rate of 1.625% and are convertible into shares of Euronet Common Stock at a conversion price of $33.63 per share only upon the occurrence of certain events. The Convertible Debentures and the Common Stock issuable upon conversion of the debentures have not been registered under the Securities Act of 1933, as amended, or any state securities law. Accordingly, the Convertible Debentures are being offered and sold in a private placement through Banc of America Securities LLC only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act of 1933, as amended).

In July 2004, we issued 281,916 shares of our Common Stock to the former shareholders of Call Processing, Inc. ("CPI"), a company based in Texas in exchange for all the capital stock of CPI. The total purchase price was approximately $6.6 million, of which $0.7 million was paid in cash. Of the issued shares of Common Stock, 65,104 shares are held in escrow for release on July 1, 2005 and 60,690 shares are held in escrow for release on June 30, 2006, subject to certain performance criteria. Based on representations from each of the former shareholders of CPI that he was an "accredited investor" as contemplated by Regulation D under the Act, the issuance of our Common Stock in the transaction was exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. However, in accordance with our obligations under the CPI purchase agreement, we filed a registration statement with the SEC to enable the public resale of the Common Stock received by the former shareholders of CPI, which was declared effective by the SEC in August 2004.

In May 2004, we issued 107,911 shares of our Common Stock, valued at approximately $2.2 million, in partial consideration for the purchase of the net assets of Electronic Payment Solutions ("EPS"), a company based in Texas. There is a potential earn-out payment payable in Common Stock, one-half of which will be paid in March 2005, subject to certain performance criteria. The remaining one-half of the shares of Common Stock issued as part of the earn-out payment will be held in escrow for 12 months from the date of issuance. Based on representations from the seller of EPS that he was an "accredited investor" as contemplated by Regulation D under the Act, the issuance of our Common Stock in the transaction was exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. However, in accordance with our obligations under the EPS purchase agreement, we filed a registration statement with the SEC to enable the public resale of the Common Stock received by the Seller of EPS, which was declared effective by the SEC in July 2004.

In May 2004, we issued 125,590 shares of our Common Stock, valued at $2.9 million, in exchange for 10% of the shares of ATX Software Ltd. (“ATX”), a provider of electronic prepaid voucher solutions headquartered in the U.K. Euronet was granted an option to purchase an additional 41% of the shares of ATX at any time prior to April 1, 2005. Based on representations from the seller that he was an “accredited investor” as contemplated by Regulation D under the Act, the issuance of our Common Stock in the transaction was exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. However, in accordance with our obligations under the ATX purchase agreement, we filed a registration statement with the SEC to enable the public resale of the Common Stock received by the Seller, which was declared effective by the SEC in July 2004.

In January 2004, we issued 527,180 shares of our Common Stock to the former shareholders of Precept Concepts, Inc. (“Precept”) in exchange for all the capital stock of Precept, a company based in California. The total purchase price was approximately $17.8 million, of which $8.0 million was paid in cash and promissory notes. Of the issued shares of Common Stock, 160,000 shares were held in escrow and a portion were released in March 2005, with the remaining shares valued at $1.4 million retained in escrow until August 25, 2005, subject to any indemnification claims. Based on representations from each former shareholder of Precept that he was an “accredited investor” as contemplated by Regulation D under the Act, the issuance of our Common Stock in this transaction was exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. However, in accordance with our obligations under the Precept purchase agreement, we filed a registration statement with the SEC to enable the public resale of the Common Stock received by the former shareholders of Precept, which was declared effective by the SEC in February 2004.

In November 2003, we issued 643,048 shares of Common Stock to the former owners of Transact as partial consideration for 100% of the shares of Transact. Because the offer and sale of our Common Stock was made in an “offshore transaction” as contemplated by Regulation S under the Act, the issuance of our Common Stock in this transaction was exempt from registration pursuant to the exemption provided by Regulation S of the Act. However, in accordance with our obligations under the Transact purchase agreement, we filed a registration statement with the SEC to enable the public resale of the Common Stock received by the former shareholders of Transact, which was declared effective by the SEC in February 2004. In January 2005 an additional earn-out payment, based on Transact’s EBITDA for the third quarter of 2004, was paid to the former owners of Transact through a combination of cash of €18.7 million (approximately $24.5 million) and issuance of 598,302 shares of Common Stock.

In September 2003, we issued 114,374 shares, or approximately $1.2 million in value, of Common Stock to two individuals as partial consideration for all the assets of Austin International Marketing and Investments, Inc. (AIM). The assets of AIM were initially purchased on an earn-out basis, with $2.0 million of the purchase price paid at closing in cash and Common Stock and the remainder to be paid 30% in cash and 70% in Common Stock. In September 2004, the purchase agreement was modified to pay the remaining consideration through the issuance of 283,976 shares of Common Stock. Of these issued shares, 168,068 will be held in escrow; 110,114 of the shares will be released on September 30, 2005 and are not subject to any performance criteria, and the remaining 57,954 shares are restricted shares and will be released on December 31, 2006, subject to certain performance criteria. Based on representations from each of the AIM shareholders that he was an “accredited investor” as contemplated by Regulation D under the Act, the issuance of these shares was exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act.

EQUITY COMPENSATION PLAN INFORMATION

The table below sets forth information with respect to shares of Common Stock that may be issued under our equity compensation plans as of December 31, 2004.

Plan category	Number of securities to be issued upon exercise of outstanding options and rights (a)	Weighted average exercise price of outstanding options and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	$ 5,116,438	$ 10.51	$ 472,123
Equity compensation plans not approved by security holders	—	—	—
Total	$ 5,116,438	$ 10.51	$ 472,123

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ITEM 6. SELECTED FINANCIAL DATA

The summary consolidated financial data set forth below has been derived from, and are qualified by reference to, our audited Consolidated Financial Statements and the notes thereto, prepared in conformity with generally accepted accounting principles as applied in the U.S. ("U.S. GAAP"), which have been audited by KPMG LLP, in the U.S. for 2004 and 2003, and KPMG Polska Sp. z o.o. in Poland for all prior periods. We believe that the period-to-period comparisons of our financial results are not necessarily meaningful due to our significant transactions in 2003 and 2004, and should not be relied upon as an indication of future performance. These significant transactions include the acquisitions of Precept, EPS, CPI and Movilcarga during 2004 and the sale of our U.K. subsidiary and the acquisitions of e-pay, Transact and AIM during 2003. The following information should be read in conjunction with Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations.

	As of December 31, (in thousands, except for summary network data)				
	2004	2003	2002	2001	2000
Consolidated Balance Sheet Data:					
Assets					
Cash and cash equivalents	$ 124,198	$ 19,245	$ 12,021	$ 8,820	$ 6,760
Restricted cash	69,300	58,280	4,401	1,877	2,103
Investment securities	—	—	—	—	750
Inventory - PINs and other	18,949	2,833	—	—	—
Trade accounts receivable, net	110,306	75,648	8,380	8,862	9,199
Other current assets	22,013	11,038	15,064	15,135	10,287
Total current assets	344,766	167,044	39,866	34,694	29,099
Property, plant and equipment, net	39,907	20,658	21,394	21,398	26,304
Goodwill	183,668	88,512	1,834	1,551	2,060
Intangible assets, net	28,930	22,772	—	—	—
Other assets, net	21,204	4,787	3,465	3,748	3,427
Total assets	$ 618,475	$ 303,773	$ 66,559	$ 61,391	$ 60,890
Liabilities and stockholders' equity (deficit):					
Total current liabilities	$ 293,183	$ 151,926	$ 19,769	$ 24,753	$ 20,756
Obligations under capital leases, excluding current installments	16,894	3,240	4,301	6,179	7,744
Notes payable	140,000	55,792	36,318	38,146	77,191
Non-current deferred income tax liability	17,520	7,828	—	—	—
Other long-term liabilities	3,093	3,118	—	—	—
Minority Interest	5,871	—	—	—	—
Total liabilities	476,561	221,904	60,388	69,078	105,691
Total stockholders' equity (deficit)	141,914	81,869	6,171	(7,687)	(44,801)
Total liabilities and stockholders' equity	$ 618,475	$ 303,773	$ 66,559	$ 61,391	$ 60,890
Summary network data:					
Number of operational ATMs at end of period	5,742	3,350	3,005	2,400	2,081
ATM processing transactions during the period	232,496.777	114,711,440	79,193,580	57,185,231	43,531,830
Number of operational prepaid processing POS at end of period	175,318	126,284	—	—	—
Prepaid processing transactions during the period	228,642,344	102,133,511	—	—	—

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	Year Ended December 31, (in thousands, except for share and per share data)				
	2004	2003	2002	2001	2000
Consolidated Statements of Operations Data:					
Revenues:					
EFT Processing	$ 77,600	$ 52,752	$ 53,918	$ 45,941	$ 34,201
Prepaid Processing	289,810	136,185	—	—	—
Software and related revenue	13,670	15,470	17,130	15,042	15,827
Total	381,080	204,407	71,048	60,983	50,028
Operating expenses:					
Direct operating costs	264,602	132,357	27,482	26,469	24,162
Salaries and benefits	41,795	31,182	23,012	24,091	28,318
Selling, general and administrative	23,578	15,489	11,255	7,688	11,047
Depreciation and amortization	15,801	12,062	9,718	8,785	9,988
Asset write-down	—	—	—	—	11,968
Total operating expenses	345,776	191,090	71,467	67,033	85,483
Operating income (loss)	35,304	13,317	(419)	(6,050)	(35,455)
Other income (expenses):					
Interest income	3,022	1,257	247	278	1,073
Interest expense	(7,300)	(7,216)	(6,253)	(9,386)	(10,760)
Loss on facility sublease	—	—	(249)	—	—
Gain on sale assets	—	18,045	—	—	—
Equity in income (loss) from unconsolidated subsidiaries	345	518	(183)	—	—
Gain (loss) on early retirement of debt	(920)	—	(955)	9,677	—
Foreign exchange gain (loss), net	(448)	(9,690)	(4,233)	5,425	(3,243)
Total other income (expense)	(5,301)	2,914	(11,626)	5,994	(12,930)
Income (loss) from continuing operations before income taxes and minority interest	30,003	16,231	(12,045)	(56)	(48,385)
Income tax benefit (expense)	(11,518)	(4,246)	2,312	807	(1,181)
Income (loss) from continuing operations before minority interest	18,485	11,985	(9,733)	751	(49,566)
Minority interest	(58)	—	100	—	—
Income (loss) from continuing operations	18,427	11,985	(9,633)	751	(49,566)
Discontinued operations:					
Income (loss) from operations of discontinued U.S. and France components	—	(201)	5,054	(123)	22
Income tax expense (benefit)	—	—	(1,935)	42	(7)
Income (loss) from discontinued operations	—	(201)	3,119	(81)	15
Net income (loss)	18,427	11,784	(6,514)	670	(49,551)
Translation adjustment	4,196	2,876	769	(406)	—
Comprehensive income (loss)	$ 22,623	$ 14,660	$ (5,745)	$ 264	$ (49,551)
Income (loss) per share - basic:					
Income (loss) from continuing operations	$ 0.59	$ 0.45	$ (0.42)	$ 0.04	$ (3.00)
Income (loss) from discontinued operations	—	—	0.14	(0.01)	—
Net income (loss)	$ 0.59	$ 0.45	$ (0.28)	$ 0.03	$ (3.00)
Basic weighted average shares outstanding	31,267,617	26,463,831	23,156,129	19,719,253	16,499,699
Income (loss) per share - diluted:					
Income (loss) from continuing operations	$ 0.55	$ 0.41	$ (0.42)	$ 0.03	$ (3.00)
Income from discontinued operations	—	—	0.14	—	—
Net income (loss)	$ 0.55	$ 0.41	$ (0.28)	$ 0.03	$ (3.00)

Diluted weighted average shares outstanding	33,796,699	28,933,484	23,156,129	22,413,408	16,499,699

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

COMPANY OVERVIEW

Euronet Worldwide is an electronic transaction processor, offering ATM and POS outsourcing services, integrated electronic financial transaction (EFT) software, network gateways, and electronic prepaid top-up services to financial institutions, mobile operators and retailers. We operate the largest independent pan-European ATM network and the largest national shared ATM network in India, and are one of the largest providers of prepaid processing, or top-up services, for prepaid mobile airtime. We have processing centers in the U.S., Europe and Asia, and process electronic top-up transactions at more than 175,000 point of sale (POS) terminals across approximately 85,000 locations in the U.S., Europe and Asia Pacific. Euronet's corporate headquarters are in Leawood, Kansas, U.S.A., and it has 19 offices worldwide, serving clients in more than 65 countries.

ECONOMIC FACTORS, INDUSTRY FACTORS AND RISKS

Our company faces certain economic and industry-wide factors that could materially affect our business. We are an international company, and face economic, political, technology infrastructure and legal issues in every country in which we operate could have a positive or negative impact, and therefore are considered risks. Some of the more significant factors that our management is focused on include the following:

- Technological and business developments in the local card, electronic and mobile banking and mobile phone markets affecting transaction and other fees that we are able to charge for our services
- Foreign exchange fluctuations
- Competition from bank-owned ATM networks, providers of ATM outsourcing services, providers of prepaid mobile phone services and software providers
- Our relationships with our major customers, sponsor banks in various markets, international card organizations and mobile operators, including the risk of contract terminations with major customers, retailers or mobile operators
- Changes in laws and regulations affecting our business

LINES OF BUSINESS, GEOGRAPHIC LOCATIONS AND PRINCIPAL PRODUCTS AND SERVICES

We operate in three principal business segments:

- EFT Processing Segment, in which we process transactions for a network of 5,742 ATMs and 9,700 POS terminals across Europe, the Middle East, Africa and India. We provide comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM and POS management solutions, and electronic recharge services for prepaid mobile airtime.
- Prepaid Processing Segment, through which we provide prepaid processing, or top-up services, for prepaid mobile airtime and other prepaid products. We operate a network of more than 175,000 POS terminals providing electronic processing of prepaid mobile phone airtime top-up services in the U.S., Europe and Asia Pacific.
- Software Solutions Segment, through which we offer a suite of integratedEFT software solutions for electronic payment and transaction delivery systems.

As of December 31, 2004, we had 12 principal offices in Europe, four in the Asia-Pacific region, two in the U.S. and one in Egypt. The Company's executive offices are located in Leawood, Kansas, USA

SOURCES OF REVENUES AND CASH FLOW

Euronet earns revenues and income based on ATM management fees, transaction fees, professional services, software licensing fees and software maintenance agreements. Each business segment's sources revenue are described below.

EFT Processing Segment - Of total segment revenue, for the year ended December 31, 2004 approximately 37% was derived from ATMs we owned (excluding those leased by us in connection with outsourcing agreements). We believe our shift from a largely proprietary, Euronet-owned ATM network to a greater focus on ATMs operated under outsourcing agreements will provide higher marginal returns on investments. On our proprietary network, we generally charge fees for four types of ATM transactions that are processed on our ATMs:

- cash withdrawals

- balance inquiries
- transactions not completed because the relevant card issuer does not give authorization
- prepaid telecommunication recharges

We include in EFT Processing Segment revenues transaction-based fees payable for mobile pone recharge time that we distribute through our ATMs. Fees for recharge transactions vary significantly from market to market and are based on the specific prepaid solution and the denomination of prepaid usage purchased. Any or all of these fees may come under pricing pressure in the future.

Customer-owned ATMs operated under outsource service agreements require a nominal up-front capital investment because we do not purchase the ATMs. We typically, but not in all cases, charge a per ATM management fee and a transaction fee for each ATM managed under our outsourcing agreements. Additionally, in many instances operating costs are the responsibility of the owner and, therefore, recurring operating expenses per ATM are lower.

Prepaid Processing Segment - The significant growth in the revenue and operating income in our Prepaid Processing Segment is the result of the acquisitions of Precept, EPS, CPI and Movilcarga together with the significant growth rates experienced at each of these businesses. During 2003, e-pay established contractual relationships with many large retailers to distribute mobile top-up services through POS terminals, which were all implemented by the beginning of 2004, resulting in significant transaction growth throughout the year. While the Company has benefited from acquired streams of revenue, approximately 70% of the Prepaid Processing Segment’s 2004 revenue growth over 2003 was from the acquired entities’ growth subsequent to the date of acquisition. We do not expect these growth rate levels to continue.

Revenue is recognized based on commissions or processing fees received from mobile and other telecommunication operators or from distributors of prepaid wireless products for the distribution and/or processing of prepaid mobile airtime and other telecommunication products. Due to certain provisions in our mobile phone operator agreements, the operators have the ability to reduce the overall commission paid on each top-up transaction. However, by virtue of the Company’s contracts with retailers in certain markets, not all of these reductions are absorbed by Euronet. In those markets, when mobile phone operators reduce overall commissions, the effect is to reduce revenues and reduce our direct operating costs resulting in only a small impact, if any, on gross margin and operating income. In Australia, certain retailers negotiate directly with the mobile phone operators for their own commission rates. Our maintenance of agreements with mobile operators is important to the success of our business, because these agreements permit us to distribute top-up to the mobile operators’ customers. The loss of any agreements with mobile operators in any market could materially and adversely affect our results.

Growth in our prepaid business in any given market is driven by a number of factors, including the extent to which conversion from scratch cards to electronic distribution solutions is occurring or has been completed, the overall pace of growth in the prepaid mobile telephone market, the Company’s market share of the retail distribution capacity and the level of commission that is paid to the various intermediaries in prepaid mobile airtime distribution chain. In mature markets, such as the U.K, Australia and Ireland, the conversion from scratch cards to electronic forms of distribution is either complete or nearing completion, therefore, this factor will cease to provide the historic organic increases in the number of transactions per terminal. Also in mature markets, competition among prepaid distributors results in the reduction of commissions and margins by mobile operators as well as retailer churn. In other markets in which we operate, such as Poland, Germany and the U.S., many of the factors that may contribute to rapid growth (conversion from scratch cards to electronic distribution, growth in the prepaid market and rapid roll out of our network of retailers) remain present.

Software Solutions Segment – The revenues from the Software Solutions Segment are derived from software license fees, professional service fees for providing customization, installation and consulting services to customers, ongoing software maintenance fees and hardware sales.

OPPORTUNITIES, CHALLENGES AND RISKS

Our expansion plans and opportunities are focused on three primary areas: (i) outsourced ATM management contracts; (ii) our prepaid mobile phone airtime top-up processing services; and (iii) transactions processed on our network of owned and operated ATMs.

The continued expansion and development of our ATM business will depend on various factors including the following:

- the demand for our ATM outsourcing services in our current target markets;
- the ability to develop products or services to drive increases in transactions;
- the expansion of our various business lines in countries where we operate;
- entering into additional card acceptance and ATM management agreements with banks;

- the availability of financing for expansion; and
- the ability to effectively and efficiently convert ATMs contracted under newly awarded outsourcing agreements.

We carefully monitor the revenue and transactional growth of our ATM networks in each of our markets, and we adjust our plans depending on local market conditions, such as variations in the transaction fees we receive, competition, overall trends in ATM-transaction levels and performance of individual ATMs.

We consistently evaluate and add prospects to our list of potential ATM outsource customers. However, we cannot predict the increase or decrease in the number of ATMs we manage under outsourcing agreements, because this depends largely on the willingness of banks to enter into outsourcing contracts with us. Due to the thorough internal reviews and extensive negotiations conducted by existing and prospective banking customers in choosing outsource vendors, the process of entering into or renewing outsourcing agreements can take approximately nine months to more than one year. The process is further complicated by the legal and regulatory considerations of local countries as well as language differences. These agreements tend to cover large numbers of ATMs, so significant increases and decreases in our pool of managed ATMs could result from signature or termination of these management contracts. Therefore, the timing of both current and new contract revenues is uncertain and unpredictable.

We plan to expand our prepaid mobile phone top-up business, which is currently focused on the U.K., Germany, the U.S., Ireland, Poland, New Zealand, Spain and Australia, into our other markets by taking advantage of our expertise together with existing relationships with mobile phone operators and retailers. This expansion will depend on various factors, including the following:

- the ability to negotiate new agreements for other markets with mobile phone operators and retailers;
- the continuation of the trend of conversion from scratch card solutions to electronic processing solutions for prepaid airtime among mobile phone users and the continued use of third party providers such as ourselves to supply this service;
- the development of mobile phone networks in these markets and the increase in the number of mobile phone users;
- the availability of financing for expansion.

In addition, our continued expansion may involve acquisitions that could divert our resources and management time and require integration of new assets with our existing networks and services. Our ability to effectively manage our rapid expansion will require us to expand our operating systems and employee base in 2005, particularly at the management level, which may reduce our operating income. An inability to do this could have a material adverse effect on our business, growth, financial condition or results of operations. Inadequate technology and resources would impair our ability to maintain current processing technology and efficiencies as well as deliver new and innovative services to compete in the marketplace.

SUMMARY OF 2004 ANNUAL RESULTS

The following description of our operating results compares the fiscal year ended December 31, 2004 with prior periods.

Our 2004 annual consolidated revenues were $381.1 million, an increase of 86% over 2003 revenues of $204.4 million, reflecting strong growth in both the EFT Processing and Prepaid Processing Segments, the acquisitions of Precept, EPS, CPI and Movilcarga during 2004 and the full-year benefit of the results of the 2003 acquisition of e-pay, Transact and AIM. Growth in the EFT Processing Segment was the result of a 71% increase in ATMs under management and 103% increase in transactions processed. Growth in the Prepaid Processing Segment reflects a 124% increase in transactions processed. The increase for 2003 over 2002 was the result of 2003 Prepaid Processing Segment acquisitions. The increase in consolidated revenues from 2003 to 2004 reflects a 103% increase in ATM transactions processed, due to a 51% increase in average ATMs under operation and a 35% growth in transactions per average ATM.

Operating income increased to $35.3 million for 2004 compared to operating income of $13.3 million for 2003 and an operating loss of $0.4 million for 2002. These increases were the result of growth in revenues, the impact of acquisitions and leveraging the Company’s cost structure, particularly in the EFT Processing Segment.

Net income for 2004 was $18.4 million, or $0.55 per share, compared to net income of $11.8 million, or $0.41 per share for 2003 and a net loss of $6.5 million, or a $0.28 per share loss, for 2002. Net income for 2004 includes foreign exchange translation losses of $0.4 million and a loss on early retirement of debt of $0.9 million. Net income for the year 2003 included a gain on the sale of the Company’s U.K. ATM network of $18.0 million, foreign exchange translation losses of $9.7 million and losses from discontinued operations of $0.2 million. Net income for the year 2002 included foreign exchange translation losses of $4.2 million, loss on early retirement of debt of $1.0 million and income from discontinued operations of $3.1 million.

Significant Transactions. During the last three years, we have entered into certain transactions that will have a significant impact on the Company’s future operations and financial results. These transactions are described below.

Contingently Convertible Debenture. In December 2004, the Company issued $140 million 1.625% aggregate principal amount of convertible senior debentures due 2024. The net proceeds (after fees) totaling approximately $135.6 million were used to repay outstanding debt and the remainder will be used for working capital needs, acquisitions and general corporate purposes. The debentures are convertible under specified circumstances into shares of the Company's Common Stock at $33.63 per share. For additional information about these debentures, please see Note 12 — Debt Obligations to the Consolidated Financial Statements.

Acquisitions. During 2004, Euronet purchased the share capital of Precept and CPI, all of the assets of EPS and established an 80% owned subsidiary that purchased all of the Movilcarga prepaid assets of Grupo Meflur Corporacion. During 2003, we purchased all of the share capital of e-pay and 96% of the share capital of Transact, and substantially all of the assets of AIM. For additional information about these acquisitions, please see Note 4 — Acquisitions to the Consolidated Financial Statements.

Dispositions. During 2003, we sold our U.K. ATM network and simultaneously signed an outsourcing contract for those ATMs. During 2002, we sold substantially all of the assets of our ATM processing business in the U.S., known as DASH. During 2002, we also sold substantially all of the non-current assets and capital lease obligations of our processing business in France. For additional information about these dispositions, please see Note 14 — Gain on Disposition of U.K. ATM Network and Note 25 — Discontinued Operations and Assets Held for Sale to the Consolidated Financial Statements.

BUSINESS SEGMENT INFORMATION

Summary

As of December 31, 2004, we operated in three principal business segments:

- The EFT Processing Segment, which includes our proprietary ATM network and outsourced management of ATMs for banks or financial institutions and includes various new processing services that we provide for these entities and mobile phone companies through our network of owned and managed ATMs, such as mobile phone recharge services at the ATMs.
- The Prepaid Processing Segment, consisting of e-pay, Transact, PaySpot and Movilcarga, which provides electronic top-up transaction services at retail stores for mobile and other telecommunication operators through POS terminals.
- The Software Solutions Segment, which provides transaction processing software solutions to banks that enable them to operate ATMs and POS terminals and processes financial transactions from those devices, telephones, mobile devices and the Internet.

We also operate a "Corporate Services Segment" that provides our three business segments with corporate and other administrative services that are not directly identifiable with any of the Company's operating segments. The accounting policies of each segment are the same as those referenced in the summary of significant accounting policies. We evaluate performance of our segments based on income or loss from continuing operations before income taxes, foreign exchange gain (loss), and minority interest, excluding nonrecurring gains and losses.

All operating amounts, ATM counts, transaction numbers and statistics reported in this filing exclude discontinued ATM operations in France and the U.S. We have reclassified prior period segment information to conform to the current period's presentation (see Note 20 - Business Segment Information to the Consolidated Financial Statements).

SEGMENT REVENUES AND OPERATING INCOME FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

	Revenues			Operating Income		
(in thousands)	2004	2003	2002	2004	2003	2002
EFT Processing	$ 77,600	$ 52,752	$53,918	$15,047	$ 6,647	$ 4,809
Prepaid Processing	289,810	136,185	—	28,273	11,929	—
Software Solutions	13,670	15,470	17,130	1,791	1,437	434
Corporate Services	—	—	—	(9,812)	(6,657)	(5,621)
Total	381,080	204,407	71,048	35,299	13,356	(378)
Inter-Segment Eliminations	—	—	—	5	(39)	(41)
Total	$381,080	$204,407	$71,048	$35,304	$13,317	$ (419)

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002—BY BUSINESS SEGMENT

EFT PROCESSING SEGMENT

2004 Compared to 2003

The following table summarizes the results of operations for the EFT Processing Segment for the years ended December 31, 2004 and 2003:

(dollar amounts in thousands)	Results for the year ended December 31, 2004	Results for the year ended December 31, 2003	Year over Year Change Increase (Decrease) Amount	Year over Year Change Increase (Decrease) Percent
Total revenues	$ 77,600	$ 52,752	$ 24,848	47%
Operating expense:				
Direct operating cost	34,129	21,990	12,139	55%
Salaries and benefits	13,470	11,093	2,377	21%
Selling, general and administrative	6,625	5,830	795	14%
Depreciation and amortization	8,329	7,192	1,137	16%
Total operating expenses	62,553	46,105	16,448	36%
Operating income	$ 15,047	$ 6,647	$ 8,400	126%
Transactions processed (millions)	232.5	114.7	117.8	103%
ATMs as of December 31	5,742	3,350	2,392	71%
Average ATMs	4,751	3,153	1,598	51%

Revenues

Revenues for 2004 increased 47% over 2003 as a result of the increase in number of ATMs operated and the number of transactions processed compared to 2003, as a result of ATM management agreements in Poland, Romania and India. Revenue per average ATM was $16,334 in 2004, compared to $16,728 in 2003, or a 2% decrease. Revenue per transaction decreased 27% to $0.33 for the year ended December 31, 2004 from $0.46 for the year ended December 31, 2003. Generally, these decreases are the result of a continued shift from Euronet proprietarily owned ATMs to ATMs managed under outsourcing agreements. Under outsourcing agreements, the Company primarily earns revenue based on a fixed recurring monthly management fee, with less dependence on transactions because incremental transactions have little impact on the fixed or variable costs of managing ATMs. The more significant decrease in revenue per transaction is due to an overall increase in the number of transactions on ATMs that are managed under outsourcing agreements. Since revenue from these arrangements is derived primarily from a fixed monthly management fee, an increase in the number of transactions processed does not generate commensurate increases in related revenue. As of December 31, 2004, the Company owned 16% of the ATMs operated (excluding those leased by us in connection with outsourcing agreements) and operated the remaining 84% under management outsourcing agreements, compared to 25% and 75%, respectively, as of December 31, 2003.

Of total segment revenue, approximately 37% was from ATMs we owned (excluding those leased by us in connection with outsourcing agreements) for the year ended December 31, 2004 compared to 51% for the year ended December 31, 2003. We believe our shift from a largely proprietary, Euronet-owned ATM network to operating ATMs under outsourcing arrangements is a positive development in the long run and will provide higher marginal returns on investment. Customer-owned ATMs operated under service agreements require a nominal up-front capital investment because we do not purchase the ATMs, nor do we incur the start-up costs typically incurred in the early life cycle of Euronet-owned ATM. Additionally, in many instances operating costs are the responsibility of the owner and, therefore, recurring operating expenses per ATM are lower.

Operating Expenses

Total segment operating expenses increased 36% from 2003 to 2004, primarily due to the increase in the number of ATMs under operation. However, as a percentage of revenues, operating expenses decreased to 81% of revenues in 2004 from 87% in 2003, reflecting improved leverage, efficiency and scalability. The increase in ATMs operated under outsourcing arrangements with lower operating costs compared to Company owned ATMs also contributed to the expense decrease in relation to revenues.

Direct operating costs consist primarily of site rental fees, cash delivery costs, cash supply costs, maintenance, insurance, telecommunications and the cost of data center operations-related personnel, as well as the processing center's facility related costs and other processing center related expenses. As discussed in Note 2 – Basis of Preparation, to the Consolidated Financial Statements, Euronet changed the manner in which it reports EFT Processing Segment direct costs, salaries and benefits and sales, general and administrative (SG&A) expenses. In prior periods, processing center costs were charged to and then allocated from SG&A to direct costs on the basis of a standard rate per transaction. We have evaluated this approach and believe that the specific assignment of processing center salaries and related costs together with other costs directly attributable to the center is a preferred method and more appropriately reflects the variable and non-variable nature of our operating expenses. Prior periods have been reclassified to conform to the current year presentation. This change does not impact consolidated operating income or net income for any period presented.

Direct operating costs increased to 44% of revenue for the year ended December 31, 2004 from 42% for the year ended December 31, 2003. Direct operating costs per ATM were $7,185 and $6,973 for 2004 and 2003, respectively. The increase for 2004 is attributed to a gain of $0.8 million recorded as an offset to direct operating expenses during 2003 for the sale of 272 Hungarian ATMs.

Direct operating costs per transaction have decreased to $0.15 per transaction during 2004 from $0.19 per transaction during 2003. The improvement in direct operating costs per transaction was the result of increasing transaction volumes at existing sites, without commensurate increases in direct operating costs; costs associated with these sites increase at a slower rate, or not at all, compared to transaction volumes. Additional improvements resulted from installing outsourced ATMs whose direct costs per ATM and on an average per transaction basis were lower than the existing installed base of ATMs. As discussed under "Revenues" above, the number of ATMs that we operate under ATM management outsourcing agreements has increased as compared to ATMs that we own and operate. Outsourced ATMs generally have lower direct operating expenses (telecommunications, cash delivery, security, maintenance and site rental) because, depending on the customer, the customer retains the responsibility for certain operational costs.

Gross margin per ATM, which is revenue less direct operating costs, was $9,148 and $9,755 for the years ended December 31, 2004 and 2003, respectively. Gross margin per transaction was $0.19 and $0.27 for the years ended December 31, 2004 and 2003, respectively. The decreases in gross margin per ATM and gross margin per transaction is the result of a non-recurring $0.8 million gain on the sale of Hungarian ATMs in 2003 recognized as a reduction in direct operating costs and as a result of a significant increase in transactions related to ATMs managed under outsourcing agreements where the average number of transactions per ATM was significantly higher than the average transactions per ATM of the existing installed base.

Salaries and benefits increased by 21%, and selling, general and administrative expenses increased by 14%, during 2004 compared to 2003 due to Euronet's growing business in Asian markets, staffing for the outsourcing agreement in Romania and certain incentive compensation payments earned based on meeting or exceeding performance plans and general merit increases awarded to employees. Certain staffing increases were also necessary due to the larger number of ATMs under operation and transactions processed. These expenses as a percentage of revenue, however, continued to trend downward during 2004 decreasing to a total of 26% for 2004 compared to 32% for 2003. This decrease as a percentage of revenue reflects the leverage and scalability associated with increases in revenue without commensurate increases in salaries and benefits and selling, general and administrative expenses.

Depreciation and amortization expense for 2004 increased 16% compared to 2003. This increase is due to additional depreciation on more than 700 ATMs under capital lease arrangements related to an outsourcing agreement in Poland implemented in the first half of 2004, additional processing center computer equipment necessary to handle increased transaction volumes and technology upgrades to certain of our owned ATMs during 2004. Management expects that depreciation levels in the future will grow at slower rates as more ATMs reach the end of their depreciable lives (and ATMs are not replaced), and we continue to move towards increasing the number of ATMs that we operate under ATM management agreements rather than as owner/operators.

Operating Income

Operating income for 2004 increased 126% over 2003 and operating margin as a percentage of revenue increased to 19% during 2004 from 13% for 2003. Operating income per transaction was $0.06 during 2004, the same as 2003 and operating income per ATM increased to $3,167 in 2004 from $2,108 in 2003. The continuing increases in operating income as a percentage of revenue and per ATM was due to significant growth in revenues and transactions without commensurate increases in operating expenses, as well as the continuing migration toward operating ATMs under management outsourcing agreements rather that ownership arrangements. In addition, in 2004 our EFT operations in India began managing a number of ATMs under outsourcing agreements sufficient to produce positive operating results in the latter part of 2004. Asia Pacific operating losses were reduced from $2.9 million in 2003 to $1.6 million in 2004. Management expects to produce operating income in this market during 2005.

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2003 Compared to 2002

The table below summarizes the results of operations for the EFT Processing Segment for the years ended December 31, 2003 and 2002:

(dollar amounts in thousands)	Results for the Year Ended December 31, 2003	Pro Forma Results for the Year Ended December 31, 2002			Year over Year Change 2003 Compared to 2002 Pro Forma	
		Entire Segment	U.K. Processing	Adjusted without U.K. Processing	Increase (Decrease)	% Increase (Decrease)
Total revenues	$ 52,752	$53,918	$ 12,736	$ 41,182	$ 11,570	28%
Operating expense:						
Direct operating cost	21,990	26,694	8,317	18,377	3,613	20%
Salaries and benefits	11,093	8,928	1,055	7,873	3,220	41%
Selling, general and administrative	5,830	4,856	826	4,030	1,800	45%
Depreciation and amortization	7,192	8,631	1,887	6,744	448	7%
Total operating expenses	46,105	49,109	12,085	37,024	9,081	25%
Operating income	$ 6,647	$ 4,809	$ 651	$ 4,158	$ 2,489	60%
Transactions processed (millions)	114.7			79.2	35.5	45%
ATMs as of December 31	3,350			3,005	345	11%
Average ATMs	3,153			2,791	362	13%

2003 Sale of U.K. ATM Network

In January 2003, we sold our U.K. ATM network and simultaneously signed an ATM outsourcing agreement with the buyer of the network. We now operate the ATMs in that network under a five-year outsourcing agreement. With the sale, all employees of our U.K. subsidiary were transferred to the buyer. The results of operations for the U.K. ATM network continue to be included in continuing operations due to the ongoing revenues generated by the outsourcing agreement.

In order to provide a more meaningful comparison of the results for the year ended December 31, 2003 to the results for the year ended December 31, 2002, we have provided the “pro forma” schedule above that adjusts the 2002 revenues and expenses to exclude the U.K. ATM network business and include the benefits of the outsourcing agreement as if it were in effect for the year. This presentation is consistent with our presentation in the Form 8-K filing we made on January 17, 2003 relating to the sale of the U.K. ATM network.

Revenues

Total segment revenues for the year ended December 31, 2003 decreased 2% to $52.8 million from $53.9 million for the year ended December 31, 2002 primarily due to the sale of the U.K. ATM network. On a pro forma basis, if 2002 U.K. ATM network revenues are excluded and the related outsourcing revenues are included in the comparative amounts due to the sale of the U.K. ATM network, revenues increased 28% for the year ended December 31, 2003 over the year ended December 31, 2002 pro forma revenues.

Transaction growth in the EFT Processing Segment for the year 2003 as compared to 2002 was 45%. This is greater than both the increase in ATMs operated and revenue growth due to an increase in ATMs operated under management outsourcing agreements relative to Company-owned ATMs during these periods. As of December 31, 2003, we owned 25% of these ATMs (excluding those leased by us in connection with outsourcing agreements) and operated the remaining 75% under management outsourcing agreements, compared to 67% and 33%, respectively, as of December 31, 2002. Revenues generated from ATM management agreements often have a substantial monthly fee, as compared to a per transaction fee for Company-owned ATMs. This recurring fee comprises both fixed and variable revenue components. As a result, transactions on these machines generally increase faster than revenues. Substantially all of the increase in the number of ATMs from 2002 to 2003 was from ATM management agreements in Central Europe.

Of total segment revenue, approximately 51% was from ATMs we owned (excluding those leased by us in connection with outsourcing agreements) for the year ended December 31, 2003 compared to 60% for the year ended December 31, 2002, as adjusted for the sale of the U.K. ATM network and related outsourcing agreement.

In the Czech Republic, beginning in November 2002, a single intra-regional interchange fee for ATM cash withdrawals was agreed to by Czech issuer banks for both Visa and Europay cards. For Visa cards, the fee is $1.00 and for Europay cards the fee is €1.20. Prior to these changes, the Company was averaging fees of approximately $1.40 per cash withdrawal in the Czech Republic. This intra-regional interchange fee had the effect of reducing revenues for our deployed machines in the Czech Republic by approximately $0.8 million in 2003. Additionally, the transactions per ATM in the Czech Republic trended downward during 2002 by approximately 15% from the first as compared to the fourth quarters, partially due to the increase in the interchange fee in late 2002 as well as certain competitive and other economic conditions. In 2003, transactions per ATM consistently trended above those of 2002 and more than offset the revenue decline in 2002.

Operating Expenses

For the year ended December 31, 2003, total segment operating expenses decreased 6%, or $3.0 million, to $46.1 million for the year ended December 31, 2003 from $49.1 million for the year ended December 31, 2002. The primary reason for the 2003 decrease was the sale and resulting elimination of the U.K. ATM network expenses in January 2003. However, as a percentage of revenues, operating expenses decreased to 87% of revenues in 2003 from 91% of revenues in 2002, reflecting the improved leverage, efficiency and scalability of the ATM management operations.

On a pro forma basis, operating expenses increased 25% for the year ended December 31, 2003 compared to the year ended December 31, 2002. The increase in operating expenses is primarily the result of additional expense to support the 45% increase in transactions and 13% increase in average ATMs for the year. Additionally, salaries increased as a result of resources necessary to support our operational growth during the period, the achievement of certain incentive awards and market development costs in Asia. Incentive compensation awards for 2003 were approximately $1.1 million in excess of those achieved in 2002. Operating expenses in Asia were approximately $2.9 million for the year ended December 31, 2003 compared to $1.1 million for the year ended December 31, 2002.

Direct operating costs decreased to 42% of revenue for the year ended December 31, 2003 from 45% on a pro forma basis for the year ended December 31, 2002. This decrease is primarily due to the increased number of ATMs combined with an increase in the number of transactions on existing sites that have fixed direct operating expenses due to the move toward outsourcing from ownership. Additionally, during 2003 the Company recorded a gain of $0.8 million as an offset to direct operating expenses related to the sale of 272 Hungarian ATMs.

Direct costs per transaction have decreased to $0.19 per transaction in 2003 from $0.23 per transaction on a pro forma basis for 2002 because of increasing transaction volumes at existing sites, without commensurate increases in direct operating costs. Costs associated with these sites increase at a slower rate, or not at all, compared to transaction volumes. In addition, the number of ATMs that we operate under ATM management outsource agreements has increased as compared to ATMs that we own and operate. Outsourced ATMs generally have lower direct operating expenses (telecommunications, cash delivery, security, maintenance and site rental) because, depending on the customer, the customer retains certain operational cost responsibilities.

Gross margin, which represents revenue less direct operating costs, per ATM was $9,755 for 2003 and $8,171 for 2002 on a pro forma basis and gross margin per transaction was $0.27 and $0.29, respectively. Increases in gross margin per ATM are due to higher growth in transactions and revenues without commensurate increases in direct operating costs. Certain direct operating expenses such as maintenance, cash fill and supply and telecommunication costs are minimized or eliminated as we migrate toward ATM management outsource agreements and away from ATM ownership arrangements requiring the Company, as the owner of the ATM, to bear all of these costs. The slight trend downward in gross margin per transaction is primarily due to the increase in transactions under network sharing arrangements, certain ATM management outsourcing agreements and mobile recharge transactions at high volumes and lower than average rates per transaction.

Salaries and benefits for 2003 increased 41% over 2002 pro forma results and as a percentage of segment revenue increased to 21% during 2003 from 19% of revenue for 2002. These increases are primarily due to an increase in staff levels in Euronet’s Asian markets as well as certain incentive compensation related to recent contracts and bonuses for the achievement of certain performance objectives in 2003 that were not achieved in 2002.

Selling, general and administrative costs for 2003 increased $1.8 million over 2002 pro forma primarily because of an increase in market development expenses in our Asian business. Additionally, during 2003 approximately $0.5 million was provided as reserve for a loss on certain ATM disbursements resulting from a card association’s change in their data exchange format.

Operating Income

Operating income for 2003 increased 38% over 2002 and operating margin as a percentage of revenue increased to 13% during 2003 from 9% for 2002. On a pro-forma basis, operating income improved by 60% for the year ended December 31, 2003 over 2002. Operating margin per transaction was $0.06 and $0.05 for the years ended December 31, 2003 and 2002, respectively. Finally, operating margin per ATM was $2,108 and $1,490 for the years ended December 1, 2003 and 2002, respectively. These improvements are due to significant growth in revenues and transactions without commensurate increases in operating expenses, as well as the continuing migration toward operating ATMs under management outsourcing agreements, rather than ownership arrangements.

PREPAID PROCESSING SEGMENT

The Prepaid Processing Segment was established in 2003 with the acquisition of e-pay in February, followed by the acquisition of AIM in September and Transact in November. During 2004, the Company continued to grow the segment through acquisitions of Precept, EPS, CPI and Movilcarga. These transactions are more fully described in Note 4 – Acquisitions, to the Consolidated Financial Statements. To assist in better understanding the results of the Prepaid Processing Segment, pro forma results have been provided as if all acquired businesses were included in our consolidated results of operations as of January 1, 2003.

Due to the rapid growth of this segment of our operations, the following discussion and analysis will focus on comparisons of both actual results for 2004 and 2003 and, as appropriate, pro forma results prepared as if all acquisitions had taken place as of January 1, 2003. The following table summarizes the segments results for the years ended December 31, 2004 and 2003:

	Year Ended December 31,		Year over Year Change 2004 Compared to 2003 As Reported	
(dollar amounts in thousands)	2004 As Reported	2003 As Reported	Increase (Decrease)	% Increase (Decrease)
Total revenues	$ 289,810	$ 136,185	$153,625	113%
Operating expense:				
Direct operating cost	229,908	109,538	120,370	110%
Salaries and benefits	15,226	7,155	8,071	113%
Selling, general and administrative	10,048	3,937	6,111	155%
Depreciation and amortization	6,355	3,626	2,729	75%
Total operating expenses	261,537	124,256	137,281	110%
Operating income	$ 28,273	$ 11,929	$ 16,344	137%
Transactions processed (millions)	228.6	102.1	126.5	124%
POS count as of December 31	175,318	126,284	49,034	39%

(dollar amounts in thousands)	Year Ended December 31, 2004 Pro Forma (unaudited)	Year Ended December 31, 2003 Pro Forma (unaudited)	Year over Year Change 2004 Compared to 2003 Pro Forma Increase (Decrease)	Year over Year Change 2004 Compared to 2003 Pro Forma % Increase (Decrease)
Total revenues	$ 305,130	$ 180,267	$ 124,863	69%
Operating expense:				
Direct operating cost	239,604	137,183	102,421	75%
Salaries and benefits	15,675	10,782	4,893	45%
Selling, general and administrative	10,723	7,089	3,634	51%
Depreciation and amortization	7,260	6,087	1,173	19%
Total operating expenses	273,262	161,141	112,121	70%
Operating income	$ 31,868	$ 19,126	$ 12,742	67%

Summary

The Prepaid Processing Segment business has grown rapidly over the past 2 years as new retailers have been added and mobile operators have switched from scratch cards to distribution by electronic means, as well as through acquisitions. Growth in our prepaid business in any given market is driven by a number of factors. These factors include the extent to which conversion from scratch cards to electronic distribution solutions is occurring or has been completed, the general pace of growth in the prepaid mobile airtime market, our share of retail distribution capacity, and the level of commission that is paid to various intermediaries in the prepaid mobile airtime distribution chain.

The year-over-year actual and pro forma results for the Prepaid Processing Segment presented above reflect significant growth through acquisitions and growth in operations from businesses acquired during 2003. Growth in existing operations was predominantly from e-pay in the U.K., Ireland, Australia, Poland and New Zealand, and from our operations through Transact in Germany and PaySpot in the U.S. The U.K. and Australian mobile operators were among the first markets to aggressively promote the use of electronic top-up products instead of card products, which has significantly benefited e-pay. e-pay also benefited from strong sales in both 2004 and 2003, during which time it was successful in signing e-top-up distribution agreements with several major U.K. and Australian retailers. During 2004, the entire segment experienced the full year impact of retailer agreements signed and implemented during 2003. Growth in revenue and operating income on a pro forma basis during 2004 is the result of the start up of each of our acquired prepaid businesses complemented by the conversion of mobile operators from prepaid top-up using scratch card solutions to electronic top-up solutions, such as those we provide. In that we generally share with retailers the commissions we earn from the mobile operators, direct operating cost grew at rates similar to the revenue growth.

Revenues

Revenue of the Prepaid Processing Segment consists of commissions received from mobile and other telecommunication operators or transaction processing fees from prepaid wireless top-up distributors for the distribution and/or processing of prepaid mobile airtime and other telecommunication products. Due to certain provisions of our mobile phone operator agreements, mobile phone operators have the ability to reduce the overall commission paid on each top-up transaction. However, by virtue of our contracts with retailers in some markets, not all of these reductions are absorbed by Euronet. Therefore, when mobile phone operators reduce overall commissions, the effect is to reduce revenues and direct costs with only a small, if any, impact on operating income. In Australia certain retailers negotiate directly with the mobile phone operators for their own commission rates. In addition to prepaid mobile airtime, we distribute small amounts of prepaid long distance phone time in the U.S., U.K. and Australia, and we expect to continue to do so. As other telecommunications and prepaid products are introduced, this mix is expected to change.

The Prepaid Processing Segment's 2004 revenues increased 113% and total transactions processed increased 124% over 2003, reflecting growth in existing operations, the impact of our 2004 acquisitions and the full year effects of our 2003 acquisitions. On a pro-forma basis, 2004 revenues increased 69% over 2003 as a result of the addition of POS terminals throughout all of our markets, combined with mobile operators shifting from scratch card distribution to electronic distribution. Our 2004 acquisitions of Precept, EPS, CPI and Movilcarga contributed $22.7 million to 2004 revenues. The full year impact of the 2003 acquisitions of e-pay, AIM and Transact resulted in increased revenues of $131.2 million for 2004. Additionally, revenues have grown from the full year effects of retailer agreements implemented in 2003, as well as the expansion of operations in New Zealand, Ireland and Poland at various times during 2003. Approximately 70% of our 2004 revenue increase over 2003 was from the acquired entities' growth subsequent to the date of acquisition resulting from contracts with many new retailers and through increased prepaid traffic over our existing terminals. We do not expect these growth rates to continue and, in certain markets, we have noticed the competitive effects of lower pricing and margins driven by certain mobile operations and retailers.

Revenue per transaction decreased to $1.27 for 2004 compared to $1.33 for 2003 due in large part to the full year impact of decreases in U.K. commissions from mobile operators during 2003. This decrease in commissions has had minimal impact on margins because of our ability to pass the reductions through to retailers. Moreover, further contributing to this decrease in average revenue per transaction was the full year inclusion of Transact, which we acquired in November 2003. The majority of the transactions processed by Transact earn revenues based on transaction fees from distributors, where the distributor directly contracts with the mobile operators for prepaid wireless airtime distribution and pay Transact a fee to process the related transactions.

Revenue growth in the mature markets of the U.K. and Australia has flattened substantially during 2004 as conversion from scratch cards to electronic top up approaches completion. We expect most of our growth from 2005 and beyond to derive from developing markets or markets in which there is organic growth in the prepaid sector, overall, or continued conversion from scratch cards to electronic top up.

Operating Expenses

Direct operating expenses in the Prepaid Processing Segment include the commissions we pay to retail merchants for the distribution and sale of prepaid mobile airtime and other prepaid products, as well as communication and paper expenses required to operate POS terminals. These expenditures vary directly with revenues and processed transactions.

Direct operating expenses increased by 110%, approximating the increase in both transactions and revenues. Direct operating expenses per transaction were $1.01 and $1.07 for the years ended December 31, 2004 and 2003, respectively. The decrease in cost per transaction is primarily due to two aspects of our businesses: (i) mobile operator rate decreases in the U.K., which were passed through to retailers; however, whether the mobile operators will change their commission structures, or whether any such change could be successfully passed through to retailers, cannot be projected, and (ii) the full year impact of the operations of Transact, which was acquired during November 2003; the majority of the transactions currently processed by Transact earn revenues based on a transactional fee structure with minimal or no related direct costs. We expect Transact's proportion of the total prepaid business to continue to expand.

Gross margin, which represents revenue less direct costs, grew due to increases in transactions processed; however, it remained flat as a percentage of revenue and on a per transaction basis. Gross margin was 21% and 20% for 2004 and 2003, respectively, and gross margin per transaction was $0.26 for both years.

Although segment salaries and benefits expenses increased 113% for 2004 as compared to 2003, these expenses remained flat at 5% of revenue for both years. The salary increase year over year was the result of the inclusion of salaries of acquired entities, staffing to accommodate the transactional volume growth and annual merit increases.

Sales, general and administrative expense increased 155% during 2004 as compared to 2003 and represented 3.5% and 2.9%, respectively, of revenue. This increase is due to the additional expense contributed by the 2004 acquisitions, the full year impact of the Company's 2003 acquisitions and increased costs associated with the revenue growth in this segment. The expansion of prepaid processing in U.S. market also contributed to both the total sales, general and administrative expense and expense as a percentage of revenue.

Depreciation and amortization expense, which primarily represents amortization of acquired intangibles, for 2004 was 75% higher than for 2003 due to the full year impact of the amortization of intangible assets acquired during 2003 as well as the current year amortization of intangible assets acquired during 2004. However, depreciation and amortization as a percentage of revenue decreased to 2.2% for 2004 from 2.7% for 2003, reflecting growth in revenues from e-pay, Transact and AIM subsequent to their acquisition, without commensurate increases in depreciation and amortization expense.

Operating Income

Operating income for 2004 increased 137% compared to 2003 and increased to 9.8% of revenue for 2004 from 8.8% of revenue for 2003 due to the significant growth in revenues and transactions processed, while slightly lowering our total operating costs as a percentage of revenue to 90% for 2004 compared to 91% for 2003. On a pro forma basis, operating income for 2004 increased 67% compared to 2003 and remained relatively flat at 10.4% of revenue for 2004, compared to 10.6% of revenue for 2003.

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SOFTWARE SOLUTIONS SEGMENT

A comparative summary of the Statement of Operations for the Software Solutions Segment is presented below.

(dollar amounts in thousands)	Year Ended December 31, 2004	2003	2002	2004 vs. 2003 % Increase (Decrease)	2003 vs. 2002 % Increase (Decrease)
Total revenues	$13,670	$15,470	$17,130	(12%)	(10%)
Operating expense:					
Direct operating cost	566	829	788	(32%)	5%
Salaries and benefits	8,456	9,716	12,095	(13%)	(20%)
Selling, general and administrative	1,882	2,328	2,782	(19%)	(16%)
Depreciation and amortization	975	1,160	1,031	(16%)	13%
Total operating expenses	11,879	14,033	16,696	(15%)	(16%)
Operating income	$ 1,791	$ 1,437	$ 434	25%	231%

The Software Solutions Segment recognizes revenue from licensing, professional services and maintenance fees for software and sales of related hardware. Software license fees are the initial fees we charge to license our proprietary application software to customers. Professional fees consist of charges for customization, installation and consulting services to customers. Software maintenance revenue represents the ongoing fees charged for maintenance and support for customers’ software products. Hardware sales are derived from the sale of computer equipment necessary for the respective software solution. The components of Software Solutions revenue are summarized in the following table:

(in thousands)	Year Ended December 31, 2004	2003	2002
Software license fees	$ 2,426	$ 3,750	$ 6,365
Professional service fees	5,035	5,687	4,648
Maintenance fees	5,927	5,679	5,476
Hardware sales	282	354	641
Total Revenue	$13,670	$15,470	$17,130

Revenues

Total software revenues decreased 12% for the year ended December 31, 2004 compared to the year ended December 31, 2003, and they decreased 10% from the year ended December 31, 2002 to 2003. The decline from 2002 to 2003, and a portion of the decline from 2003 to 2004 was due to a decrease in revenue recognized from the sale of software licenses to Fidelity National Financial (FNF), formerly Alltel Information Systems. Revenues recognized related to this contract totaled to $3.5 million, $0.7 million and $0.2 million for the years ended December 31, 2002, 2003 and 2004, respectively. The current year decrease over the prior year is generally in line with expectations. In 2003, we entered into several significant contracts that resulted in increased license and professional services revenue. In 2004, the business mix reflected a larger percentage related to professional service contracts to upgrade our clients to a standardized release level, which typically generate lower revenues. This is consistent with the Software Solutions’ long-term strategy to position our client base to take advantage of our new license offerings.

Together, both software license fees and professional service fees decreased by $2.0 million for the year ended December 31, 2004 to $7.5 million for the year ended December 31, 2004 from $9.4 million for the year ended December 31, 2003 and decreased by $1.6 million during 2003 from $11.0 million for the year ended December 31, 2002. Based on our projections and the focus on supporting other divisions within the Company, the level of software license fee and professional fee revenues for 2005 is anticipated to remain consistent with the 2004 levels. Maintenance fees have remained relatively flat for all three years due to increased completion of software delivery components of the contracts offset by the reduction of maintenance for FNF. Since hardware sales are an incidental component to the segment’s software license and professional service products, the decreases from 2002 to 2003 and from 2003 to 2004 are also related to the decrease in software license fees and professional service fees.

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Software Sales Backlog

"Software sales backlog" is defined as fees specified in contracts that have been executed and for which we expect recognition of the related revenue within one year. Our backlog was $4.3 million, $5.3 million and $4.9 million as of December 31, 2004, 2003 and 2002, respectively. The average backlog for 2003 was $5.0 million, and for 2004 was $4.9 million. There can be no assurance that the contracts included in these backlog figures will generate revenue within the one-year period.

Operating Expenses

Direct operating costs consist of hardware costs and distributor commissions. Hardware costs are incidental to our software license fee and professional service products and have decreased relative to hardware sales. Direct operating costs decreased 32% for the year ended December 31, 2004 as compared to the year ended December 31, 2003 and increased 5% for the year ended December 31, 2003 as compared to December 31, 2002. The majority of the decrease for 2004 related to reductions in distributor commissions commensurate with the decrease in sales. We expect to continue pursuing strategic distributor relationships during 2005.

Salary and benefits expense decreased 13% for the year ended December 31, 2004 as compared to year ended December 31, 2003 and decreased 20% for the year ended December 31, 2003 as compared to year ended December 31, 2002. These decreases are the result of our cost control efforts.

Selling, general and administrative expenses decreased 19% for the year ended December 31, 2004 as compared to the year ended December 31, 2003 and decreased 16% for the year ended December 31, 2003 as compared to the year ended December 31, 2002. The decrease in 2003 related to the renegotiation of certain telecommunication contracts, and in 2004 related to the continuing efforts to control expenses by reducing rental, insurance, banking and other administrative costs.

We capitalize software development costs on a product-by-product basis once technological feasibility is established. Technological feasibility is established after the completion of all planning, designing, coding and testing activities necessary to establish that the product can be produced to meet its design specifications, including functions, features and technical performance requirements. We capitalized $0.7 million, $1.2 million and $0.6 million for the years ended December 31, 2004, 2003 and 2002. We are continuing the development, maintenance and enhancement of our products, and total research and development costs for software products to be sold, leased or otherwise marketed, including amounts capitalized, which were $2.7 million, $4.1 million and $5.0 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Operating Income

The segment's total operating income increased 25% from 2003 to 2004 and 231% from 2002 to 2003. This overall improvement is due to the operating efficiencies and management of costs as discussed above.

CORPORATE SERVICES SEGMENT

The components of Corporate Services Segment direct operating expenses were:

	Year Ended December 31,			2004 vs. 2003 % Increase (Decrease)	2003 vs. 2002 % Increase (Decrease)
(dollar amounts in thousands)	**2004**	**2003**	**2002**		
Salaries and benefits	$4,642	$3,218	$1,989	44%	62%
Selling, general and administrative	5,021	3,355	3,576	50%	(6%)
Depreciation and amortization	149	84	56	77%	50%
Total direct operating expenses	$9,812	$6,657	$5,621	47%	18%

Operating expenses for the Corporate Services Segment increased by 47% for the year ended December 31, 2004 from the year ended December 31, 2003 and 18% from the year ended December 31, 2002 to 2003. The increase in 2004 is primarily attributable to professional fees for Sarbanes-Oxley compliance and resources to support the significant growth in the business. We estimate that we incurred approximately $1.5 million in 2004 to fulfill the requirements of Sarbanes Oxley compliance. These costs are expected to continue and will likely increase. The 18% increase for 2003 over 2002 is largely attributable to the achievement of performance bonuses in 2003 that were not achieved in 2002, coupled with increased insurance costs and costs related to certain additional staffing added in the second half of 2002.

NON-OPERATING RESULTS

Interest Income

Interest income increased by $1.7 million to $3.0 million for the year ended December 31, 2004 from $1.3 million and $0.2 million for the years ended December 31, 2003 and 2002, respectively. The increase for 2004 is due to increases in cash deposits held in our trust accounts related to the administration of customer collections and vendor remittance activities of the growing Prepaid Processing Segment, increases in average balances held in operational accounts that earn interest and a slight increase in 2004 in the average interest rate earned as compared to 2003. The 2003 increase is the result of interest earned on restricted cash with respect to the administration of customer collection and vendor remittance activities of the Prepaid Processing Segment.

Interest Expense

Interest expense remained approximately flat for 2004, totaling $7.3 million, compared to $7.2 million for 2003. Although our overall debt level increased from $65.0 million as of December 31, 2003 to $166.2 million as of December 31, 2004. Substantially all of this increase occurred near the end of the 2004 upon the December 15 completion of the $140 million in contingently convertible debenture offering described in Note 12 – Debt Obligations to the Consolidated Financial Statements. Since this transaction occurred so close to the end of the year and accrues interest at 1.625%, the impact on 2004 was negligible.

Interest expense for the year ended December 31, 2003 increased by $0.9 million to $7.2 million from $6.3 million for the year ended December 31, 2002, primarily due to an increase of $0.6 million in interest related to the Senior Discount Notes resulting from a weakening of the U.S. dollar relative to the euro during 2003 as well as $1.7 million of interest on indebtedness incurred for the acquisition of e-pay. This increase was substantially offset by the reduction in interest expense as a result of the full year effect of a $9.0 million cash redemption of our euro-denominated Senior Discount Notes made in July 2002 as well as net reductions in capital lease obligations of $1.1 million.

Gain on sale of U.K. ATM network

In January 2003, we sold 100% of the shares in our U.K. subsidiary for $29.4 million. Concurrently with this sale, we signed a services agreement with the buyer whereby the EFT Processing Segment will provide ATM operating, monitoring and transaction processing services to the buyer through December 31, 2007. As a result of this sale, we recognized a gain on the sale of $18.0 million and deferred the recognition of $4.5 million in revenue, which will be recognized ratably over the five-year service agreement. Moreover, we recognized no tax expense on this sale as a result of the favorable treatment of such gains between the Netherlands, where the parent of the U.K. subsidiary is incorporated, and the U.K. The U.K.’s results continue to be included in continuing operations due the ongoing outsourcing revenues as well as those deferred.

Loss on Facility Sublease

We incurred a loss of $0.3 million in 2002 related to the sublease of excess office space. We subleased approximately 5,400 square feet in August 2002 to an unrelated third-party under a non-cancelable sublease agreement at lease rates lower than those being paid by Euronet for the space.

Equity in income and losses from Equity Unconsolidated Subsidiaries

Euronet recorded $0.3 million and $0.5 million in equity in income from unconsolidated subsidiaries during 2004 and 2003, respectively, primarily as a result of our 40% share of net income in e-pay Malaysia. The equity loss of $0.2 million during 2002 resulted from the Company’s share of losses of CashNet Egypt.

Loss on Early Retirement of Debt

We recorded a loss on early retirement of debt of $0.9 million during 2004 related to the redemption and repayment of the remaining $43.5 million 12 $^{3}/_{8}$% Senior Discount Notes. Additionally, Euronet recorded a loss on early retirement of debt of $1.0 million in 2002 primarily due to the exercise of our rights to redeem $9.7 million in partial redemption of its 12 $^{3}/_{8}$% Senior Discount Notes. These transactions are further described in Note 12 – Debt Obligations to the Consolidated Financial Statements.

Foreign Exchange Loss

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. We recorded net foreign exchange losses of $0.4 million, $9.7 million and $4.2 million for 2004, 2003 and 2002, respectively. Exchange gains and losses that result from re-measurement of certain assets and liabilities are recorded in determining net income or loss. A significant portion of our assets and liabilities are denominated in the euro, British pounds, and other currencies, including capital lease obligations, notes payable, cash and cash equivalents, and investments. The significant strengthening of the euro and British pound against the U.S. dollar is the primary source of the losses incurred during 2004 and 2003, while the losses for 2002 resulted primarily due to fluctuations of the U.S. dollar against the euro. It is our intention to attempt to match local currency receivables and payables, thereby minimizing exposure to foreign currency fluctuations.

Income Tax Expense

Tax expense on income from continuing operations was $11.5 million and $4.2 million for the years ended December 31, 2004 and 2003, respectively, as compared to a tax benefit of $2.3 million for 2002. Tax expense for 2004 comprises of $7.2 million in tax expense related to the Prepaid Processing Segment and $4.3 million in tax expense related to the EFT Processing Segment. The 2003 tax expense comprises $2.8 million in tax expense related to the Prepaid Processing Segment, $1.9 million in tax expense related to the EFT Processing Segment, and $0.5 million in tax benefit related to corporate. The income tax benefit for 2002 was primarily the result of utilizing U.S. tax loss carryforwards generated in prior years to offset the taxable gain resulting from the DASH sale, as well as the recognition of deferred tax benefits from foreign tax loss carryforwards anticipated to be utilized over the subsequent two years.

The increase in tax expense is due to the growing profitability of individual companies in the Prepaid Processing and EFT Processing Segments, particularly in Western Europe and Australia, together with the inclusion of e-pay and transact for the full year ended December 31, 2004 compared to only eleven months and two months, respectively, during the year ended December 31, 2003.

Our 2004 effective tax rate on pretax income from continuing operations was 38.4% compared to 26.2% and (19.2%) for the years ended December 31, 2003 and 2002, respectively. The effective tax rate for the year ended December 31, 2003 included a non-taxable gain on the sale of the U.K. ATM network, which resulted in a low effective tax rate. If this gain were not included in the prior year, the effective tax rate would have been significantly higher than the effective tax rate for the year ended December 31, 2004. Accordingly, excluding the gain in 2003 from the effective tax rate calculation, the effective tax rate for the year ended December 31, 2004 would have decreased significantly over the prior year. This improvement was largely the result of improving operating profits in countries with low tax rates. However, the effective tax rate is higher than the weighted average statutory tax rate applicable in the profitable countries because we have not recorded tax benefit for pretax losses generated in certain countries. If these countries begin to generate pretax income, and it becomes evident that it is more likely than not that their net operating loss carry forward will offset such income, we expect that our effective tax rate will decrease as we recognize the tax benefit of the losses.

We determine income tax expense and pay income taxes based upon enacted tax laws and regulations applicable in each of the taxing jurisdictions where we conducts business. Based on our interpretation of such laws and regulations, and considering the evidence of available facts and circumstances and baseline operating forecasts, we have accrued the estimated tax effects of certain transactions, business ventures, contractual and organizational structures, projected business unit performance, and the estimated future reversal of timing differences. Should a taxing jurisdiction change its laws and regulations or dispute our conclusions, or should management become aware of new facts or other evidence that could alter our conclusions, the resulting impact to our estimates could have a material adverse effect to our financial statements.

Minority Interest

Minority interest includes the elimination of the net income (loss) attributable to the minority shareholders' portion of P. T. Euronet Sigma Nusantara, an Indonesia company, and Movilcarga, which was established in November 2004. We own 87.5% of the share capital of P.T. Euronet Sigma Nusantara and 80% of Movilcarga.

Discontinued Operations

In January 2002, we sold substantially all of the DASH assets to FNF (formerly Alltel Information Systems) for $6.8 million in cash. We recorded a pre-tax gain of approximately $4.8 million related to this transaction. We reported income (net of tax) from the discontinued operations of DASH of $3.1 million in 2002 (including the gain on sale).

In July 2002, we sold substantially all of the non-current assets and capital lease obligations of our processing business in France to Atos Origin, S.A. for 1 euro plus reimbursement of certain operating expenses. A pre-tax loss on disposal of the France business of $0.2 million was recorded in 2003.

As a result of the above, we have removed the operating results of France and DASH from continuing operations for all reported periods in accordance with SFAS 144.

Net Income (Loss)

We recorded net income of $18.4 million and $11.8 million for 2004 and 2003, respectively, compared to a net loss of $6.5 million for 2002.

In summary, 2004's net income of $18.4 million was largely the result of $35.3 million in operating income reduced by net interest expense of $4.3 million, loss on early retirement of debt of $0.9 million, foreign exchange losses of $0.4 million and income tax expense of $11.5 million, offset by $0.3 million in equity in income from unconsolidated subsidiaries. The net income for 2003 of $11.8 million resulted from operating income of $13.3 million, increased by the $18.0 million gain on the sale of the U.K. ATM network and $0.5 million in equity in income from unconsolidated subsidiaries, offset by net interest expense of $6.0 million, income tax expense of $4.2 million and foreign exchange losses of $9.7 million. For the year 2002, the net loss of $6.5 million was mostly the result of losses from operations of $0.4 million increased by net interest expense of $6.0 million, loss on early retirement of debt of $1.0 million and foreign exchange losses of $4.2 million, offset by income from discontinued operations of $3.1 million and $2.3 million in income tax benefits.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents

Our balance of cash and cash equivalents was $124.2 million and the balance of restricted cash was $69.3 million as of December 31, 2004. Restricted cash represents cash held in trust and/or cash held on behalf of others in connection with the administration of the customer collection and vendor remittance activities in the Prepaid Processing Segment. The remaining restricted cash is cash provided by banks participating in our ATM network and cash pledged to cover guarantees on financial instruments (See Note 6 - Restricted Cash to the Consolidated Financial Statements). During 2004, approximately $4.2 million was released from restricted cash held as collateral on standby letters of credit. The release of restricted cash occurred in connection with the execution of a $10 million unsecured revolving line of credit entered into in February 2004. Previously, stand-by letters of credit were secured by cash deposits.

Cash flow from operations contributed approximately $44.6 million, $21.7 million and $0.6 million for the years ended December 31, 2004, 2003 and 2002. Prior to 2002, Euronet's cash flows from operations were negative. Operations and capital expenditures were funded through proceeds from debt and equity offerings as well as through capital lease financings. Acquisitions during 2003 and 2004 were funded through a combination of cash, debt and equity; approximately $27.5 million of such cash was generated through net proceeds from the sale of the U.K. ATM Network.

Operating cash flows

Cash flows provided by operating activities increased to $44.6 million in 2004 and $21.7 million in 2003. The 2004 increase was due to stronger operating profit in all segments. The 2003 increase was primarily due to operating cash flows from e-pay, acquired in February 2003. The increase in depreciation and amortization, a non-cash expense, also contributed to the improvement in operating cash flows for 2004 and 2003.

Investing activity cash flow

Cash flows used in investing activities were $25.1 million in 2004 compared to $29.2 millions for 2003. The 2004 investing activities included $14.3 million for the acquisition of Precept, EPS, CPI and Movilcarga, and capital expenditures of $8.7 million. The 2003 increase was primarily due to the acquisitions of e-pay, Transact and AIM, requiring approximately $49.4 million in cash, offset by the sale of the U.K. ATM network providing $27.5 million in net cash proceeds.

Financing activity cash flows

Cash flows from financing activities increased to $82.2 million in 2004 and $15.2 million in 2003. The increase for 2004 was primarily a result of the proceeds from the issuance of $140 million convertible debenture, offset by repayments of other long-term borrowings. The 2003 increase resulted from a net increase in proceeds from the issuance of equity and borrowings, combined with a decrease in notes payable and capital lease repayments of $3.6 million.

Expected future financing and investing cash requirements primarily depend on our acquisition activity and the related financing needs.

Credit agreements

In February 2004, we entered into a two-year unsecured revolving credit agreement with a bank providing a facility of up to $10 million. In October 2004, this facility was canceled and replaced by a $40 million revolving credit agreement with a bank. The $40 million revolving credit agreement comprises a $10 million facility among our holding company, Euronet Worldwide, Inc. and certain U.S. subsidiaries and a $30 million facility among certain European subsidiaries. The revolving credit facilities can be used to repay existing debt, for working capital needs, to make acquisitions or for other corporate purposes. Borrowings under the $10 million facility bear interest at either a Prime Rate, plus an applicable margin specified in the respective agreement or a rate fixed for up to 30- to 90-day periods equal to the London Interbank Offered Rate (LIBOR), plus an applicable margin, as set forth in the respective agreement, and varies based on a consolidated funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio. Borrowings under the U.S. facility are secured by the share capital of the U.S. subsidiaries and 66% of the share capital of e-pay Ltd., Euronet Services GmbH and Delta Euronet GmbH, as well as guaranteed by all U.S. subsidiaries. Borrowings under the $30 million facility may be drawn in U.S. dollars, euros, and/or British pound. Borrowings in U.S. dollars bear interest similar to the terms of the $10 million facility. Borrowings in euros or British pounds bear interest at a rate fixed for up to 30- to 90-day periods equal to the Euro Interbank Offered Rate (EURIBOR) or the LIBOR rate plus a margin that varies based on a consolidated debt to EBITDA ratio, plus ancillary costs. The $30 million facility may be expanded to a maximum of $33 million, resulting from certain exchange rate fluctuations. Borrowings under this facility are secured by the share capital of the U.S. subsidiaries and the share capital of e-pay Ltd., Euronet Services GmbH and Delta Euronet GmbH, as well as guaranteed by a majority of the Company's subsidiaries. These agreements expire during October 2006 and contain customary events of default and covenants related to limitations on indebtedness and the maintenance of certain financial ratios. As of December 31, 2004, we had stand by letters of credit totaling $2.9 million outstanding against these facilities and we were in compliance with all covenants. At December 31, 2004 we had $37.1 million available under these revolving credit agreements.

Convertible Debt

On December 15, 2004, we closed the sale of $140 million of 1.625% Contingent Convertible Senior Debentures Due 2024 ("Convertible Debentures"). The net proceeds, after fees totaling $4.4 million, were $135.6 million. The $4.4 million in fees has been deferred and will be amortized over five years, the term of the initial put option by the holders of the Convertible Debentures.

The Convertible Debentures have an annual interest rate of 1.625% and are convertible into shares of Euronet Common Stock at a conversion price of $33.63 per share only upon the occurrence of certain events. We will pay contingent interest, during any six-month period commencing with the period from December 20, 2009 through June 14, 2010, and for each six-month period thereafter from June 15 to December 14 or December 15 to June 14, for which the average trading price of the Convertible Debentures for the applicable five trading-day period preceding such applicable interest period equals or exceeds 120% of the principal amount of the debentures. Contingent interest will equal 0.30% per annum of the average trading price of a debenture for such five trading-day periods. The Convertible Debentures may not be redeemed by us for five years but are redeemable at par at any time thereafter. Holders of the Convertible Debentures have the option to require us to purchase their debentures at par on December 15, 2009, 2014 and 2019, and upon a change in control of Euronet. These terms and other material terms and conditions applicable to the contingent convertible senior debentures are set forth in the indenture governing the debenture.

Senior Discount Notes

As of December 31, 2003, the balance outstanding under our long-term Senior Discount Notes was $43.5 million, Commencing July 1, 2002, we could at any time exercise the right to partially or fully redeem the Senior Discount Notes for cash without restriction. Any redemption was subject to an early redemption premium as defined in the Senior Discount Notes indenture. The early redemption premium decreases throughout the term of the Senior Discount Notes. On July 1, 2003, the early redemption premium stepped down from 6% to 4%, and then decreased to 2% on July 1, 2004 and no premium from July 1, 2005 and thereafter. The balance outstanding of $43.5 million was redeemed and repurchased during 2004.

Debt and Payment Obligations Related to Acquisitions

In February 2003, we incurred indebtedness in the aggregate amount of approximately $27 million in connection with the acquisition of e-pay and in January 2004 we incurred $4.0 million in connection with the acquisition of Precept. Since incurring this indebtedness, all amounts have been either repaid or converted to equity. Cash repayments were made through cash available from operations and from the proceeds of our 2004 Convertible Debenture offering.

In addition to these debt obligations, as provided in our share purchase agreement with the selling shareholders of Transact, during January and February 2005 we paid an "earn-out" totaling $39.1 million. This payment was settled through the issuance of 598,302 shares of Company Common Stock and €18.7 million (approximately $24.5 million) in cash. This cash payment was accrued as a current liability as of December 31, 2004. We also recorded approximately $13.0 million as of December 31, 2004 for the second payment in connection with the acquisition of the Movilcarga assets.

Equity Offerings

In November 2003, we raised $20 million in cash through the issuance of approximately 1.1 million shares of our Common Stock to Fletcher International, Ltd. ("Fletcher"). In this transaction, Euronet granted Fletcher certain "additional investment rights" entitling

Fletcher to purchase up to an additional $16.0 million in value of Euronet Common Stock. The shares of Common Stock subject to the additional investment rights were to be purchased at a per share price equal to either (i) the prevailing price at the time of exercise of the additional investment rights (based on a volume-weighted average formula) or (ii) if the prevailing price is less than $17.68, the prevailing price minus $2.00 per share. The additional investment rights were exercisable by Fletcher on one or more occasions commencing March 19, 2004, and for the 15-month period thereafter, which could be extended under certain circumstances. The additional investment rights, under certain circumstances, could be exercised on a “net settlement basis,” under which Fletcher was not required to purchase shares, but received a number of shares of Common Stock that corresponded to any discount between the price Fletcher was to pay for the stock and the then-current market price of the Common Stock that Fletcher could have purchased from Euronet.

In April 2004, Fletcher exercised 50% of its additional investment rights in accordance with its agreement with Euronet, resulting in a net share settlement to Fletcher of 233,451 shares. In May 2004, Fletcher delivered a notice of exercise of the remaining 50% of their additional investment rights, which would result in a net share settlement to Fletcher of 190,248 shares. In November 2004, Fletcher delivered a revised notice of exercise of the remaining 50% of its additional investment rights, claiming entitlement to 319,024 shares based upon the position that such exercise superseded the notice delivered in May 2004. Euronet contested that revised notice and on December 3, 2004 issued Fletcher 190,248 shares as provided in the earlier exercise. In December 2004, Fletcher notified Euronet that it considered Euronet in breach of its obligations under the placement agreement creating the additional investment right. We believe we have honored all of our obligations under the placement agreement with Fletcher relating to the additional purchase rights and that Fletcher’s assertion of default is without basis. We will vigorously defend any attempt on Fletcher’s part to claim the 128,776 shares, which is the difference between Fletcher’s November claim and the May claim.

Effective July 1, 2001, we implemented our Employee Stock Purchase Plan, or ESPP, under which employees have the opportunity to purchase Common Stock through payroll deductions according to specific eligibility and participation requirements. This plan qualifies as an “employee stock purchase plan” under section 423 of the Internal Revenue Code of 1986. We completed a series of offerings of three months duration with new offerings commencing at the beginning of each quarter. Under the plan, participating employees are granted options, which immediately vest and are automatically exercised on the final date of the respective offering period. The exercise price of Common Stock options purchased is the lesser of 85% of the “fair market value” (as defined in the ESPP) of the shares on the first day of each offering or the last day of each offering. The options are funded by participating employees’ payroll deductions or cash payments.

Under the provisions of the ESPP, we reserved 500,000 shares of Common Stock all of which we had issued as of December 31, 2002. In February 2003, we adopted a new ESPP and reserved 500,000 shares of Common Stock for issuance under that plan. During the years ended December 31, 2004 and 2003, we issued 44,670 and 66,524 shares at an average price of $16.00 and $8.22 per share, resulting in proceeds to us of approximately $0.7 million and $0.5 million, respectively.

In 2004, we made matching contributions of 11,482 shares of stock in conjunction with our 401(k) employee benefits plan for the plan year 2003. Under the terms of this plan, employer-matching contributions consist of two parts, referred to as “basic” and “discretionary.” The basic matching contribution is equal to 50% of eligible employee elective salary deferrals between 4% and 6% of participating employee salaries for the plan year. The discretionary matching contribution is determined by our Board of Directors for a plan year and is allocated in proportion to employee elective deferrals. As of December 31, 2004, total employer matching contributions since inception of the plan have consisted of 65,419 shares under the basic match and 16,274 shares under the discretionary matching contribution. See Note 19 –Employee Benefit Plans to the Consolidated Financial Statements.

Leases

In the EFT Processing Segment, we lease many of our ATMs under capital lease arrangements that expire between 2005 and 2011. The leases bear interest between 2.5% and 12% per year. As of December 31, 2004, we owed $21.3 million under these capital lease arrangements. The majority of these lease agreements are in connection with long-term outsourcing agreements where, generally, we purchase a bank’s ATMs and simultaneously sell the ATMs to an entity related to the bank and lease back the ATMs for purposes of fulfilling the ATM outsourcing agreement with the bank. We fully recover the related lease costs from the bank under the outsourcing agreements. Generally, the leases are fully cancelable in the unlikely event the bank or we were to cancel the related outsourcing agreement. We expect that our capital requirements will continue in the future, although our strategy is to focus more on ATM outsourcing opportunities rather than ATM ownership and deployment as well as redeployment of under-performing ATMs will reduce capital requirements. Moreover, we expect that, if terms were acceptable, we would acquire more ATMs from banks related to corresponding outsourcing and lease agreements.

Capital Expenditures and Needs

In the Prepaid Processing Segment, approximately 30,000 of the more than 175,000 POS devices that we operate are Company owned, with the remaining terminals being operated as integrated cash register devices of our major retail customers or owned by the retailers. As the

Prepaid Processing Segment's business expands, we will continue to add terminals in certain independent retail locations at a price of approximately $300 per terminal. We expect the proportion of owned terminals to remain at a similar percent of total terminals operated.

We are required to maintain ATM hardware and software in accordance with certain regulations and mandates established by local country regulatory and administrative bodies as well as Europay, MasterCard and Visa (EMV). Accordingly, we expect additional capital expenditures over the next few years to maintain compliance with these regulations and/or mandates. Upgrades to our ATM software and hardware were required in 2004 and continue into 2005 to meet EMV mandates such as Triple DES (Data Encryption Standard) and "micro–chip" card technology for smart cards. We completed a plan for implementation and delivery of the hardware and software modifications; our capital expenditures necessary to complete these upgrade requirements is approximately $3.0 million to $4.0 million. We will meet this obligation through cash flows and capital lease transactions.

Capital expenditures, including fixed assets, capital leases and purchased software, for 2004 were $22.8 million, $5.3 million for 2003 and $8.0 million for 2002. This increase is due primarily to ATM outsourcing agreements in Hungary and Poland and ATM upgrades in Germany. The reductions in capital expenditures in 2003 compared to 2002 generally related to our strategy shift from owning ATMs to managing ATMs on an outsourced basis. In 2003 and 2002 we were increasing the number of ATMs we independently owned and operated. In addition, in 2002 we commissioned our new EFT processing data center in Budapest, Hungary as well as the alternative business interruption center in Budapest.

Capital expenditures for 2005 are estimated to be approximately $10 million to $12 million. This increase is largely the upgrade of ATMs to meet EMV requirements and "micro-chip" card technology, the purchase of terminals for the Prepaid Processing Segment and office and data center computer equipment and software. With respect to the remaining capital expenditures, we anticipate that we will fund their purchases under lease terms acceptable to us or with cash.

At current and projected cash flow levels together with cash on-hand and amounts available under our recently signed revolving credit agreements, we anticipate that our cash will be sufficient to meet our debt, leasing, acquisition earn-out and capital expenditure obligations. If our cash is insufficient to meet these obligations, we will seek to refinance this debt. However, we can offer no assurances that we will be able to obtain favorable terms for the refinancing of any of the debt or obligations described above.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET ITEMS

We have certain significant off balance sheet items (see Note 26 - Commitments and Contingencies to the Consolidated Financial Statements).

We entered into three acquisition agreements during 2004 and two acquisitions in 2003 that include obligations to make additional payments to the sellers based upon the future performance of the businesses acquired. The purchase agreements for EPS, CPI, Movilcarga, Transact and AIM contain earn-out provisions requiring issuance of cash or Euronet Common Stock, subject to performance criteria. We estimate that the earn-outs for EPS and CPI will be approximately $0.2 million and $0.3 million, respectively, as well as between €7.0 million to €10.0 million (approximately $9.6 million to $13.7 million) for Movilcarga. The earn-out for Transact has been determined at $39.1 million. The earn-out obligation for AIM was fully settled through the issuance of Euronet Common Stock in September 2004. The Transact earn-out was fully settled in cash and common stock subsequent to December 31, 2004. We can offer no assurances that we will be able to generate sufficient cash from operations or obtain financing to meet remaining our obligations when due.

See Note 4 - Acquisitions to the Consolidated Financial Statements for a more complete description of these acquisitions.

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The following table summarizes our contractual obligations as of December 31, 2004:

Contractual Obligations (in thousands)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
		Payments due by period			
Debt obligations	$185,500	$ 2,275	$ 4,550	$ 4,550	$ 174,125
Acquisition earn-out obligations	65,600	52,600	13,000	—	—
Capital leases	26,670	6,723	11,514	5,119	3,314
Operating leases	17,333	3,843	7,122	5,288	1,080
Lines of credit	2,998	2,998	—	—	—
Operating and asset based indebtedness	1,864	1,864	—	—	—
Purchase obligations	19,168	7,743	7,812	2,545	1,068
Total	$319,133	$78,046	$43,998	$17,502	$ 179,587

For additional information on each of these items, see Note 12 –Debt Obligations and Note 15 – Leases to the Consolidated Financial Statements. Purchase obligations include contractual amounts for ATM maintenance, cleaning, telecommunication and cash replenishment operating expenses. While contractual payments may be greater or less based on the number of ATMs and transaction levels, purchase obligations listed above are estimated based on current levels of such business activity.

As of December 31, 2004, we have standby letters of credit issued on its behalf in the amount of approximately $2.9 million. These standby letters of credit are fully collateralized by cash deposits held by the respective issuing banks.

We are from time to time a party to litigation arising in the ordinary course of its business. Currently, there are no legal proceedings that management believes would have a material adverse effect upon our consolidated results of operations or financial condition.

Euronet Worldwide, Inc. regularly grants guarantees of the obligations of its wholly-owned subsidiaries. As of December 31, 2004, Euronet Worldwide, Inc. had granted guarantees of the following obligations and amounts:

- Cash in various ATM networks - $14.2 million over the five- to six-year terms of the cash supply agreements.
- Vendor supply agreements - $2.3 million over the term of the vendor agreements.
- Commercial obligations of our Australian Prepaid Processing subsidiary, including PIN inventory held on consignment with our customers, to a maximum of approximately $40 million as of December 31, 2004.

From time to time, Euronet enters into agreements with unaffiliated parties that contain indemnification provisions, the terms of which may vary depending on the negotiated terms of each respective agreement. The amount of such obligations is not stated in the agreements. Our liability under such indemnification provision may be subject to time and materiality limitations, monetary caps and other conditions and defenses. Such indemnity obligations include the following:

- In connection with the license of proprietary systems to customers, we provide certain warranties and infringement indemnities to the licensee, which generally warrant that such systems do not infringe on intellectual property owned by third parties and that the systems will perform in accordance with their specifications.
- We have entered into purchase and service agreements with our vendors and into consulting agreements with providers of consulting services, pursuant to which we have agreed to indemnify certain of such vendors and consultants, respectively, against third-party claims arising from our use of the vendor's product or the services of the vendor or consultant.
- In connection with our disposition of subsidiaries, operating units and business assets, we have entered into agreements containing indemnification provisions, which are generally described as follows: (i) in connection with acquisitions made by Euronet, we have agreed to indemnify the seller against third party claims made against the seller relating to the subject subsidiary, operating unit or asset and arising after the closing of the transaction, and (ii) in connection with dispositions made by us, we have agreed to indemnify the buyer against damages incurred by the buyer due to the buyer's reliance on representations and warranties relating to the subject subsidiary, operating unit or business assets in the disposition agreement if such representations or warranties were untrue when made.
- We have entered into agreements with certain third parties, including banks that provide fiduciary and other services to Euronet or to our benefit plans. Under such agreements, we have agreed to indemnify such service providers for third party claims relating to the carrying out of their respective duties under such agreements.

To date, we are not aware of any significant claims made by the indemnified parties or parties to guarantee agreements with us and, accordingly, no liabilities have been recorded as of December 31, 2004.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the U.S. requires management of the Company to make judgments, assumptions, and estimates, often as a result of the need to make estimates of matters that are inherently uncertain and for which the actual results will emerge over time. These judgments, assumptions and estimates affect the amounts of assets, liabilities, revenues and expenses reported in the Consolidated Financial Statements and accompanying notes. Note 3 - Summary of Significant Accounting Policies and Practices to the Consolidated Financial Statements describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. Our most critical estimates and assumptions are used for assessing the collectibility of accounts receivable, computing income taxes, estimating the useful lives and potential impairment of long-lived assets and goodwill, as well as allocating the purchase price to assets acquired in acquisitions. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The following descriptions of critical accounting policies are forward-looking statements and are impacted significantly by estimates and should be read in conjunction with “Risk Factors.” Actual results could differ materially from the results anticipated by these forward-looking statements.

Accounting for Income Taxes

The deferred income tax effects of transactions reported in different periods for financial reporting and income tax return purposes are recorded under the liability method. This method gives consideration to the future tax consequences of deferred income or expense items and immediately recognizes changes in income tax laws upon enactment. The income statement effect is generally derived from changes in deferred income taxes, net of valuation allowances, on the balance sheet as measured by differences in the book and tax bases of our assets and liabilities.

We have significant tax loss carryforwards and other temporary differences, which are recorded as deferred tax assets and liabilities. Deferred tax assets realizable in future periods are recorded, net of a valuation allowance based on an assessment of each entity’s or group of entities’ ability to generate sufficient taxable income within an appropriate period, in a specific tax jurisdiction.

In assessing the recognition of deferred tax assets, we consider whether it is more likely than not that some portion or all of the deferred tax assets will be realized. As more fully described in Note 16 - Taxes to the Consolidated Financial Statements, gross deferred tax assets were $31.6 million as of December 31, 2004, substantially offset by a valuation allowance of $21.4 million. 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. We make judgments and estimates on the scheduled reversal of deferred tax liabilities, historical and projected future taxable income, and tax planning strategies in making this assessment.

Based upon the level of historical taxable income and current projections for future taxable income over the periods in which the deferred tax assets are deductible, we believe it is more likely than not that we will realize the benefits of these deductible differences, net of the existing valuation allowance at December 31, 2004.

As requisite history of taxable income is established in certain of the countries in which we operate and baseline forecasts project continued taxable income in these countries, we will reduce the valuation allowance for those deferred tax assets that will be considered realizable.

Impairment or Disposal of Long-Lived Assets

In accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” long-lived assets, such as property, plant & equipment and intangibles assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Factors that are considered important which could trigger an impairment review include the following: significant underperformance relative to expected historical or projected future operating results; significant changes in the manner of the Company’s use of the acquired assets or the strategy for the overall business; and significant negative industry or economic trends. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the respective asset. The same estimates are also used in planning for our long- and short-range business planning and forecasting. We assess the reasonableness of the inputs and outcomes of our discounted cash flow analysis against available comparable market data. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount exceeds the fair value of the respective asset. Assets to be disposed are required to be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale are required to be presented separately in the appropriate asset and liability sections of the balance sheet. Reviewing long-lived assets for impairment requires considerable judgment. Estimating the future cash flows requires significant judgment. If future cash flows do not materialize as expected or there is a future adverse change in market conditions, the Company may be unable to recover the carrying amount of an asset, resulting in future impairment losses.

Goodwill and Other Intangible Assets

In accordance with SFAS No. 141, “Business Combinations,” the Company allocates the purchase price of its acquisitions to the tangible assets, liabilities and intangible assets acquired based on their estimated fair values. The excess purchase price over those fair values is recorded as goodwill. The fair value assigned to intangible assets acquired is supported by valuations using estimates and assumptions provided by management. For larger acquisitions management engaged an appraiser to assist in the evaluation. Intangible assets with finite lives are amortized over their estimated useful lives. As of December 31, 2004, the Company’s balance sheet included goodwill of $183.7 million, 99% of which relates to the Company’s Prepaid Processing Segment, and acquired intangible assets, net of accumulated amortization, of $28.9 million, all of which relates to Prepaid Processing Segment.

Upon adoption of SFAS No. 142, on an annual basis and whenever events or circumstances indicate that the assets may be impaired, the Company is required to identify and determine the carrying value of its reporting units, by assigning assets and liabilities, including goodwill and intangible assets. Impairment tests are performed annually during the fourth quarter and are performed at the reporting unit level. Generally, fair value represents discounted projected future cash flows and potential impairment is indicated when the carrying value of a reporting unit, including goodwill, exceeds its fair value. If potential for impairment exists, the fair value of the reporting unit is subsequently measured against the fair value of its underlying assets and liabilities, excluding goodwill, to estimate an implied fair value of the reporting unit’s goodwill. An impairment loss is recognized for any excess of the carrying value of the reporting unit’s goodwill over the implied fair value. The Company’s annual impairment tests during 2004, 2003 and 2002, as well as the initial impairment test upon adoption of SFAS No. 142 in 2002, indicated that there were no impairments. Estimating the future cash flows of our reporting units requires significant judgment. If future cash flows do not materialize as expected or there is a future adverse change in market conditions, the Company may be unable to recover the carrying amount of an asset, resulting in future impairment losses.

SUBSEQUENT EVENTS

Acquisition of Dynamic TeleCard, Inc.

In March 2005 the Company acquired the assets of Dynamic TeleCard, Inc. (DTC), a U.S.-based top-up company that distributes prepaid services via POS terminals. DTC delivers several types of prepaid products including wireless, long distance and gift cards. The assets of DTC were initially purchased on an “earn-out” basis through the issuance of 434,116 shares of Euronet Common Stock, of which 206,547 shares will be held in escrow and released, subject to certain performance criteria and indemnification claims. The earn-out will be calculated based on certain 2005 performance criteria as specified in the purchase agreement, and is estimated to be between $7 million and $10 million. The Company has the option of paying the earn-out in Euronet Common Stock or a combination of cash and Euronet Common Stock.

BALANCE SHEET ITEMS

Cash and Cash Equivalents

The increase of cash and cash equivalents to $124.2 million at December 31, 2004 from $19.2 million at December 31, 2003 is due primarily to the following activity:

- Cash flow from operations of $44.6 million
- Proceeds of $135.6 million from the issuance of the 2004 Convertible Debentures
- Additional cash borrowings of $9.7 million
- Net proceeds from stock issuances, exercise of stock options, warrants and employee share purchases of $9.8 million
- Offset by:
    - cash investments in the acquisition of our four new Prepaid Processing Segment businesses of $14.3 million
    - purchase of $11.2 million of fixed assets and other long-term assets
    - debt and lease repayments of $72.9 million
    - the remaining difference is attributable to the effect of exchange differences on cash and other items.

Restricted Cash

Restricted cash increased to $69.3 million at December 31, 2004 from $58.3 million at December 31, 2003. Of those balances, $64.6 million and $52.1 million as of December 31, 2004 and 2003, respectively, is cash held in trust and/or cash held on behalf of others in connection with the administration of the customer collection and vendor remittance activities in the Prepaid Processing Segment. Amounts collected from customers that are due to the mobile operators are deposited into a restricted cash account. The increase over prior year is a result of the increased revenue at the end of 2004 as compared to the end of 2003 that is awaiting settlement with the mobile operators. The remaining balances of restricted cash represent primarily ATM deposits and collateral on stand-by letters of credit, which have decreased slightly during 2004 due to the release of amounts held as collateral on letters of credit.

Inventory - PINs and other

Inventory - PINs and other increased to $18.9 million at December 31, 2004 from $2.8 million at December 31, 2003. Inventory—PINs and other includes prepaid personal identification number (PIN) inventory for prepaid mobile airtime purchases related to the Prepaid Processing Segment, primarily in the U.S., and Poland and, to a lesser extent, the U.K. and Germany. Inventory—PINs and other also includes smaller amounts for POS terminals and ATMs held for sale. The increase over 2003 resulted from the 2004 acquisitions of Precept, EPS and CPI, as well as the expansion of e-pay into Poland, where PINs are the predominant method of purchasing prepaid mobile airtime.

Trade Accounts Receivable, net

Trade accounts receivable increased to $110.3 million at December 31, 2004 from $75.6 million at December 31, 2003. The primary component of our trade accounts receivable represents amounts to be collected on behalf of mobile operators in connection with the timing of the settlement process for the growing Prepaid Processing Segment. The increase of $34.7 million over the prior year is primarily due to growth in the Prepaid Processing Segment through the 2004 acquisition of Precept, EPS, CPI and Movilcarga, as well as expansion of Prepaid Processing into Poland and growth in revenue in the U.K., Australia and Germany.

Property, Plant and Equipment, net

Net property, plant and equipment increased to $39.9 million at December 31, 2004 compared to $20.7 million at December 31, 2003. This net increase of $19.2 million, which includes cash purchases of $8.7 million and assets financed under capital lease arrangements of $14.1 million, was due mainly to four factors: (i) $14.3 million in ATM purchases and upgrades, primarily in Poland, Germany and Hungary; (ii) the addition of $3.6 million in POS terminals for existing business in the Prepaid Processing Segment, primarily in Poland and the U.S.; (iii) the addition of $1.6 million for additional processing center equipment in Hungary to handled increased EFT transaction volumes; and (iv) the addition of $1.2 million related to 2004 acquisitions. Other fixed asset additions to office equipment and computer hardware and software totaled $3.6 million. These additions were offset by $10.9 million in depreciation expense for 2004. The remaining change was due to fluctuations in exchange rates relative to the U.S. dollar during 2004.

Intangible Assets and Goodwill, net

Net intangible assets and goodwill increased to $212.6 million at December 31, 2004 from $111.3 million at December 31, 2003 due to the acquisition of Precept, EPS, CPI and Movilcarga and the earn-out payments for AIM and Transact. In accordance with SFAS 142, goodwill and intangible assets are reviewed at least annually for possible impairment.

The following table summarizes the Company’s net intangible assets as of December 31, 2004:

	Amortizable Intangible Assets	Goodwill	Total Intangible Assets
Intangible Assets related to (in thousands):			
1999 German acquisition of ATMs	$ —	$ 2,388	$ 2,388
2003 acquisition of e-pay	13,629	61,272	74,901
2003 acquisition of AIM	493	6,916	7,409
2003 acquisition of Transact	5,677	63,512	69,189
2004 acquisition of Precept	3,040	16,309	19,349
2004 acquisition of EPS	455	1,496	1,951
2004 acquisition of CPI	1,101	5,186	6,287
2004 acquisition of Movilcarga	4,535	26,589	31,124
Total	$ 28,930	$183,668	$212,598

Deferred Tax Assets

Current deferred tax assets decreased to $1.6 million at December 31, 2004 from $2.5 million at December 31, 2003. The decrease is primarily due to (i) the utilization of previously recognized deferred tax assets from net operating losses and (ii) a reduction of previously recognized deferred tax assets resulting from an audit adjustment of Hungary's net operating losses offset in part by (i) the release of valuation allowances on previously unrecognized deferred tax assets from net operating losses and other temporary differences for certain entities and (ii) the recognition of other current deferred tax assets generated during 2004.

Long-term deferred tax assets increased to $8.5 million at December 31, 2004 from $0.3 million at December 31, 2003. The increase is primarily due to the recognition of other long-term deferred tax assets generated during 2004.

Other Assets

Other assets increased to $12.7 million at December 31, 2004 from $4.5 million at December 31, 2003. The increase during 2004 is due to the capitalization of deferred financing costs of $4.4 million related to the $140 million Convertible Debentures, the purchase of ATX Software Ltd. for $2.9 million (see Note 4 – Acquisitions to the Consolidated Financial Statements) and the payment of long-term deposits of $1.1 million in India.

Trade Accounts Payable

Trade accounts payable increased to $155.1 million at December 31, 2004 from $97.2 million at December 31, 2003. The primary component of our trade accounts payable represents payables to mobile operators in connection with the timing of the settlement process for the growing Prepaid Processing Segment. The increase of $57.9 million over the prior year is primarily due to growth in the Prepaid Processing Segment through the 2004 acquisitions of Precept, EPS, CPI and Movilcarga, as well as growth in revenue in the U.K., Australia and Germany.

Accrued Expenses and Other Current Liabilities

Accrued expenses increased to $107.6 million at December 31, 2004 from $36.2 million at December 31, 2003. Included in the balance as of December 31, 2004 is $39.1 million and $13.0 million in accrued purchase price payable related to the Transact earn-out and Movilcarga acquisition, respectively. The remaining $19.3 million increase over prior year is related to the administration of customer collection and vendor remittance activities in the Prepaid Processing Segment.

Short Term Debt Obligations

Short-term debt obligations increased to $4.9 million and $4.0 million at December 31, 2004 and 2003, respectively, which have a weighted average interest rate of 6% for both years. The increase was primarily due to additional borrowings used for the continued expansion of ATM business in India and additional funds needed to support holiday transaction levels in the Czech Republic, which was paid down in January 2005.

Capital Leases

Total capital lease obligations including current installments increased to $21.3 million at December 31, 2004 from $5.2 million at December 31, 2003. This increase is due primarily to ATM outsourcing agreements in Hungary and Poland and ATM upgrades in Germany.

Deferred Tax Liabilities

Current deferred tax liabilities increased to $1.9 million at December 31, 2004 from $1.4 million at December 31, 2003. The increase of $0.5 million is largely attributable to the deferred tax effect of the amortization of intangible assets acquired in connection with the U.S. prepaid and Movilcarga acquisitions.

Non-current deferred tax liabilities increased to $17.5 million at December 31, 2004 from $7.8 million at December 31, 2003. Of this increase, $3.3 million is attributable to the deferred tax effect of the amortization of intangible assets acquired in connection with the acquisitions of the U.S. prepaid businesses and Movilcarga. The remaining portion of the increase is primarily due to (i) deferred taxes on undistributed earnings from e-pay's minority interest in e-pay Malaysia and (ii) the recognition of other long-term deferred tax liabilities generated in those entities during 2004.

Long-Term Debt Obligations

Long-Term Debt Obligations increased to $140 million at December 31, 2004 from $55.8 million at December 31, 2003 due primarily to the Company completing the offering of $140 million in contingently convertible debentures more fully described in Note 12 – Debt Obligations, to the Consolidated Financial Statements. All other borrowings were repaid in full during the year. A summary of the activity for the year ended December 31, 2004 is as follows:

	Debt Obligations (in thousands)					
	Acquisition Indebtedness					
	8% e-pay notes due Feb. 2005	7% Precept notes due Jan. 2005	Subtotal	12 3/8% Senior Discount Notes Due June 2006	1.625% Convertible Debentures Due Dec. 2024	Total
Balance at December 31, 2003	$ 12,271	$ —	$ 12,271	$ 43,521	$ —	$ 55,792
Indebtedness incurred	—	4,000	4,000	—	140,000	144,000
Repayments	(13,451)	(4,000)	(17,451)	(44,522)	—	(61,973)
Foreign exchange loss	1,180	—	1,180	1,001	—	2,181
Balance at December 31, 2004	$ —	$ —	$ —	$ —	$ 140,000	$140,000

Stockholders' Equity (Deficit)

Stockholders' equity increased to $141.9 million at December 31, 2004 from $81.9 million at December 31, 2003. This increase results primarily from the following activity:

- $18.4 million in net income for 2004,
- shares issued for acquisitions of $25.9 million,
- net proceeds from exercise of stock options, warrants and employee share purchases of $10.0 million,
- $4.2 million increase in accumulated other comprehensive income, and
- $1.5 million in other net increases

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-Based Payment." SFAS No. 123R supersedes APB Opinion No. 25, which requires recognition of compensation expense when stock-based incentives are awarded for services provided. SFAS No. 123R requires the determination of the fair value of the share-based compensation at the grant date and the recognition of the related expense over the period in which the share-based compensation vests. SFAS No. 123R permits a prospective or two modified versions of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods by the original SFAS No. 123. We are required to adopt the provisions of SFAS No. 123R effective July 1, 2005, at which time we will begin recognizing an expense for unvested share-based compensation that has been issued or will be issued after that date. Under the retroactive options, prior periods may be restated either as of the beginning of the year of adoption, January 1, 2005 for the Company, or for all periods presented. We have not yet finalized our decision concerning the transition option that we will utilize to adopt SFAS No. 123R or completed our analysis of the estimated impact that its adoption will have on our financial position and results from operations, however, the impact on net income is likely to be significant.

On October 22, 2004, President Bush signed into law H.R. 4520, otherwise known as the American Jobs Creation Act of 2004 (the "Act"). The Act contains several provisions that impact U.S. multinational companies including a temporary incentive to repatriate foreign earnings at an effective tax rate of 5.25%. In accordance with SFAS 109, *Accounting for Income Taxes*, the Company records adjustments to its deferred tax assets and liabilities for the impact of changes in tax laws and rates in the period of enactment. However, on December 21, 2004, the Financial Accounting Standard's Board ("FASB") issued FASB Staff Position 109-2 ("FSP 109-2), *Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004*, which provides companies an extension of time beyond the period of enactment to evaluate the effect of the Act on its plan for reinvestment or repatriation of earnings. As of December 31, 2004, the Company is evaluating the provisions of the Act to determine whether, given the Company's U.S. federal tax position, the repatriation incentive would be advantageous to the Company. The Company does not expect to complete the evaluation until later in 2005. Until such decision is made, the Company will not change its current intention to indefinitely reinvest the accumulated earnings of its foreign subsidiaries.

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 are forward-looking statements, including statements regarding the following:

- our business plans and financing plans and requirements,
- trends affecting our business plans and financing plans and requirements,
- trends affecting our business,
- the adequacy of capital to meet our capital requirements and expansion plans,
- the assumptions underlying our business plans,
- business strategy,
- government regulatory action,
- technological advances, or
- projected costs and revenues.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we 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 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 the following:

- technological and business developments in the local card, electronic and mobile banking and mobile phone markets affecting transaction and other fees that we are able to charge for our services;
- foreign exchange fluctuations;
- competition from bank-owned ATM networks, outsource providers of ATM services, providers of prepaid mobile phone services and software providers;
- our relationships with our major customers, sponsor banks in various markets, international card organizations and mobile operators, including the risk of contract terminations with our major clients; or
- changes in laws and regulations affecting our business.

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The risks and uncertainties described below are not the only ones facing our company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

If any of the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected. In that case, the trading price of the Debentures and our common stock could decline substantially.

This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors, including the risks described below and elsewhere in this prospectus.

Risks Related to Our Business

We have a substantial amount of debt and other contractual commitments, and the cost of servicing those obligations could adversely affect our business and hinder our ability to make payments on the Debentures, and such risk could increase if we incur more debt.

We have a substantial amount of indebtedness. As of December 31, 2004, our total liabilities were approximately $477 million and our total assets were approximately $618 million. In addition, we will have to pay approximately $13 million as deferred consideration in connection with the CPI and the Meflur acquisitions. A portion of these obligations may be paid in stock. While we expect to satisfy such obligations from available cash and operating cash flows, we may not have sufficient funds to satisfy all such obligations as a result of a variety of factors, some of which may be beyond our control. If the opportunity of a strategic acquisition arises or if we enter into new contracts that require the installation or servicing of ATM machines on a faster pace than anticipated, we may be required to incur additional debt for these purposes and to fund our working capital needs, which we may not be able to obtain.

The level of our indebtedness could have important consequences to investors, including the following:

- our ability to obtain any necessary financing in the future for working capital, capital expenditures, debt service requirements or other purposes may be limited or financing may be unavailable;
- a substantial portion of our cash flows must be dedicated to the payment of principal and interest on our indebtedness and other obligations and will not be available for use in our business;
- our level of indebtedness could limit our flexibility in planning for, or reacting to, changes in our business and the markets in which we operate;
- our high degree of indebtedness will make us more vulnerable to changes in general economic conditions and/or a downturn in our business, thereby making it more difficult for us to satisfy our obligations; and
- because a portion of our indebtedness and other obligations are denominated in other currencies, and because a portion of our debt bears interest at a variable rate of interest, our actual debt service obligations could increase as a result of adverse changes in currency exchange and interest rates.

If we fail to make required debt payments, or if we fail to comply with other covenants in our debt service agreements, we would be in default under the terms of these agreements. This would permit the holders of the indebtedness to accelerate repayment of this debt and could cause defaults under other indebtedness that we have.

Although we have reported net income in recent periods, our concentration on expansion of our business in the future may significantly impact our ability to continue to report net income.

During the period from January 1, 2000 through December 31, 2002, we reported a net loss in each of these fiscal years, primarily attributable to our investments for the expansion of our business. We believe these investments have recently started to produce positive results for us, as evidenced by our reporting of net income of approximately $18.4 million for the year ended December 31, 2004. We may experience operating losses again in the future while we continue to concentrate on expansion of our business and increasing our market share.

Restrictive covenants in our credit facilities may adversely affect us.

Our credit facilities contain a variety of restrictive covenants that limit our ability to incur debt, make investments, pay dividends and sell assets. In addition, these facilities require us to maintain specified financial ratios, including Debt to EBITDA and EBITDAR to fixed charges, and satisfy other financial condition tests, including a minimum EBITDA test. See “Description of Credit Facility.” Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet those tests. A breach of any of these covenants could result in a default under our credit facilities. Upon the occurrence of an event of default under our credit facilities, the lenders could elect to declare all amounts outstanding under the credit facilities to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. We have pledged a substantial portion of our assets as security under the credit facilities. If the lenders under either credit facility accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay our credit facilities and our other indebtedness, including the notes.

The Debt to EBITDA ratio contained in the credit facilities limits our “funded debt” to not more than two times our “EBITDA” for the last four quarters, in each case as defined in the credit facilities. “EBITDA” includes the historical pro-forma effect of any acquisitions to the extent agreed to by the lenders. “Funded debt” is defined as certain debt minus proceeds of this offering so long as such proceeds are deposited in designated accounts. We will deposit a substantial portion of the proceeds into such accounts in order to comply with such covenant. Following this offering, we will only be able to utilize the proceeds of this offering or incur additional debt to the extent that, after giving effect to such utilization, our debt (less the remaining amount of proceeds in such account) is less than two times our EBITDA, including historical pro forma effect of any acquisitions. Accordingly, our ability to use the proceeds of this offering or incur additional debt for purposes other than debt repayment or for acquisitions that increase our "EBITDA", will be limited until such time as our EBITDA increases.

Our business may suffer from risks related to our recent acquisitions and potential future acquisitions.

A substantial portion of our recent growth is due to acquisitions, and we continue to evaluate potential acquisition opportunities. We cannot assure you that we will be able to successfully integrate, or otherwise realize anticipated benefits from, our recent acquisitions, including the e-pay, Transact, Precept, EPS, CPI, AIM and Movilcarga, or any future acquisitions, which could adversely impact our long-term competitiveness and profitability. The integration of our recent acquisitions and any future acquisitions will involve a number of risks that could harm our financial condition, results of operations and competitive position. In particular:

- the integration plan for our acquisitions assumes benefits based on analyses that involve assumptions as to future events, including leveraging our existing relationships with mobile phone operators and retailers, as well as general business and industry conditions, many of which are beyond our control and may not materialize. Unforeseen factors may offset components of our integration plan in whole or in part. As a result, our actual results may vary considerably, or be considerably delayed, compared to our estimates;
- the integration process could disrupt the activities of the businesses that are being combined. The combination of companies requires, among other things, coordination of administrative and other functions. In addition, the loss of key employees, customers or vendors of acquired businesses could materially and adversely impact the integration of the acquired business;
- the execution of our integration plans may divert the attention of our management from operating our business; or
- we may assume unanticipated liabilities and contingencies.

Future acquisitions may be affected through the issuance of our common stock, or securities convertible into our common stock, which could substantially dilute the ownership percentage of our current stockholders. In addition, shares issued in connection with future acquisitions could be publicly tradable, which could result in a material decrease in the market price of our common stock.

A lack of business opportunities or financial resources may impede our ability to continue to expand at desired levels, and our failure to expand operations could have an adverse impact on our financial condition.

Our expansion plans and opportunities are focused on three separate areas: (i) our network of owned and operated ATMs; (ii) outsourced ATM management contracts; and (iii) our prepaid mobile phone airtime services.

The continued expansion and development of our ATM business will depend on various factors including the following:

- the demand for our ATM services in our current target markets;
- the ability to locate appropriate ATM sites and obtain necessary approvals for the installation of ATMs;
- the ability to install ATMs in an efficient and timely manner;
- the expansion of our business into new countries as currently planned;
- entering into additional card acceptance and ATM management agreements with banks;
- the ability to obtain sufficient numbers of ATMs on a timely basis; and
- the availability of financing for the expansion.

We carefully monitor the growth of our ATM networks in each of our markets, and we accelerate or delay our expansion plans depending on local market conditions, such as variations in the transaction fees we receive, competition, overall trends in ATM transaction levels and performance of individual ATMs.

We cannot predict the increase or decrease in the number of ATMs we manage under outsourcing agreements, because this depends largely on the willingness of banks to enter into outsourcing contracts with us. Banks are very deliberate in negotiating these agreements and the process of negotiating and signing outsourcing agreements typically takes six to 12 months or longer. Moreover, banks evaluate a wide range of matters when deciding to choose an outsource vendor and generally this decision is subject to extensive management analysis and approvals. The process is exacerbated by the legal and regulatory considerations of local countries, as well as local language complexities. These agreements tend to cover large numbers of ATMs, so significant increases and decreases in our pool of managed ATMs could result from signature or termination of these management contracts. In this regard, the timing of both current and new contract revenues is uncertain and unpredictable.

We currently offer prepaid mobile phone top-up services in the U.S., Europe and Asia Pacific We plan to expand our top-up business in these and other markets by taking advantage of our existing relationships with mobile phone operators and retailers. This expansion will depend on various factors, including the following:

- the ability to negotiate new agreements in these markets with mobile phone operators and retailers;
- the continuation of the trend of increased use of electronic prepaid airtime among mobile phone users;
- the development of mobile phone networks in these markets and the increase in the number of mobile phone users; or
- the availability of financing for the expansion.

In addition, our continued expansion may involve acquisitions that could divert our resources and management time and require integration of new assets with our existing networks and services and could require financing that we may not be able to obtain. Our ability to manage our rapid expansion effectively will require us eventually to expand our operating systems and employee base. An inability to do this could have a material adverse effect on our business, growth, financial condition or results of operations.

We are subject to business cycles and other outside factors that may negatively affect mobile phone operators, retailers and our customers.

A recessionary economic environment or other outside factors could have a negative impact on mobile phone operators, retailers and our customers and could reduce the level of ATM transactions, which could, in turn, negatively impact our financial results. If mobile phone operators experience decreased demand for their prepaid products and services (including due to increasing usage of postpaid services) or if the retail locations where we provide POS top-up services decrease in number, we will process fewer transactions, resulting in lower revenue. In addition, a recessionary economic environment could result in a higher rate of bankruptcy filings by mobile phone operators, retailers and our customers and could reduce the level of ATM transactions, which will have a negative impact on our business.

Our prepaid mobile airtime top-up business may be susceptible to fraud occurring at the retailer level.

In our prepaid processing segment, we contract with retailers that accept payment on our behalf, which we then transfer to a trust or other operating account for payment to mobile phone operators. In the event a retailer does not transfer to us payments that it receives for mobile phone airtime, we are responsible to the mobile phone operator for the cost of the airtime credited to the customer's mobile phone. Although, in certain circumstances, we maintain credit enhancement insurance polices and take other precautions to mitigate this risk, we can provide no assurance that retailer fraud will not increase in the future or that any proceeds we receive under our insurance policies will be adequate to cover losses resulting from retailer fraud, which could have a material adverse effect on our business, financial condition and results of operations.

Because we typically enter into short-term contracts with mobile phone operators and retailers, our top-up business is subject to the risk of non-renewal of those contracts.

Our contracts with mobile phone operators to process prepaid mobile phone airtime recharge services typically have terms of two to three years or less. Many of those contracts may be canceled by either party upon three months' notice. Our contracts with mobile phone operators are not exclusive, so these operators may enter into top-up contracts with other service providers. In addition, our top-up service contracts with major retailers typically have terms of one to two years and our contracts with smaller retailers typically may be canceled by either party upon three months' notice. The cancellation or non-renewal of one or more of our significant mobile phone operator or retail contracts, or of a large enough group of our contracts with smaller retailers, could have a material adverse effect on our business, financial condition and results of operations. In addition, our contracts generally permit operators to reduce our fees at any time. Commission revenue or fee reductions by any of the mobile phone operators could also have a material adverse effect on our business, financial condition or results of operations.

In the U.S. and certain other countries, processes we employ may be subject to patent protection by other parties.

We have commenced prepaid processing operations in the U.S. The contribution of these operations to our financial results is currently insignificant, but we hope to expand this business rapidly. In the U.S., patent protection legislation permits the protection of processes. We employ certain processes in the U.S. that have been used in the industry by other parties for many years, and which we and other companies using the same or similar processes consider to be in the public domain. However, we are aware that certain parties believe they hold patents that cover some of the processes employed in the prepaid processing industry in the U.S. The question whether a process is in the public domain is a legal determination, and if this issue is litigated we cannot be certain of the outcome of any such litigation. If a person were to assert that it holds a patent covering any of the processes we use, we would be required to defend ourselves against such claim and if unsuccessful, would be required to either modify our processes or pay license fees for the use of such processes. This could materially and adversely affect our U.S. prepaid processing business and could result in our reconsidering the rate of expansion of this business in the U.S.

The level of transactions on our ATM and prepaid processing networks is subject to substantial seasonal variation, which may cause our quarterly results to fluctuate materially and create volatility in the price of our shares.

Our experience is that the level of transactions on our networks is subject to substantial seasonal variation. Transaction levels have consistently been much higher in the last quarter of the year due to increased use of ATMs and prepaid top ups during the holiday season. The level of transactions drops in the first quarter, during which transaction levels are generally the lowest we experience during the year. Since revenues of the EFT Processing and Prepaid Processing Segments are primarily transaction-based, these segments are directly affected by this cyclicality. As a result of these seasonal variations, our quarterly operating results may fluctuate materially and could lead to volatility in the price of our shares.

The stability and growth of our ATM business depend on maintaining our current card acceptance and ATM management agreements with banks and international card organizations, and on securing new arrangements for card acceptance and ATM management.

The stability and future growth of our ATM business depend in part on our ability to sign card acceptance and ATM management agreements with banks and international card organizations. Card acceptance agreements allow our ATMs to accept credit and debit cards issued by banks and international card organizations. ATM management agreements generate service income from our management of ATMs for banks. These agreements are the primary source of our ATM business.

These agreements have expiration dates and banks and international card organizations are generally not obligated to renew them. In some cases, banks may terminate their contracts prior to the expiration of their terms. We cannot assure you that we will be able to continue to sign or maintain these agreements on terms and conditions acceptable to us or that international card organizations will continue to permit our ATMs to accept their credit and debit cards. The inability to continue to sign or maintain these agreements, or to continue to accept the credit and debit cards of local banks and international card organizations at our ATMs in the future, could have a material adverse effect on our business, growth, financial condition or results of operations.

Retaining the founders of our company, and of companies that we acquire, and finding and retaining qualified personnel in Europe may be important to our continued success.

Our strategy and its implementation depend in large part on the founders of our company, in particular Michael Brown and Daniel Henry, and their continued involvement in Euronet in the future. In addition, the success of the expansion of businesses that we acquire may depend in large part upon the retention of the founders of those businesses. Our success also depends in part on our ability to hire and retain highly skilled and qualified management, operating, marketing, financial and technical personnel. The competition for qualified personnel in Central Europe and the other markets where we conduct our business is intense and, accordingly, we cannot assure you that we will be able to continue to hire or retain the required personnel.

Our officers and some of our key personnel have entered into service or employment agreements containing non-competition, non-disclosure and non-solicitation covenants and providing for the granting of incentive stock options with long-term vesting requirements. However, most of these contracts do not guarantee that these individuals will continue their employment with us. The loss of our key personnel could have a material adverse effect on our business, growth, financial condition or results of operations.

Our operating results depend in part on the volume of transactions on ATMs in our network and the fees we can collect from processing these transactions.

Transaction fees from banks and international card organizations for transactions processed on our ATMs have historically accounted for a substantial majority of our revenues. These fees are set by agreement among all banks in a particular market. Although we are less dependent on these fees due to our Prepaid Processing Segment, the future operating results of our ATM business depend on the following factors:

- the increased issuance of credit and debit cards;
- the increased acceptance of our ATM processing and management services in our target markets;
- the maintenance of the level of transaction fees we receive;
- the installation of larger numbers of ATMs; and
- the continued use of our ATMs by credit and debit cardholders.

Although we believe that the volume of transactions in developing countries will tend to increase due to growth in the number of cards being issued by banks in these markets, we anticipate that transaction levels on any given ATM in developing markets will not increase significantly. We can improve the levels of transactions on our ATM network overall by acquiring good sites for our ATMs, eliminating poor locations, entering new less-developed markets and adding new transactions to the sets of transactions that are available on our ATMs. However, we may not be successful in materially increasing transaction levels through these measures. Per-transaction fees have declined in certain markets in recent years. If we cannot continue to increase our transaction levels and per-transaction fees generally decline, our results would be adversely affected.

Our operating results depend in part on the volume of transactions for pre-paid phone services and the commissions we receive for these services.

Our Prepaid Processing Segment derives revenues based on processing fees from mobile and other telecommunication operators or distributors of prepaid wireless products. Generally, these operators have the right to reduce the overall fee paid for each transaction, although a portion of such reductions can be passed along to retailers. In the last year, processing fees per transaction have been declining in most markets, and we expect that trend to continue. We have been able to improve our results despite that trend due to substantial growth in transactions, driven by acquisitions and organic growth. We do not expect to continue this rate of growth. If we cannot continue to increase our transaction levels and per-transaction fees continue to decline, our results would be adversely affected.

Developments in electronic financial transactions, such as the increased use of debit cards by customers and pass-through of ATM transaction fees by banks to customers or developments in the mobile phone industry, could materially reduce ATM transaction levels and our revenues.

Certain developments in the field of electronic financial transactions may reduce the amount of cash that individuals need on a daily basis, including the promotion by international card organizations and banks of the use of bank debit cards for transactions of small amounts. These developments may reduce the transaction levels that we experience on our ATMs in the markets where they occur. Banks also could elect to pass through to their customers all, or a large part of, the fees we charge for transactions on our ATMs. This would increase the cost of using our ATM machines to the banks' customers, which may cause a decline in the use of our ATM machines and, thus, have an adverse effect on revenues. If transaction levels over our existing ATM network do not increase, growth in our revenues from the ATMs we own will depend primarily on rolling out ATMs at new sites and developing new markets, which requires capital investment and resources and reduces the margin we realize from our revenues.

The mobile phone industry is a rapidly evolving area, in which technological developments, in particular the development of new methods or services, may affect the demand for other services in a dramatic way. The development of any new technology that reduces the need or demand for prepaid mobile phone time could materially and adversely affect our business.

We generally have little control over the ATM transaction fees established in the markets where we operate, and therefore cannot control any potential reductions in these fees.

The amount of fees we receive per transaction is set in various ways in the markets in which we do business. We have card acceptance agreements or ATM management agreements with some banks under which fees are set. However, we derive the bulk of our revenues in most markets from “interchange fees” that are set by the central ATM processing switch. The banks that participate in these switches set the interchange fee, and we are not in a position in any market to greatly influence these fees, which may increase or decrease over time. A significant decrease in the interchange fee in any market could adversely affect our results in that market.

In some cases, we are dependent upon international card organizations and national transaction processing switches to provide assistance in obtaining settlement from card issuers of funds relating to transactions on our ATMs.

Our ATMs dispense cash relating to transactions on credit and debit cards issued by banks. We have in place arrangements for the settlement to us of all of those transactions, but in some cases we do not have a direct relationship with the card-issuing bank and rely for settlement on the application of rules that are administered by international card associations (such as Visa or MasterCard) or national transaction processing switching networks. If a bankcard association fails to settle transactions in accordance with those rules, we are dependent upon cooperation from such organizations or switching networks to enforce our right of settlement against such banks or card associations. Failure by such organizations or switches to provide the required cooperation could result in our inability to obtain settlement of funds relating to transactions and adversely affect our business.

We derive a significant amount of revenue in our business from service contracts signed with financial institutions to own and/or operate their ATM machines.

Certain contracts have been and, in the future, may be terminated by the financial institution resulting in a substantial reduction in revenue. Contract termination payments, if any, may be inadequate to replace revenues and operating income associated with these contracts.

Because our business is highly dependent on the proper operation of our computer network and telecommunications connections, significant technical disruptions to these systems would adversely affect our revenues and financial results.

Our business involves the operation and maintenance of a sophisticated computer network and telecommunications connections with banks, financial institutions, mobile operators and retailers. This, in turn, requires the maintenance of computer equipment and infrastructure, including telecommunications and electrical systems, and the integration and enhancement of complex software applications. Our ATM segment also uses a satellite based system that is susceptible to the risk of satellite failure. There are operational risks inherent in this type of business that can result in the temporary shutdown of part or all of our processing systems, such as failure of electrical supply, failure of computer hardware and software errors. Excluding our German ATMs, we operate all of our ATMs through our processing centers in Budapest, Hungary and Mumbai, India, and any operational problem in these centers may have a significant adverse impact on the operation of our network generally. In addition, we operate all of our top-up services through our processing centers in the U.K., Germany, Spain and the U.S., and any operational problem there could have a significant adverse impact on the operation of our top-up network.

We employ experienced operations and computer development staff and have created redundancies and procedures in our processing centers to decrease these risks. However, these risks cannot be eliminated entirely. Any technical failure that prevents operation of our systems for a significant period of time will prevent us from processing transactions during that period of time and will directly and adversely affect our revenues and financial results.

We have the risk of liability for fraudulent bankcard and other card transactions involving a breach in our security systems, as well as for ATM theft and vandalism.

We capture, transmit, handle and store sensitive information in conducting and managing electronic, financial and mobile transactions, such as card information and PIN numbers. These businesses involve certain inherent security risks, in particular the risk of electronic interception and theft of the information for use in fraudulent card transactions. We incorporate industry-standard encryption technology and processing methodology into our systems and software to maintain high levels of security. Although this technology and methodology decrease security risks, they cannot be eliminated entirely, as criminal elements apply increasingly sophisticated technology to attempt to obtain unauthorized access to the information handled by ATM and electronic financial transaction networks.

Any breach in our security systems could result in the perpetration of fraudulent financial transactions for which we may be found liable. We are insured against various risks, including theft and negligence, but our insurance coverage is subject to deductibles, exclusions and limitations that may leave us bearing some or all of any losses arising from security breaches.

In addition to electronic fraud issues, the possible theft and vandalism of ATMs present risks for our ATM business. We install ATMs at high-traffic sites and consequently our ATMs are exposed to theft and vandalism. Although we are insured against these risks, exclusions or limitations in our insurance coverage may leave us bearing some or all of any loss arising from theft or vandalism of ATMs.

We are required under German law and the rules of financial transaction switching networks in all of our markets to have “sponsors” to operate ATMs and switch ATM transactions. Our failure to secure “sponsor” arrangements in any market could prevent us from doing business in that market.

Under German law, only a licensed financial institution may operate ATMs, and we are therefore required to have a “sponsor” bank to conduct our German ATM operations. In addition, in all of our markets, our ATMs are connected to national financial transaction switching networks owned or operated by banks, and to other international financial transaction switching networks operated by organizations such as Citibank, Visa and MasterCard. The rules governing these switching networks require any company sending transactions through these switches to be a bank or a technical service processor that is approved and monitored by a bank. As a result, the operation of our ATM network in all of our markets depends on our ability to secure these “sponsor”-type arrangements with financial institutions.

To date, we have been successful in reaching contractual arrangements that have permitted us to operate in all of our target markets. However, we cannot assure you that we will continue to be successful in reaching these arrangements, and it is possible that our current arrangements will not continue to be renewed.

Our competition in the EFT Processing Segment and Prepaid Processing Segment include large, well financed companies and banks and, in the software market, companies larger than us with earlier entry into the market. As a result, we may lack the financial resources and access needed to capture increased market share.

EFT Processing Segment — Our principal EFT Processing competitors include ATM networks owned by banks and national switches consisting of consortiums of local banks that provide outsourcing and transaction services only to banks and independent ATM deployers in that country. Large, well-financed companies that operate ATMs offer ATM network and outsourcing services that compete with us in various markets. None of these competitors have dominant market share. Competitive factors in our EFT

Processing Segment include network availability and response time, price to both the bank and to its customers, ATM location and access to other networks.

Certain independent (non bank-owned) companies provide electronic recharge on ATMs in individual markets in which we provide this service. We are not aware of any individual independent companies providing electronic recharge on ATMs across multiple markets in which we provide this service. In this area, we believe competition will come principally from the banks providing such services on their own ATMs through relationships with mobile operators or from card transaction switching networks that add recharge transaction capabilities to their offerings (as is the case in the U.K. through the LINK network).

Prepaid Processing Segment — We face competition in the prepaid business in all of our markets. A few multinational companies operate in several of our markets, and we therefore compete with them in a number of countries. In other markets, our competition is from smaller, local companies. None of these companies is dominant in any of the markets where we do business.

We believe, however, that we currently have a competitive advantage due to various factors. First, in the U.K., Germany and Australia, our acquired subsidiaries have been concentrating on the sale of prepaid airtime for longer than most of our competitors and have significant market share in those markets. We have approximately 40% of the POS recharge market in the U.K., 60% in Germany and 40% in Australia. In addition, we offer complementary ATM and mobile recharge solutions through our EFT processing centers. We believe this will improve our ability to solicit the use of networks of devices owned by third parties (for example, banks and switching networks) to deliver recharge services. In selected developing markets, we hope to establish a first to market advantage by rolling out terminals rapidly before competition is established. We also have an extremely flexible technical platform that enables us to tailor POS solutions to individual merchant and mobile operator requirements where appropriate. The GPRS (wireless) technology, designed by our Transact subsidiary, will also give us an advantage in remote areas where landline phone lines are of lesser quality or nonexistent.

The principal competitive factors in this area include price (that is, the level of commission charged for each recharge transaction) and up time offered on the system. Major retailers with high volumes are in a position to demand a larger share of the commission, which increases the amount of competition among service providers.

Software Solutions Segment — We are the leading supplier of electronic financial transaction processing software for the IBM iSeries (formerly AS/400) platform in a largely fragmented market, which is made up of competitors that offer a variety of solutions that compete with our products, ranging from single applications to fully integrated electronic financial processing software. Other industry suppliers service the software requirements of large mainframe systems and UNIX-based platforms, and accordingly are not considered competitors. We have specific target customers consisting of financial institutions that operate their back office systems with the IBM iSeries.

The Software Solutions Segment has multiple types of competitors. Competitors of the Software Solutions Segment compete across all EFT software components in the following areas: (i) ATM, network and POS software systems, (ii) Internet banking software systems, (iii) credit card software systems, (iv) mobile banking systems, (v) mobile operator solutions, (vi) telephone banking, and (vii) full EFT software.

Competitive factors in the Software Solutions business include price, technology development and the ability of software systems to interact with other leading products.

We conduct a significant portion of our business in Central and Eastern European countries, and we have subsidiaries in the Middle East and Asia, where the risk of continued political, economic and regulatory change that could impact our operating results is greater than in the U.S. or Western Europe.

Certain tax jurisdictions that we operate in have complex rules regarding the valuation of inter-company services, cross-border payments between affiliated companies and the related effects on income tax, value-added tax (VAT), transfer tax and share registration tax. Our foreign subsidiaries frequently undergo VAT reviews, and two of our subsidiaries are currently undergoing comprehensive tax reviews. From time to time, we may be reviewed by tax authorities and be required to make additional tax payments should the review result in different interpretations, allocations or valuations of our services. We obtain legal, tax and regulatory advice as necessary to ensure compliance with tax and regulatory matters.

We have subsidiaries in Hungary, Poland, the Czech Republic, Romania, Slovakia, Spain, Greece, Croatia, India, Egypt and Indonesia and have operations in other countries in Central Europe, the Middle East and Asia. We sell software in many other markets in the developing world. These countries have undergone significant political, economic and social change in recent years and the risk of new, unforeseen changes in these countries remains greater than in the U.S. or Western Europe. In particular, changes in laws or regulations or in the interpretation of existing laws or regulations, whether caused by a change in government or otherwise, could materially adversely affect our business, growth, financial condition or results of operations.

For example, currently there are no limitations on the repatriation of profits from any of the countries in which we have subsidiaries (although U.S. tax laws discourage repatriation), but foreign exchange control restrictions, taxes or limitations may be imposed or increased in the future with regard to repatriation of earnings and investments from these countries. If exchange control restrictions, taxes or limitations are imposed, our ability to receive dividends or other payments from affected subsidiaries could be reduced, which may have a material adverse effect on us.

In addition, corporate, contract, property, insolvency, competition, securities and other laws and regulations in Hungary, Poland, the Czech Republic, Romania, Croatia and other countries in Central Europe have been, and continue to be, substantially revised during the completion of their transition to market economies. Therefore, the interpretation and procedural safeguards of the new legal and regulatory systems are in the process of being developed and defined, and existing laws and regulations may be applied inconsistently. Also, in some circumstances, it may not be possible to obtain the legal remedies provided for under these laws and regulations in a reasonably timely manner, if at all.

Transmittal of data by electronic means and telecommunications is subject to specific regulation in most Central European countries. Although these regulations have not had a material impact on our business to date, changes in these regulations, including taxation or limitations on transfers of data across national borders, could have a material adverse effect on our business, growth, financial condition or results of operations.

Because we derive our revenue from a multitude of countries with different currencies, our business is affected by local inflation and foreign exchange rates and policies.

We attempt to match any assets denominated in a currency with liabilities denominated in the same currency. Nonetheless, substantially all of our indebtedness is denominated in U.S. dollars, euro and British pounds. While a significant amount of our expenditures, including the acquisition of ATMs, executive salaries and certain long-term telecommunication contracts, are made in U.S. dollars, most of our revenues are denominated in other currencies. The U.S. dollar has recently declined significantly against these currencies. As exchange rates among the U.S. dollar, the euro, and other currencies fluctuate, the translation effect of these fluctuations may have a material adverse effect on our results of operations or financial condition as reported in U.S. dollars. Moreover, exchange rate policies have not always allowed for the free conversion of currencies at the market rate. An increase in the value of the dollar would have an adverse effect on our results.

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 Organization of Economic Cooperation and Development ("OECD") countries over this time period. 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. Nonetheless, rates of inflation in these countries may continue to fluctuate from time to time. The majority of our subsidiaries' revenues are denominated in the local currency.

Our directors and officers, together with the entities with which they are associated, owned about 13% of our common stock as of December 31, 2004, giving them significant control over decisions related to our Company.

This control includes the ability to influence the election of other directors of our Company and to cast a large block of votes with respect to virtually all matters submitted to a vote of our stockholders. This concentration of control may have the effect of delaying or preventing transactions or a potential change of control of our Company.

The sale of a substantial amount of our common stock in the public market could materially decrease the market price of our common stock, and about 29% of our outstanding common stock, cannot currently be traded publicly, but may be publicly traded in blocks in the future because we have filed resale registrations statements for a majority of such shares or such shares have been held by non-affiliates for more than two years.

If a substantial amount of our common stock were sold in the public market, or even targeted for sale, this could have a material adverse effect on the market price of our common stock and our ability to sell common stock in the future. As of December 31, 2004, we had approximately 33 million shares of common stock outstanding, of which approximately 9.7 million shares (including the shares we issued in the Transact acquisition, the Fletcher financing, the Precept and the CPI acquisitions), or about 29%, cannot currently be traded on the public market without compliance with Rule 144. About 4.3 million of these shares are held by persons who may be deemed to be our affiliates and who would be subject to Rule 144 of the general rules and regulations of the Commission. Rule 144 limits the number of shares that affiliates can publicly sell during each 90-day period. However, over the course of time, these 9.7 million shares have the potential to be freely publicly traded, perhaps in large blocks. Moreover, we have filed registration statements to permit the resale of a substantial portion of such shares, which would permit them to sell shares at any time without regard to the Rule 144 limitations. We, our executive officers and directors have agreed, subject to limited exceptions, not to directly or indirectly offer, sell or otherwise dispose of any shares of our common stock or any securities convertible or exchangeable into our common stock for a period of 90 days from the date of this prospectus. However, notwithstanding the foregoing restriction, our executive officers and directors, several of whom have existing Rule 10b5-1 plans, may sell shares of our common stock pursuant to such plans during the 90-day lockup period. In addition, none of our other shareholders have entered into any such lockup agreements.

An additional 10.7 million shares of common stock could be added to the total outstanding common stock through the exercise of options or the issuance of additional shares of our common stock pursuant to existing agreements. This could dilute the ownership percentage of current stockholders. Also, once they are outstanding, these shares of common stock could be traded in the future and result in a material decrease in the market price of our common stock.

As of December 31, 2004, we had an aggregate of 5.1 million options outstanding held by our directors, officers and employees, which entitles these holders to acquire an equal number of shares of our common stock on exercise. Of this amount, 2.2 million options are currently vested, which means they can be exercised at any time. Approximately 0.4 million additional shares of our common stock are issuable in connection with our employee stock purchase plan. During the first quarter of 2005, in connection with the acquisition of Transact, Euronet delivered to the former shareholders of Transact 0.6 million shares of common stock, in settlement of the earn-out payment. Additionally, we may be required to issue approximately 0.4 million shares of our common stock (based on current prices and estimated earn-out payments) to the former shareholders or owners of EPS and Melfur under contingent “earn-out” payments in connection with these acquisitions. The number of shares issued under the earn outs will depend upon performance of the businesses acquired and the trading price of our common stock at the time we make the earn out payments. Another 4.2 million shares of common stock could be issued upon conversion of the Company’s Convertible Debentures issued during December 2004. Accordingly, approximately 10.7 million shares (based on current prices and estimated earn-out payments) could potentially be added to the total current outstanding common stock through the exercise of options or the issuance of additional shares, and thereby dilute the ownership percentage of the current owners. The actual number of shares issuable could be higher depending upon the actual amounts of the earn-outs and our stock price at the time of payment (more shares could be issuable if our share price declines), which could increase dilution and reduce earnings per share. A significant portion of the shares issuable may be issued as early as the first quarter of 2005. The indenture will not contain anti-dilution adjustments for such issuances.

Of the 5.1 million total options outstanding, an aggregate of 1.4 million options are held by persons who may be deemed to be our affiliates and who would be subject to Rule 144. Thus, upon exercise of their options, these affiliates’ shares would be subject to the trading restrictions imposed by Rule 144. For the remainder of the options and the shares issuable as earn-outs described above, the common stock issued on their exercise or conversion would be freely tradable in the public market. Over the course of time, all of the issued shares have the potential to be publicly traded, perhaps in large blocks.

Operational Risk; Security

Our business involves the operation and maintenance of a sophisticated computer network and telecommunications connections with banks, financial institutions, retailers and mobile operators. This, in turn, requires the maintenance of computer equipment and infrastructure, including telecommunications and electrical systems, and the integration and enhancement of complex software applications. Certain operational risks inherent in this type of business can require a temporary shut-down of parts or all of our processing systems, including failure of electrical supply, failure of computer hardware and software errors. All of our ATMs other than our ATMs in Germany are operated through our processing centers in Budapest and Mumbai and our e-top-up transactions are processed through our Basildon, Munich, Monzon and U.S. operations centers so any operational problem may have a significant adverse impact on the operation of our network generally.

We have experienced operations and computer development staff and have created disaster recovery procedures, particularly in our Budapest and Basildon processing centers (and soon in Speyer, Germany), to mitigate such risks, but they cannot be eliminated entirely. Any technical failure that prevents operation of our systems for a significant period of time will prevent us from processing transactions during that period of time and will directly and adversely affect our revenues and financial results.

Our ATM and POS network systems process electronic financial transactions using information read by ATMs or POS terminals from bank debit and credit cards or input into our systems by our customers in the registration process for or top-up of mobile phone prepaid services. We capture, transmit, handle and store sensitive bankcard information in performing services for our customers. In addition, our software is designed to permit the operation by our customers of electronic financial transaction networks similar to our network, so our software is used in handling such information. These businesses involve certain inherent security risks and in particular the risk of electronic interception and theft of the information for use in fraudulent card transactions. We have incorporated industry standard encryption technology and processing methodology into our systems and software to maintain high levels of security. Although this technology and methodology mitigates security risks, they cannot be eliminated entirely as criminal elements apply increasingly sophisticated technology to attempt to obtain unauthorized access to the information handled by ATM and electronic financial transaction networks.

Any breach in our security systems could result in the perpetration of fraudulent financial transactions for which we may be found liable. We are insured against various risks, including theft and negligence, but such insurance is subject to deductibles, exclusions and limitations that may leave us bearing some or all of any losses arising from security breaches.

In addition to electronic fraud issues, theft and vandalism of ATMs presents risks for our ATM business. We install ATMs at sites that are high foot traffic sites and are exposed to theft and vandalism. Although we are insured against such risks, deductibles, exclusions or limitations in such insurance may leave us bearing some or all of any losses arising from theft or vandalism of ATMs. In addition, we have experienced increases in claims under our insurance, which has increased our insurance premiums.

Foreign Exchange Exposure

In 2004, 81% of our total revenues were generated in Poland, Hungary, the U.K., Australia, Germany and India as compared to 83% in 2003 and 66% in 2002. This slight decrease is due to 2004 acquisitions in the U.S. and Spain, as well as growth in revenues in Asian markets. In Hungary, Poland and India, the majority of revenues received are denominated in the Hungarian forint, Polish zloty or Indian rupee, respectively. However, the majority of our foreign currency denominated contracts in Hungary and Poland are linked to either inflation or the retail price index. In the U.K., Australia and Germany, 100% of the revenues received are denominated in the British pound, Australian dollar and the euro, respectively. Although a significant portion of our expenditures in these countries are still made in or denominated in local currencies, we continue to strive to achieve more of our expenses in local currencies to match our revenues.

We estimate that 10% depreciation in foreign exchange rates of the euro, Hungarian forint, Polish zloty, the British pounds and Australian dollar against the U.S. dollar would have the combined effect of a $5.4 million increase in the reported net income. This effect was estimated by segregating revenues and expenses by the U.S. dollar, Hungarian forint, Polish zloty, British pound, Australian dollar, and euro and then applying 10% currency devaluation to the non-U.S. dollar amounts. We estimate that 10% appreciation in foreign exchange rates of the euro, Hungarian forint, Polish zloty, the British pound and Australian dollar against the U.S. dollar would have the combined effect of a $5.4 million decrease in the reported net income. This effect was estimated by segregating revenues and expenses by the U.S. dollar, euro, Hungarian forint, Polish zloty, British pound and Australian dollar and then applying 10% currency appreciation to the non-U.S. dollar amounts. We believe this quantitative measure has inherent limitations. It does not take into account any governmental actions or changes in either customer purchasing patterns or our financing or operating strategies.

As a result of continued European economic convergence, including the increased influence of the euro as opposed to the U.S. dollar on the Central European currencies, we expect that the currencies of the markets where we invest will fluctuate less against the euro and the British pound than against the dollar.

Inflation and Functional Currencies

Generally, the countries we operate in have experienced low and stable inflation in recent years. Therefore, the local currency in each of these markets is the functional currency. Although Croatia has maintained relatively stable inflation and exchange rates, the functional currency of our Croatian subsidiary is the U.S. dollar due to the significant level of U.S. dollar denominated revenues and expenses. Due to these factors, we do not believe that inflation will have a significant effect on our results of operations or financial position. We continually review inflation and the functional currency in each of the countries where we operate.

Interest Rate Risk

As of December 31, 2004, we do not have significant exposure to interest rate volatility. Of the total outstanding debt of $166.2 million, approximately 84% relates to our $140 million Convertible Debentures that accrue interest at a rate of 1.625% per annum. Substantially all of the remaining 16% relates to capitalized leases with fixed payment and interest terms that expire between 2005 and 2011.

However, we also have $40 million in available borrowings under revolving credit facilities that accrue interest at variable rates. As of December 31, 2004, the Company had stand by letters of credit totaling $2.9 million outstanding against these facilities. Should we borrow the full amount available under these facilities and maintain the balance for a full year, a 1% increase in the applicable interest rate would result in additional interest expense to the Company of $0.4 million.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

New Debt Incurred

In February 2004, the Company entered into a two-year unsecured revolving credit agreement with a bank providing a facility of up to $10 million. In October 2004, this facility was canceled and replaced by a $40 million unsecured revolving credit agreement with a bank. The $40 million revolving credit agreement is comprised of a $10 million facility among the Company and certain U.S. subsidiaries, and a $30 million facility among the Company and certain European subsidiaries. The revolving credit facilities can be used to repay existing debt, for working capital needs, to make acquisitions or for other corporate purposes. Borrowings under the $10 million facility bear interest at either a Prime Rate, plus an applicable margin specified in the respective agreement or a rate fixed for up to 30- to 90-day periods equal to the London Interbank Offered Rate (LIBOR), plus an applicable margin, as set forth in the respective agreement, and varies based on a consolidated funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio. Borrowings under the U.S. facility are secured by the share capital of the U.S. subsidiaries and 66% of the share capital of e-pay Ltd., Euronet Services GmbH and Delta Euronet GmbH, as well as guaranteed by all U.S. subsidiaries. Borrowings under the $30 million facility may be drawn in U.S. dollars, euros, and/or British pounds. Borrowings in U.S. dollars bear interest similar to the terms of the $10 million facility. Borrowings in euros or British pounds bear interest at a rate fixed for up to 30- to 90-day periods equal to the Euro Interbank Offered Rate (EURIBOR) or the LIBOR rate plus a margin that varies based on a consolidated debt to EBITDA ratio, plus ancillary costs. The $30 million facility may be expanded to a maximum of $33 million, resulting from certain exchange rate fluctuations. Borrowings under this facility are secured by the share capital of the U.S. subsidiaries and the share capital of e-pay Ltd., Euronet Services GmbH and Delta Euronet GmbH, as well as guaranteed by a majority of the Company's subsidiaries.

The agreements expire in October 2006 and contain customary events of default and covenants related to limitations on indebtedness and the maintenance of certain financial ratios. Issuance costs incurred in association with the credit agreement of $0.6 million are being amortized over two years. As of December 31, 2004, the Company had stand by letters of credit totaling $2.9 million outstanding against these facilities, and the Company was in compliance with all covenants.

On December 15, 2004, the Company closed the sale of $140 million of our private offering 1.625% Contingent Convertible Senior Debentures Due 2024 ("Convertible Debentures"). We received net proceeds from the sales of $135.6 million, after fees totaling $4.4 million. The $4.4 million in fees was deferred and will be amortized over five years, the term of the initial put option by the holders of the Convertible Debt.

The Convertible Debentures have an annual interest rate of 1.625%, payable semi-annually in June and December, and are convertible into shares of Euronet common stock at a conversion price of $33.63 per share only upon the occurrence of certain other events. The Company will pay contingent interest, during any six-month period commencing with the period from December 20, 2009 through June 14, 2010, and for each six-month period thereafter from June 15 to December 14 or December 15 to June 14, for which the average trading price of the debentures for the applicable five trading-day period preceding such applicable interest period equals or exceeds 120% of the principal amount of the debentures. Contingent interest will equal 0.30% per annum of the average trading price of a debenture for such five trading-day periods. The Convertible Debentures may not be redeemed by us for five years but are redeemable at any time thereafter at par. Holders of the Convertible Debentures have the option to require the Company to purchase their debentures at par on December 15, 2009, 2014 and 2019, and upon a change in control of the Company. These terms and other material terms and conditions applicable to the contingent convertible senior debentures are set forth in the indenture governing the debenture.

Our Czech subsidiary entered into an overdraft facility with the a bank for up to approximately $3.0 million in order to support additional ATM network cash needs during the fourth quarter holiday season. In the fourth quarter 2004 we drew the full amount of the facility. As of January 31, 2005 the facility has been repaid in full.

Interest Payments

In February 2003, we acquired e-pay and incurred indebtedness comprised of three separate elements totaling approximately $27 million. In January 2004, we acquired Precept and incurred indebtedness of $4.0 million. The terms of this new indebtedness are more fully described in Note 4 – Acquisitions to the Consolidated Financial Statements. All e-pay and Precept indebtedness was repaid or converted to shares of our Common Stock prior to December 31, 2004.

Beginning January 1, 2003 and throughout their term, interest payments of approximately €2.2 million were payable semi-annually on our outstanding 12 $^{3}/_{8}$% senior debt. Payment dates were January 1 and July 1 of each year, with the final interest payment due on July 1, 2006. During 2004, the balance outstanding of $43.5 million was redeemed and repurchased. The Company recognized a loss on the early retirement of debt of $0.9 million due to the combination of redemption premiums and the elimination of capitalized debt issuance costs.

Interest payments of $1.1 million, plus potential contingent interest described above, will be due and payable each June 15 and December 15, commencing June 15, 2005 related to the Convertible Debentures described above.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Euronet Worldwide, Inc.:

We have audited the accompanying consolidated balance sheets of Euronet Worldwide, Inc. and subsidiaries (the Company) as of December 31, 2004 and 2003, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2004. 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 the standards of the Public Company Accounting Oversight Board (United States). 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 Worldwide, Inc. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the two-year period ended December 31, 2004 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Euronet Worldwide Inc.'s internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 15, 2005 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

KPMG LLP
Kansas City, MO
March 15, 2005

The Board of Directors and Stockholders
Euronet Worldwide, Inc.:

We have audited the accompanying consolidated statements of operations and comprehensive loss, changes in stockholders' equity/(deficit), and cash flows of Euronet Worldwide, Inc. and subsidiaries for the year ended December 31, 2002. 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 audit.

We conducted our audit in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Euronet Worldwide, Inc. and subsidiaries for the year ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

KPMG Audyt Sp z o.o.
Warsaw, Poland
February 7, 2003

FINANCIAL STATEMENTS

EURONET WORLDWIDE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except share data)

	As of December 31, 2004	As of December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	$124,198	$ 19,245
Restricted cash	69,300	58,280
Inventory - PINs and other	18,949	2,833
Trade accounts receivable, net of allowances for doubtful accounts of $1,373 at December 31, 2004 and $1,047 at December 31, 2003	110,306	75,648
Earnings in excess of billings	7,206	1,744
Deferred income tax assets	1,637	2,543
Prepaid expenses and other current assets	13,170	6,751
Total current assets	344,766	167,044
Property, plant and equipment, net of accumulated depreciation of $61,384 at December 31, 2004 and $45,817 at December 31, 2003	39,907	20,658
Goodwill, net	183,668	88,512
Acquired intangible assets, net of accumulated amortization of $5,363 at December 31, 2004 and $1,704 at December 31, 2003	28,930	22,772
Deferred income tax assets	8,494	279
Other assets, net of accumulated amortization of $5,430 at December 31, 2004 and $3,864 at December 31, 2003	12,710	4,508
Total assets	$618,475	$ 303,773
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$155,079	$ 97,188
Accrued expenses and other current liabilities	107,580	36,214
Current installments on obligations under capital leases	4,403	1,951
Debt obligations	4,862	3,979
Income taxes payable	9,446	3,316
Deferred income taxes	1,864	1,374
Deferred revenue	9,949	7,904
Total current liabilities	293,183	151,926
Debt obligations	140,000	55,792
Obligations under capital leases, excluding current installments	16,894	3,240
Deferred income tax	17,520	7,828
Other long-term liabilities	3,093	3,118
Minority interest	5,871	—
Total liabilities	476,561	221,904
Stockholders' equity:		
Common Stock, $0.02 par value. Authorized 60,000,000 shares; issued and outstanding 33,126,038 shares at December 31, 2004 and 29,525,554 at December 31, 2003	663	590
Additional paid-in-capital	235,559	198,377
Treasury stock	(149)	(145)
Employee loans for stock	(47)	(381)
Subscriptions receivable	(180)	(20)
Accumulated deficit	(99,444)	(117,871)
Restricted reserve	774	777
Accumulated other comprehensive income	4,738	542
Total stockholders' equity	141,914	81,869
Total liabilities and stockholders' equity	$618,475	$ 303,773

See accompanying notes to the consolidated financial statements.

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EURONET WORLDWIDE, INC.
AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands, except share data)

	Year Ended December 31,		
	2004	2003	2002
Revenues:			
EFT Processing Segment	$ 77,600	$ 52,752	$ 53,918
Prepaid Processing Segment	289,810	136,185	—
Software Solutions Segment	13,670	15,470	17,130
Total revenues	381,080	204,407	71,048
Operating expenses:			
Direct operating costs	264,602	132,357	27,482
Salaries and benefits	41,795	31,182	23,012
Selling, general and administrative	23,578	15,489	11,255
Depreciation and amortization	15,801	12,062	9,718
Total operating expenses	345,776	191,090	71,467
Operating income	35,304	13,317	(419)
Other income (expenses):			
Interest income	3,022	1,257	247
Interest expense	(7,300)	(7,216)	(6,253)
Gain on sale of U.K. subsidiary	—	18,045	—
Loss on facility sublease	—	—	(249)
Equity in income (loss) from unconsolidated subsidiaries	345	518	(183)
Loss on early retirement of debt	(920)	—	(955)
Foreign exchange loss, net	(448)	(9,690)	(4,233)
Total other income (expense)	(5,301)	2,914	(11,626)
Income (loss) from continuing operations before income taxes and minority interest	30,003	16,231	(12,045)
Income tax (expense) benefit	(11,518)	(4,246)	2,312
Minority interest	(58)	—	100
Income (loss) from continuing operations	18,427	11,985	(9,633)
Discontinued operations:			
Income (loss) from operations of discontinued components (including gain on disposal of $4,726 in 2002)	—	(201)	5,054
Income tax expense	—	—	(1,935)
Income (loss) from discontinued operations	—	(201)	3,119
Net income (loss)	18,427	11,784	(6,514)
Translation adjustment, net	4,196	2,876	769
Comprehensive income (loss)	$ 22,623	$ 14,660	$ (5,745)
Income (loss) per share - basic:			
Income (loss) from continuing operations	$ 0.59	$ 0.45	$ (0.42)
Income from discontinued operations	—	—	0.14
Net income (loss) per share	$ 0.59	$ 0.45	$ (0.28)
Basic weighted average shares outstanding	31,267,617	26,463,831	23,156,129
Income per share - diluted:			
Income (loss) from continuing operations	$ 0.55	$ 0.41	$ (0.42)
Income from discontinued operations	—	—	0.14
Net income (loss) per share	$ 0.55	$ 0.41	$ (0.28)
Diluted weighted average shares outstanding	33,796,699	28,933,484	23,156,129

See accompanying notes to the consolidated financial statements.

EURONET WORLDWIDE, INC.
AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Deficit)

(in thousands, except share data)	No. of Shares	Common Stock	Employee Loans for Stock	Additional Paid in Capital	Treasury Stock
Balance December 31, 2001	**22,038,073**	**$ 441**	**$ (463)**	**$ 117,940**	**$ (145)**
Stock options exercised	957,170	19	—	4,586	—
Shares issued for conversion of debt	131,483	4	—	2,122	—
Private placement of shares	625,000	13	—	11,935	—
Warrants exercised	131,346	3	—	843	—
Employee loans for stock	—	—	36	—	—
Sale of Common Stock	—	—	—	—	—
Other	—	—	—	—	—
Translation adjustment	—	—	—	—	—
Net loss for 2002	—	—	—	—	—
Balance December 31, 2002	**23,883,072**	**480**	**(427)**	**137,426**	**(145)**
Stock options exercised	550,160	10	—	3,157	—
Shares issued for conversion of debt	706,033	14	—	8,056	—
Shares issued for acquisitions	3,254,926	64	—	29,783	—
Private placement of shares	1,131,363	22	—	19,955	—
Employee loans for stock	—	—	46	—	—
Other	—	—	—	—	—
Translation adjustment	—	—	—	—	—
Net income for 2003	—	—	—	—	—
Balance December 31, 2003	**29,525,554**	**590**	**(381)**	**198,377**	**(145)**
Stock options exercised	1,572,943	32	—	8,623	—
Shares issued for acquisitions	1,326,573	27	—	25,840	—
Private placement of shares	423,699	8	—	—	—
Warrants exercised	277,269	6	—	1,207	—
Employee loans for stock	—	—	334	—	—
Other	—	—	—	1,512	(4)
Translation adjustment	—	—	—	—	—
Net income for 2004	—	—	—	—	—
Balance December 31, 2004	**33,126,038**	**$ 663**	**$ (47)**	**$ 235,559**	**$ (149)**

See accompanying notes to the consolidated financial statements.

EURONET WORLDWIDE, INC.
AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(continued)

(in thousands, except share data)	Subscription Receivable	Accumulated Deficit	Restricted Reserve	Accumulated Other Comprehensive (Loss) / Income	Total
Balance December 31, 2001	**$ —**	**$ (123,141)**	**$ 784**	**$ (3,103)**	**$ (7,687)**
Stock options exercised	—	—	—	—	4,605
Shares issued for conversion of debt	—	—	—	—	2,126
Private placement of shares	—	—	—	—	11,948
Warrants exercised	—	—	—	—	846
Employee loans for stock	—	—	—	—	36
Sale of Common Stock	—	—	—	—	—
Other	42	—	—	—	42
Translation adjustment	—	—	—	769	769
Net loss for 2002	—	(6,514)	—	—	(6,514)
Balance December 31, 2002	**42**	**(129,655)**	**784**	**(2,334)**	**6,171**
Stock options exercised	(62)	—	—	—	3,105
Shares issued for conversion of debt	—	—	—	—	8,070
Shares issued for acquisitions	—	—	—	—	29,847
Private placement of shares	—	—	—	—	19,977
Employee loans for stock	—	—	—	—	46
Other	—	—	(7)	—	(7)
Translation adjustment	—	—	—	2,876	2,876
Net income for 2003	—	11,784	—	—	11,784
Balance December 31, 2003	**(20)**	**(117,871)**	**777**	**542**	**81,869**
Stock options exercised	(160)	—	—	—	8,495
Shares issued for acquisitions	—	—	—	—	25,867
Private placement of shares	—	—	—	—	8
Warrants exercised	—	—	—	—	1,213
Employee loans for stock	—	—	—	—	334
Other	—	—	(3)	—	1,505
Translation adjustment	—	—	—	4,196	4,196
Net income for 2004	—	18,427	—	—	18,427
Balance December 31, 2004	**$ (180)**	**$ (99,444)**	**$ 774**	**$ 4,738**	**$141,914**

See accompanying notes to the consolidated financial statements.

EURONET WORLDWIDE, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2004	2003	2002
Net income	$ 18,427	$ 11,784	$ (6,514)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	15,801	12,062	9,659
Unrealized foreign exchange loss	56	10,466	6,743
Gain on sale of business units	—	(18,045)	(2,988)
Loss (gain) on disposal of fixed assets	(139)	(1,095)	144
Benefit (expense) from deferred income tax	(440)	1,393	(2,491)
Income assigned to minority interest	58	—	—
Decrease in assets and liabilities held for sale	—	—	(5,162)
Accretion of discount on notes payable	327	46	2,490
Accretion of debentures issuance expense	94	—	—
Changes in working capital, net of amounts acquired:			
Increase in income taxes payable, net	6,130	4,286	83
Increase in restricted cash	(11,020)	(28,281)	(2,524)
Increase in inventory	(16,471)	(2,833)	—
Decrease (increase) in trade accounts receivable	(32,374)	(17,957)	544
Increase in earnings in excess of billings	(5,462)	(395)	(3)
Decrease (increase) in prepaid expenses and other current assets	(132)	(1,089)	1,277
Increase (decrease) in trade accounts payable	47,242	33,923	(42)
Increase (decrease) in deferred revenue	5,489	427	(132)
Increase (decrease) in accrued expenses and other liabilities	17,222	17,199	(1,380)
Other, net	(177)	(235)	922
Total adjustments and changes in working capital	26,204	9,872	7,140
Net cash provided by operating activities	44,631	21,656	626
Cash flows from investing activities:			
Acquisitions, net of cash acquired	(14,252)	(49,447)	—
Proceeds from sale of U.K. ATM network and fixed assets	325	27,495	240
Fixed asset purchases	(8,708)	(5,656)	(4,712)
Purchase of intangible and other long term assets	(2,500)	(1,639)	(378)
Net cash used in investing activities	(25,135)	(29,247)	(4,850)
Cash flows from financing activities:			
Proceeds from issuance of shares and other capital contributions	9,813	23,986	17,917
Repayment of notes payable and credit facilities	(67,223)	(8,765)	(11,589)
Repayment of obligations under capital leases	(5,679)	(3,595)	(4,412)
Proceeds from borrowings	145,264	3,599	—
Other, net	(1)	(16)	79
Net cash provided by financing activities	82,174	15,209	1,995
Effect of exchange differences on cash	3,283	(394)	(442)
Proceeds from sale of discontinued operations	—	—	5,872
Net increase in cash and cash equivalents	104,953	7,224	3,201
Cash and cash equivalents at beginning of period	19,245	12,021	8,820
Cash and cash equivalents at end of period	$124,198	$ 19,245	$ 12,021
Interest paid during the period	$ 7,608	$ 6,835	$ 6,668
Income taxes paid during the period	5,902	870	21

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

(1) ORGANIZATION

Euronet Worldwide, Inc. was established as a Delaware corporation on December 13, 1997 and capitalized on March 6, 1998. Euronet Worldwide, Inc. succeeded Euronet Holding N.V. as the group holding company, which was founded and established in 1994.

Euronet Worldwide is an industry leader in processing secure electronic financial transactions. Euronet is one of the world's largest providers of "top-up" services for prepaid products, such as mobile airtime, long distance and debit cards and also operates the largest independent pan-European automated teller machine (ATM) network and the largest shared ATM network in India. In its EFT Processing Segment, the Company processes transactions for a network of 5,742 ATMs across Europe, the Middle East, Africa and India. Euronet provides comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM management solutions, outsourced point-of-sale (POS) EFT solutions, outsourced card solutions and electronic recharge services (for prepaid mobile airtime purchases via ATM or directly from the handset). Through its Prepaid Processing Segment, Euronet provides processing, or "top-up" services, for prepaid mobile airtime and other prepaid products. The Company operates a network of more than 175,000 POS terminals providing electronic processing of top-up services in the U.K., Australia, Poland, Ireland, New Zealand, Germany, the U.S., Spain, Malaysia and Indonesia. Through Euronet's Software Solutions Segment, the Company offers a suite of integrated EFT software solutions for electronic payment and transaction delivery systems. Euronet's principal customers are banks, mobile phone operators and retailers that require electronic financial transaction processing services. The Company's solutions are used in more than 65 countries around the world. As of December 31, 2004, Euronet had 12 offices in Europe, four in the Asia Pacific region, two in the U.S. and one in Africa. The Company's executive offices are located in Leawood, Kansas.

As of December 31, 2004, Euronet's wholly owned subsidiaries were:

- 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 USA Inc. (formerly Arkansas Systems, Inc.) ("Euronet USA") incorporated in Arkansas, USA
- Euronet Holding N.V., incorporated in the Netherlands Antilles (in liquidation)
- EFT Services Hellas EPE, incorporated in Greece
- Euronet Services Slovakia, spol. s r.o., incorporated in Slovakia
- Euronet Corporate Services Beograd, d.o.o., incorporated in Serbia-Montenegro
- e-pay Limited, incorporated in England and Wales
- e-pay Holdings Limited, incorporated in England and Wales
- e-pay Australia Pty Ltd, incorporated in New South Wales, Australia
- e-pay Australia Holdings Pty Ltd, incorporated in Victoria, Australia
- e-pay New Zealand Pty Ltd, incorporated in New Zealand
- Transact Elektronische Zahlungssysteme GmbH, incorporated in Germany
- Delta Euronet Gmbh, incorporated in Germany
- Cashnet Holding B.V., incorporated in the Netherlands (in liquidation)
- PaySpot, Inc., incorporated in Delaware, United States
- Euronet Spanish Holdings. S.L., incorporated in Spain
- Euronet e-pay Spain S.L., incorporated in Spain
- Prepaid Concepts, Inc., incorporated in California, U.S.A.
- Call Processing, Inc., incorporated in Texas, U.S.A.

As of December 31, 2004, Euronet also had shareholdings in the following companies that are not wholly owned:

- PT Euronet Sigma Nusantara, incorporated in Indonesia, of which 87.5% of the shares are owned by EFT Services Holdings B.V.
- CashNet Telecommunications Egypt SAE ("CashNet"), an Egyptian company limited by shares, of which 7% of the shares are owned by EFT Services Holdings B.V.
- Europlanet a.d. ("Europlanet"), incorporated in the Federal Republic of Serbia, of which 36% of the shares are owned by Euronet's wholly-owned subsidiary EFT Services Holdings B.V.
- e-pay Malaysia Sdn Bhd, incorporated in Malaysia, of which e-pay Limited owns 40% of the share capital.

- Euronet Services Private Limited, incorporated in India, of which 94.3% is owned by EFT Services Holdings B.V. and 0.5% is owned by Euronet Worldwide, Inc.
- ATX, Ltd. (“ATX”), incorporated in England and Wales, of which 10% is owned by Euronet Worldwide, Inc.
- Euronet Services LLC incorporated in Russia, of which 95% is owned by EFT Services Holdings B.V.
- Euronet Meflur Movilcarga S.L. incorporated in Spain, of which 80% is owned by Euronet Spanish Holdings S.L.

(2) BASIS OF PREPARATION

The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of the consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include collectibility of accounts receivable, purchase price allocation of fair value in acquisitions to customer relationships and other tangible and intangible assets, income taxes and estimated useful lives and impairment of long-lived assets and goodwill. Actual results could differ from those estimates.

During 2004, Euronet changed the manner in which it reports EFT Processing Segment direct costs and sales, general and administrative (SG&A) expenses. In prior periods, processing center costs were charged and then allocated from SG&A to direct costs on the basis of a standard rate per transaction. The Company has evaluated the method and believes that the specific assignment of processing center salaries and related costs together with other costs directly attributable to the center is a preferred method and more appropriately reflects the variable and non-variable nature of the Company’s operating expenses. Prior periods have been reclassified to conform to the current year presentation. This change does not impact consolidated operating income or net income for any period presented.

All operating data relating to the number of POS terminals, ATMs, and retailer locations represents unaudited information.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

(a) Principles of consolidation

The consolidated financial statements include all wholly-owned and majority owned subsidiaries of Euronet Worldwide, Inc. and all significant intercompany balances and transactions have been eliminated. The Company’s investments in companies that it does not control but has the ability to exercise significant influence are accounted for under the equity method.

(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 income (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) weighted average exchange rates during the period for revenues and expenses. Adjustments resulting from translation of such financial statements are reflected in accumulated other comprehensive income (loss) 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 income (loss).

(c) Cash equivalents

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

(d) Inventory - PINs and other

Inventory - PINs and other is valued at the lower of cost or market and represents primarily prepaid personal identification number (PIN) inventory for prepaid mobile airtime and prepaid long-distance purchases related to the Prepaid Processing Segment. PIN inventory is generally managed on a specific identification basis that approximates first in, first out for the respective denomination of prepaid mobile airtime sold. Additionally, from time to time, Inventory - PINs and other may include POS terminals, mobile phone handsets and ATMs and held by the Company for resale.

(e) Property, plant and equipment

Property, plant and equipment (PP&E) are stated at cost, less accumulated depreciation. PP&E acquired in acquisitions have been recorded at estimated fair values as of the acquisition date.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Equipment held under capital leases and leasehold improvements are amortized using the straight-line method 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
POS terminals	2-3 years
Vehicles and office equipment	5 years
Cassettes	1 year
Leasehold improvements	Over the lesser of the lease term or estimated useful life

(f) Goodwill and other intangible assets

Upon adoption of SFAS No. 142, "Goodwill and Other Intangible Assets," on an annual basis and whenever events or circumstances indicate that the assets may be impaired, the Company is required to identify and determine the carrying value of its reporting units, by assigning assets and liabilities, including goodwill and intangible assets. Impairment tests are performed annually during the fourth quarter and are performed at the reporting unit level. Generally, fair value represents discounted projected future cash flows and potential impairment is indicated when the carrying value of a reporting unit, including goodwill, exceeds its fair value. If potential for impairment exists, the fair value of the reporting unit is subsequently measured against the fair value of its underlying assets and liabilities, excluding goodwill, to estimate an implied fair value of the reporting unit's goodwill. An impairment loss is recognized for any excess of the carrying value of the reporting unit's goodwill over the implied fair value. The Company's annual impairment tests during 2004, 2003 and 2002, as well as the initial impairment test upon adoption of SFAS No. 142 in 2002, indicated that there were no impairments.

Other Intangibles

In accordance with SFAS 142, intangible assets with finite lives are amortized over their estimated useful lives. Amortization of finite life intangible assets is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Developed software technology	3 - 5 years
Customer relationships	8 years
Trademark and trade name	20 years

See Note 10 - Goodwill and Intangible Assets to the Consolidated Financial Statements for additional information regarding SFAS No. 142 and the treatment of goodwill and other intangibles.

(g) Other assets

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

(h) Investments in affiliates

The Company accounts for investments in affiliates using the equity method of accounting when the Company exercises significant influence over the business activities of the affiliate. Equity losses in affiliates are generally recognized until the Company has reduced its investment to zero. Euronet's investment in affiliates as of December 31, 2004 and 2003 was $1.0 million and $0.9 million, respectively, and is recorded in other assets. Undistributed earnings in these affiliates as of December 31, 2004 were $0.9 million.

(i) 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.

On October 22, 2004, President Bush signed into law H.R. 4520, otherwise known as the American Jobs Creation Act of 2004 (the “Act”). The Act contains several provisions that impact U.S. multinational companies including a temporary incentive to repatriate foreign earnings at an effective tax rate of 5.25%. In accordance with SFAS 109, *Accounting for Income Taxes*, the Company records adjustments to its deferred tax assets and liabilities for the impact of changes in tax laws and rates in the period of enactment. However, on December 21, 2004, the Financial Accounting Standard’s Board (“FASB”) issued FASB Staff Position 109-2 (“FSP 109-2), *Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004*, which provides companies an extension of time beyond the period of enactment to evaluate the effect of the Act on its plan for reinvestment or repatriation of earnings. As of December 31, 2004, the Company is evaluating the provisions of the Act to determine whether, given the Company’s U.S. federal tax position, the repatriation incentive would be advantageous to the Company. The Company does not expect to complete the evaluation until later in 2005. Until such decision is made, the Company will not change its current intention to indefinitely reinvest the accumulated earnings of its foreign subsidiaries.

(j) Reclassifications

Certain amounts have been reclassified in the prior year consolidated financial statements to conform to the 2004 consolidated financial statement presentation.

(k) Revenue recognition

The Company recognizes revenue when it is realized or realizable and it is earned. The majority of the Company’s revenues are comprised of monthly recurring management fees and transaction-based fees. A description of the major components of revenue, by business segment is as follows:

EFT Processing

Substantially all of the revenue generated in the EFT Processing Segment is derived from ATM transaction-based fees and management fees from the operation of ATMs on an outsourced basis. Transaction-based fees include charges for cash withdrawals, balance inquiries, transactions not completed because the relevant card issuer does not give authorization or prepaid telecommunication recharges. Outsourcing services are generally billed on the basis of a fixed monthly fee per ATM, plus a transaction-based fee. Transaction-based fees are recognized at the time the transactions are processed and outsourcing management fees are recognized ratably over the contract period.

Prepaid Processing

Substantially all of the revenue generated in the Prepaid Processing Segment is derived from commissions or processing fees associated with distribution and/or processing of prepaid mobile airtime and other telecommunication products. These fees and commissions are received from mobile and other telecommunication operators, top-up distributors or retailers. In accordance with Emerging Issues Task Force (EITF) 99-19, “Reporting Revenue Gross as Principal versus Net as an Agent,” commissions received from mobile and other telecommunication operators are recognized as revenue during the period in which the Company provides the service. The portion of the commission that is paid to retailers is recorded as direct operating costs. Transactions are processed through a network of POS terminals and direct connections to the electronic payment systems of retailers. Transaction processing fees are recognized at the time the transactions are processed.

Software Solutions

Revenue from the Software Solutions Segment is derived from the sale of EFT software solutions for electronic payment and transaction delivery systems. The components of revenue represent software license fees, professional service fees for installation and customization, ongoing software maintenance fees and revenue from the sale of hardware associated with the system. The Company recognizes these revenues as services are provided or delivered and all customer obligations have been met.

The Company recognizes revenue in accordance with the provisions of Statement of Position (SOP) 97-2, “Software Revenue Recognition,” as amended by SOP 98-4, SOP 98-9 and clarified by Staff Accounting Bulletin (SAB) 101, “Revenue Recognition in Financial Statements,” SAB 104, “Revenue Recognition,” and EITF Issue No. 00-21, “Accounting for Revenue Arrangements with Multiple Deliverables.” SOP 97-2, as amended, generally requires revenue earned on software arrangements involving multiple-elements to be allocated to each element based on the relative fair values of those elements. Revenue from multiple-element software arrangements is recognized using the residual method. Under the residual method, revenue is recognized in a multiple-element arrangement when vendor-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement, but does not exist for one or more of the delivered elements in the arrangement. The Company allocates revenue to each element in a multiple-element arrangement based on the element's respective fair value, with the fair value determined by the price charged when that element is sold separately. Revenues from software licensing agreement contracts are recognized over the contract term using the percentage of completion method based on the percentage of services that are provided compared with the total estimated services to be provided over the entire contract. The effect of changes to total estimated contract costs is recognized in the period such changes are determined and provisions for estimated losses are made in the period in which the loss first becomes probable and estimable. 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. Software maintenance revenue is recognized over the contractual period or as services are performed. Revenue from the sale of hardware is generally recognized when title passes to the customer. Revenue in excess of billings on software licensing agreements contracts is recorded as earnings in excess of billings and is included in current assets. Billings in excess of revenue on software license agreements contracts are recorded as deferred revenue and included in current liabilities until such time the above revenue recognition criteria are met (see Note 8 – Contracts in Progress to the Consolidated Financial Statements).

(l) Research and development costs

The Company applies SFAS No. 2, "Accounting for Research and Development Costs," and SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed," in recording research and development costs. Research costs related to 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 (see Note 24 – Research and Development to the Consolidated Financial Statements). 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. Technological feasibility is evidenced by the existence of a working model of the product or by completion of a detail program design. The detail program design must (i) establish that the necessary skills, hardware, and software technology are available to produce the product, (ii) be complete and consistent with the product design, and (iii) have been reviewed for high-risk development issues, with any uncertainties related to identified high-risk development issues being adequately resolved.

Capitalized software costs are amortized on a product-by-product basis equal to the greater of the amount computed using (i) the ratio that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product or (ii) 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.

(m) Net income (loss) per share

Net income (loss) per share has been computed by dividing net income (loss) by the weighted average number of common shares outstanding. The effect of potential Common Stock (options and warrants outstanding) is antidilutive for periods in which a net loss occurs. Accordingly, diluted net loss per share does not assume the exercise of stock options and warrants outstanding. The potentially dilutive effect of stock options and warrants outstanding is as follows:

	As of December 31,		
	2004	2003	2002
Basic weighted average shares outstanding	31,267,617	26,463,831	23,156,129
Convertible warrants outstanding	—	148,497	162,738
Stock options outstanding*	2,529,082	2,321,156	2,838,609
Potentially diluted weighted average shares outstanding	33,796,699	28,933,484	26,157,476

* Includes options with strike price below the average fair market value of Euronet common shares during the period. The table does not reflect 762,000 options that have an exercise price in excess of the average market price of Euronet common shares during the period. In December 2004, the Company issued convertible senior debentures (see Note 12 – Debt Obligations to the Consolidated Financial Statements) that if converted in the future would have a potentially dilutive effect on the Company's stock. The debentures are potentially convertible into 4.2 million shares of Common Stock, subject to adjustment. As required by EITF Issue

No. 04-8, “The Effect of Contingently Convertible Debt on Diluted Earnings per Share,” the dilutive impact of the contingently issuable shares shall be included in the calculation of diluted net income (loss) per share under the “if-converted” method, regardless of whether the conditions upon which the debentures would be convertible into shares of the Company’s Common Stock have been met. Since the assumed conversion of the debentures under the if-converted method is anti-dilutive for the year ended December 31, 2004, the impact has been excluded from the calculation of diluted net income (loss) per share.

(n) Stock-based compensation

The Company accounts for stock-based employee compensation plans under the recognition and measurement principles of Accounting Principles Board (APB) Opinion No. 25, “Accounting for Stock Issued to Employees” and related interpretations. Accordingly, compensation cost for stock options or restricted stock 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 or purchase price. Such compensation cost is charged to expense on a straight-line basis over the vesting period of the respective options or restricted stock. If vesting may be accelerated as a result of achieving certain milestones, and those milestones are believed to be reasonably achievable, the compensation is recognized on a straight-line basis over the shorter accelerated vesting period.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), “Share-Based Payment.” SFAS No. 123R supersedes APB Opinion No. 25, which requires recognition of compensation expense when stock-based incentives are awarded for services provided. SFAS No. 123R requires the determination of the fair value of the share-based compensation at the grant date and the recognition of the related expense over the period in which the share-based compensation vests. SFAS No. 123R permits a prospective or two modified versions of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods by the original SFAS No. 123. The Company is required to adopt the provisions of SFAS No. 123R effective July 1, 2005, at which time the Company will begin recognizing an expense for unvested share-based compensation that has been issued or will be issued after that date. Under the retroactive options, prior periods may be restated either as of the beginning of the year of adoption, January 1, 2005 for the Company, or for all periods presented. The Company has not yet finalized its decision concerning the transition option it will utilize to adopt SFAS No. 123R or completed its analysis of the estimated impact that its adoption will have on its financial position and results from operations, however, the impact on net income is likely to be significant.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of currently applicable SFAS No. 123, “Accounting for Stock-Based Compensation” as amended by SFAS No. 148, “Accounting for Stock-Based Compensation—Transition and Disclosure,” to stock-based employee compensation:

	As of December 31,		
	2004	2003	2002
Net income, as reported (in thousands, except share data)	$18,427	$11,784	$ (6,514)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(6,606)	(3,820)	(5,840)
Pro forma net income	$11,821	$ 7,964	$(12,354)
Earnings (loss) per share:			
Basic-as reported	$ 0.59	$ 0.45	$ (0.28)
Basic-pro forma	$ 0.38	$ 0.30	$ (0.53)
Diluted-as reported	$ 0.55	$ 0.41	$ (0.28)
Diluted-pro forma	$ 0.35	$ 0.28	$ (0.53)

Due to the Company’s United States corporate income tax position, the Company currently provides a valuation allowance over its entire U.S. net deferred tax position. Therefore, no tax benefits have been attributed to stock-based compensation expense in the above table because management has not determined that it is more likely than not that such benefit would be realized.

Pro forma impact reflects only options granted since December 31, 1995. See Note 18 – Stock Plans to the Consolidated Financial Statements for additional information.

(4) ACQUISITIONS

Investments Accounted for Using the Cost Method

Under the cost method of accounting, there is no recognition of an investee company's periodic income or loss from operations in the Consolidated Statement of Operations and Comprehensive Income (Loss) of Euronet. If additional ownership interest is acquired and Euronet obtains a position of significant influence or a control position, equity in the unconsolidated subsidiary will be recognized or the operating results will be consolidated under the equity or consolidation method of accounting, depending on the ownership percentage. Income is recorded if any dividends are received. Management monitors its cost method investments for impairment.

Acquisition of 10% Ownership Shares in ATX Software Ltd.

In May 2004, Euronet purchased 10% of the shares of ATX Software Ltd. (ATX), a provider of electronic prepaid voucher solutions headquartered in the U.K. ATX offers software or outsourcing solutions for prepaid processing to existing scratch card distributors willing to switch to electronic top-up solutions. ATX has customers in more than 25 countries and works directly with scratch card distributors, who in turn contract with individual retailers. The purchase price of $2.9 million, including professional fees, was settled through the issuance of 125,590 shares of Euronet Common Stock for the ATX shares. Euronet was granted an option to purchase an additional 41% of the shares of ATX at any time prior to April 1, 2005.

In June 2004, Euronet filed a registration statement with the SEC to enable the public resale of the Common Stock received by the former shareholders of ATX. The registration statement became effective in July 2004. The Common Stock issued at the closing of the transaction may be transferred by the holders upon receipt of such shares as of the effective date of the SEC registration statement.

Acquisitions Accounted for Under the Consolidation Method of Accounting and SFAS 141

In accordance with SFAS No. 141, "Business Combinations," the Company allocates the purchase price of its acquisitions to the tangible assets, liabilities and intangible assets acquired based on their estimated fair values. The excess purchase price over those fair values is recorded as goodwill. The fair value assigned to intangible assets acquired is supported by valuations using estimates and assumptions provided by management. For larger acquisitions, management engaged an appraiser to assist in the evaluation.

2004 Acquisitions:

Acquisition of Prepaid Concepts, Inc.

In January 2004, PaySpot (a wholly-owned subsidiary of Euronet) purchased all of the share capital of Prepaid Concepts, Inc. (Precept), a company based in California that distributes prepaid services via POS terminals throughout the U.S. The purchase price of $17.8 million was settled through the issuance of 527,180 shares of Euronet Common Stock, payment of $4.0 million in cash and issuance of $4.0 million in promissory notes bearing interest at an annual rate of 7%. Of the issued shares of Common Stock, 160,000 shares were held in escrow and a portion were released in March 2005, with the remaining shares valued at $1.4 million retained in escrow until August 2005, subject to any indemnification claims. These promissory notes, including accrued interest, were repaid in cash during 2004.

The following table summarizes the total cost of the acquisition of Precept. Certain minor changes are ongoing due to final purchase price allocations and adjustments to acquisition costs (all dollar amounts in thousands):

	Amount
Cash paid at closing	$ 4,000
Notes payable	4,000
Consideration paid - estimated fair value of Euronet Common Stock (527,180 shares)	9,801
Transaction costs and share registration fees	28
Total purchase price	$17,829

The following table, which is based on management estimates, summarizes the allocation of the purchase price to the fair values of acquired tangible and intangible assets at the acquisition date:

Description (all dollar amounts in thousands)	Estimated Life	Amount
Current assets		$ 9,021
Property, plant & equipment	various	152
Customer relationships	8 years	3,366
Software	5 years	119
Goodwill	N/A	16,310
Assets acquired		28,968
Current liabilities		(9,839)
Deferred income tax		(1,300)
Net assets acquired		$17,829

Amounts allocated goodwill and intangible assets (i.e. customer relationships and software) are not deductible for income tax purposes.

In February 2004, Euronet filed a registration statement with the SEC to enable the public resale of the Common Stock received by the former shareholders of Precept. The registration statement became effective in February 2004. Subject to the escrow provisions described above, the Common Stock issued at the closing of the transaction and issuable upon conversion of the convertible notes may be transferred by the holders upon the effective date of registration of such shares.

Acquisition of Electronic Payment Solutions

In May 2004, PaySpot purchased all of the net assets of Electronic Payment Solutions (EPS), a company based in Texas that distributes prepaid services via POS terminals throughout the U.S. The purchase price of $2.2 million was settled through the issuance of 107,911 shares of Euronet Common Stock. Of the issued shares of Common Stock, 50% of the shares will be held in escrow, with 25% being released in May 2005 and the final 25% being released in May 2006, subject to certain performance criteria. The Company also agreed to deliver cash in consideration for the net current assets acquired. Additionally, subject to certain performance criteria, there is a potential earn-out payment payable in Common Stock, currently estimated to be approximately $0.2 million, payable during March 2005 in Euronet Common Stock. The shares issued related to the earn-out payment will be held in escrow until May 2006. Goodwill will be increased by the amount of additional consideration, if any.

The following table summarizes the total cost of the acquisition of EPS. Certain minor changes are ongoing due to final purchase price allocations and adjustments to acquisition costs (all dollar amounts in thousands):

	Amount
Consideration paid - estimated fair value of Euronet Common Stock (107,911 shares)	$2,211
Purchase of net current assets	28
Total purchase price	$2,239

The following table, which is based on management's preliminary estimates, summarizes the allocation of the purchase price to the fair values of acquired tangible and intangible assets at the acquisition date. Purchase price allocations are preliminary until management completes its evaluation of the fair value of net assets acquired:

Description (all dollar amounts in thousands)	Estimated Life	Amount
Current assets		$ 248
Property, plant & equipment	various	389
Customer relationships	8 years	451
Software	5 years	49
Goodwill	N/A	1,508
Assets acquired		2,645
Current liabilities		(220)
Deferred income tax		(186)
Net assets acquired		$2,239

Of the amounts allocated to goodwill and intangible assets (i.e. customer relationships and software), approximately $1.8 million is deductible for income tax purposes.

In June 2004, Euronet filed a registration statement with the SEC to enable the public resale of the Common Stock received by the former shareholders of EPS. The registration statement became effective in July 2004. Subject to the escrow provisions described above, the Common Stock issued at the closing of the transaction may be transferred by the holders upon the effective date of registration of such shares.

Acquisition of Call Processing, Inc.

In July 2004, PaySpot purchased all of the share capital of Call Processing, Inc. (CPI), a company based in Texas that provides prepaid wireless processing and other services to convenience store chains throughout the U.S. CPI provides these services through a network of retail locations, all of which have electronic distribution of prepaid services via POS terminals. CPI provides several types of prepaid products, including prepaid wireless, prepaid long distance, prepaid gift cards, age verification and other services. The purchase price of $6.6 million was settled through a cash payment of $0.7 million and issuance of 281,916 shares of Euronet Common Stock to the former shareholders of CPI. Of the issued shares of Common Stock, 65,104 shares will be held in escrow and released on July 1, 2005 and 60,690 shares will be held in escrow and released on June 30, 2006, subject to certain performance criteria. If the average share price of the Company's Common Stock is less than $22.66 on the 20 trading days prior to the date the shares are released from escrow, the Company will pay the aggregate difference between $22.66 and that average share price in either cash or through the issuance of additional shares of Common Stock, at the Company's discretion. In addition, there was a potential earn-out payment payable in Common Stock. In February 2005, the Company fully settled this earn-out obligation with a cash payment of $0.3 million. Goodwill will be increased for this additional consideration paid.

The following table summarizes the total cost of the acquisition of CPI. Certain minor changes to these amounts may be made due to final purchase price allocations and adjustments to acquisition costs (all dollar amounts in thousands):

	Amount
Cash paid at closing	$ 697
Consideration paid - estimated fair value of Euronet Common Stock (281,916 shares)	5,930
Total paid to shareholders	6,627
Transaction costs and share registration fees	18
Total purchase price	$6,645

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The following table, based on management's preliminary estimates, summarizes the allocation of the purchase price to the fair values of acquired tangible and intangible assets at the acquisition date. Purchase price allocations are preliminary until management completes its evaluation of the fair value of net assets acquired:

Description (all dollar amounts in thousands)	Estimated Life	Amount
Current assets		$1,183
Property, plant & equipment	various	12
Customer relationships	8 years	670
Software	5 years	525
Goodwill	N/A	5,185
Assets acquired		7,575
Current liabilities		(485)
Deferred income tax		(445)
Net assets acquired		$6,645

Amounts allocated goodwill and intangible assets (i.e. customer relationships and software) are not deductible for income tax purposes.

In August 2004, Euronet filed a registration statement with the SEC to enable the public resale of the Common Stock received by the former shareholders of CPI. The registration statement became effective in August 2004. Subject to certain escrow provisions, the Common Stock issued at the closing of the transaction may be transferred by the holders upon receipt of such shares.

Acquisition of Movilcarga

In November 2004, Euronet indirectly acquired certain prepaid mobile phone top-up assets and a network of POS terminals through which mobile phone time is distributed, contracts with retailers that operate the POS terminals, certain employees, and various operating contracts from Grupo Meflur Corporacion (Meflur), a Spanish telecommunications distribution company ("Movilcarga Assets"). With this acquisition Euronet entered into a service agreement with Meflur to provide certain administrative and support functions necessary to operate the Movilcarga assets, a lease agreement for office space and a license agreement for technology used to process transactions. To implement the acquisition, Euronet purchased 80% of a non-operating Spanish subsidiary ("Movilcarga") that acquired the Movilcarga Assets. Meflur owns the remaining 20%. Euronet purchased the Movilcarga Assets for €18.0 million (approximately $23.1 million) in two installments: €8.0 million in cash at closing and €10.0 million in cash paid in January 2005 that was subject to certain revenue targets and adjustments. The revenue targets were met as of December 31, 2004, therefore, €10.0 million (approximately $13.0 million) has been recorded as a purchase price payable as of December 31, 2004 and has been included in the asset allocation table below. Additional payments may be due in December 2006 and 2007, subject to the fulfillment of certain financial conditions. The Company estimates that based on information from Meflur, the additional payments due in 2006 and 2007 will be approximately €7.0 million to €10.0 million (approximately $9.6 million to $13.7 million). The additional payments may be made, at the option of Euronet, in either cash or a combination of cash and Euronet Common Stock. Goodwill will be increased by the amount of additional consideration, if any.

The following table summarizes the total cost of the acquisition of Movilcarga. Certain changes to these amounts may be made due to final purchase price allocations and adjustments to acquisition costs (all dollar amounts in thousands):

	Amount
Cash paid at closing	$10,259
Purchase price payable	12,992
Transaction costs	308
Total purchase price	$23,559

The following table, based on management's preliminary estimates, summarizes the allocation of the purchase price to the fair values of acquired tangible and intangible assets at the acquisition date. Purchase price allocations are preliminary until management completes its evaluation of the fair value of net assets acquired:

Description (all dollar amounts in thousands)	Estimated Life	Amount
Property, plant & equipment	various	$ 453
Customer relationships	8 years	4,353
Goodwill	N/A	26,046
Assets acquired		30,852
Deferred income tax		(1,480)
Minority interest		(5,813)
Net assets acquired		$23,559

Of the amounts allocated to goodwill and customer relationships, approximately $23.2 million is deductible for income tax purposes.

2003 Acquisitions:

Acquisition of e-pay Limited

Effective February 3, 2003, the Company purchased 100% of the shares of e-pay Limited ("e-pay"), launching the Company's Prepaid Processing Segment. e-pay is based in the U.K and is an electronic payments processor of prepaid mobile phone airtime "top-up" services primarily in the U.K. and Australia. It has agreements with mobile operators in those markets under which it supports the distribution of prepaid airtime to their subscribers through POS terminals and electronic cash register systems in retail outlets.

Substantially the entire purchase price was allocated to intangible assets including goodwill. The assets acquired include tangible long-term assets, such as computer equipment and other fixed assets, working capital, and intangible assets, such as software, trademarks and trade names, customer relationships, and goodwill.

In connection with the acquisition, on May 28, 2003, Euronet increased the size of its Board of Directors by one member and nominated and recommended for election a new Class III director, Paul Althasen, formerly an e-pay shareholder. Subsequently, Mr. Althasen was elected to the Board of Directors.

The following table summarizes the total cost of the acquisition of e-pay (all dollar amounts in thousands):

	Amount
Cash paid at closing	$29,996
Euronet Common Stock: 2,497,504 shares	17,972
Deferred consideration, payable quarterly from 90% of free cash flow, 6% interest per annum accruing daily, 24 month maturity (paid in full during October 2003)	8,533
Notes payable, 7% interest per annum, (converted into 706,033 shares of Euronet Common Stock during December 2003)	7,353
Notes payable, 8% interest per annum, 24 month maturity (paid in full during December 2004)	10,981
Total paid to shareholders	74,835
Transaction costs, share registration fees and other	1,745
Total purchase price	$76,580

The following table, which is based upon a valuation, summarizes the allocation of the purchase price to the fair values of acquired tangible and intangible assets at the acquisition date:

Description (all dollar amounts in thousands)	Estimated Life	Amount
Current assets		$ 76,668
Property, plant & equipment	various	2,096
Customer relationships	8 years	12,945
Software	5 years	1,038
Trademark and trade name	20 years	3,345
Goodwill	N/A	61,272
Other assets		1,125
Assets acquired		158,489
Current liabilities		(78,079)
Deferred tax, net		(3,830)
Net assets acquired		$ 76,580

Amounts allocated goodwill and intangible assets (i.e. customer relationships, software and trademark and tradename) are not deductible for income tax purposes.

Acquisition of Austin International Marketing and Investments, Inc.

In September 2003, the Company acquired the assets of Austin International Marketing and Investments, Inc. (AIM), a U.S.-based top-up company that distributes prepaid services via POS terminals in the U.S. The assets of AIM were initially purchased on an “earn-out” basis, with $2.0 million of the purchase price paid at closing in cash and 114,374 shares of Euronet Common Stock. The remainder was to be paid 30% in cash and 70% in Euronet Common Stock valued at market prices at time of payment over two years based upon defined financial results of the network purchased, with maximum additional consideration of $5.5 million. In September 2004, the purchase agreement was modified to pay the remaining consideration through the issuance of 283,976 shares of Euronet Common Stock. Of the issued shares of Common Stock, 168,068 will be held in escrow; 110,114 of the shares will be released on September 30, 2005 and are not subject to any performance criteria, and the remaining 57,954 shares will be released on December 31, 2006, subject to certain performance criteria. The value of the shares above was reflected as an adjustment to the purchase price as of September 30, 2004. The following table summarizes the adjusted total cost of the acquisition of AIM (all dollar amounts in thousands):

	Amount
Cash paid at closing	$ 821
Euronet Common Stock: 398,350 shares	6,490
Total paid to shareholders	7,311
Transaction costs, share registration fees and other	10
Total purchase price	$7,321

The following table, which is based upon management estimates, summarizes the allocation of the purchase price to the fair values of acquired tangible and intangible assets at the acquisition date:

Description (all dollar amounts in thousands)	Estimated Life	Amount
Current assets		$ 727
Customer relationships	8 years	479
Software	5 years	119
Goodwill	N/A	6,946
Assets acquired		8,271
Current liabilities		(727)
Deferred income tax, net		(223)
Net assets acquired		$7,321

Of the amounts allocated to goodwill and intangible assets (i.e. customer relationships and software), approximately $7.3 million is deductible for income tax purposes.

Acquisition of Transact Elektronische Zahlungssysteme GmbH

In November 2003, the Company purchased 100% of the shares of Transact Elektronische Zahlungssysteme GmbH, which it refers to as “Transact,” a company based in Germany. Transact, which was founded in 1996, specializes in payment processing services and software for electronic financial transactions and prepaid mobile phone transactions on POS terminals, as well as retailer till systems. Additionally, Transact offers a line of proprietary POS terminal products, including general packet radio system (GPRS) based products. The transfer of the Transact shares to the Company was staged, with 96% of the Transact shares transferred at closing and the remaining 4% transferred upon payment by the Company of the “earn-out” payment described below. All economic risks and benefits related to the remaining 4% of Transact shares enure to Euronet.

The Company paid approximately $17.8 million in cash and issued 643,048 shares of Common Stock for the Transact shares. Additionally, an earn-out payment, based on Transact’s earnings before interest, taxes, depreciation and amortization (calculated as described in the purchase agreement and the certificates), which Euronet refers to as “EBITDA,” for the third quarter of 2004, together with certain other performance criteria described in the purchase agreement and the certificates. In settlement of the earn out, during the first quarter of 2005, Euronet delivered to the former shareholders of Transact cash of €18.7 million (approximately $24.5 million) and 598,302 additional shares of Euronet Common Stock valued at a total of $14.6 million on the date of issuance. The Company recorded a liability for the earn-out as of December 31, 2004 in the amount of $39.1 million, representing the value of the Common Stock on the date of issuance and the $24.5 million cash payment. The Company recorded this additional purchase price as an increase to goodwill.

To finance the Transact acquisition, Euronet privately placed 1,131,363 shares of Common Stock with Fletcher International, Ltd. (“Fletcher”), an accredited institutional investor, and received proceeds of $20.0 million. The per share purchase price of approximately $17.68 was based on the volume-weighted average price for shares of Common Stock on November 19, 2003, plus $2.00 per share. In addition, Euronet granted Fletcher certain “additional investment rights” entitling Fletcher to purchase up to an additional $16.0 million in value of Euronet Common Stock. The shares of Common Stock subject to the additional investment rights will be purchased at a per share price equal to either (i) the prevailing price at the time of exercise of the additional investment rights (based on a volume-weighted average formula) or (ii) if the prevailing price is less than $17.68, the prevailing price minus $2.00 per share. The additional investment rights were exercisable by Fletcher on one or more occasions commencing March 19, 2004, and for the 15-month period thereafter, which is extendable under certain circumstances. The additional investment rights, under certain circumstances, could be exercised on a “net settlement basis,” under which Fletcher was not required to purchase shares, but received a number of shares of Common Stock that corresponded to any discount between the price Fletcher was to pay for the stock and the then-current market price of the Common Stock that Fletcher could have purchased from Euronet.

In April 2004, Fletcher exercised 50% of its additional investment rights in accordance with its agreement with Euronet, resulting in a net share settlement to Fletcher of 233,451 shares. In May 2004, Fletcher delivered a notice of exercise of the remaining 50% of their additional investment rights, which would result in a net share settlement to Fletcher of 190,248 shares; however, Fletcher suspended such exercise pending discussions regarding an alternative investment in Euronet. In November 2004, Fletcher delivered a revised notice of exercise of the remaining 50% of its additional investment rights, based upon the position that such exercise superseded the notice delivered in May 2004. This revised notice claimed Fletcher was entitled to a net share settlement of 319,024 shares based on movement in the price of Euronet’s common stock on the NASDAQ after the May exercise. Euronet contested that revised notice and in December 2004, issued Fletcher 190,248 shares as provided in the earlier exercise. In December 2004, Fletcher notified Euronet that it considered Euronet in breach of its obligations under the placement agreement creating the additional investment right. The

Company continues to believe it has honored all its requirements for the additional purchase rights and that Fletcher's assertion of default is without basis. The Company will vigorously defend any attempt on Fletcher's part to gain possession of the 128,776 shares, which is the difference between Fletcher's November claim and the May claim.

The following table summarizes the total cost of the acquisition of Transact (all dollar amounts in thousands):

	Amount
Cash paid at closing	$17,756
Euronet Common Stock: 643,048 shares	10,550
Accrued earn out liability	39,113
Total paid to shareholders	67,419
Transaction costs, share registration fees and other	676
Total purchase price	$68,095

The following table, which is based upon a valuation, summarizes the allocation of the purchase price to the fair values of acquired tangible and intangible assets at the acquisition date:

Description (all dollar amounts in thousands)	Estimated Life	Amount
Current assets		$ 3,760
Property, plant & equipment	various	854
Customer relationships	8 years	4,860
Software	5 years	394
Trademark and trade name	20 years	1,302
Goodwill	N/A	63,512
Assets acquired		74,682
Current liabilities		(4,050)
Less: Deferred income tax, net		(2,537)
Net assets acquired		$68,095

Amounts allocated goodwill and intangible assets (i.e. customer relationships, software and trademark and tradename) are not deductible for income tax purposes.

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Pro forma results

The following unaudited pro forma financial information presents the combined results of operation of Euronet as if all acquisitions had occurred as of the beginning of the periods presented. An adjustment was made to the combined results of operations, reflecting amortization of purchased intangible assets, net of tax, which would have been recorded if the acquisition had occurred at the beginning of the periods presented. The unaudited pro forma financial information is not intended to represent or be indicative of the consolidated results of operations or financial condition of Euronet that would have been reported had the acquisitions been completed as of the beginning of the periods presented, and should not be taken as representative of the future consolidated results of operations or financial condition of Euronet. Pro forma results were as follows for the years ended December 31, 2004 and 2003:

Unaudited Pro Forma and Condensed Statements of Net Income

	Pro Forma for the Year Ended December 31,	
(in thousands, except share data)	**2004**	**2003**
Revenues	$396,400	$248,489
Direct operating costs	274,298	160,002
Salaries and benefits	42,244	34,809
Selling, general and administrative	24,253	18,641
Depreciation and amortization	16,706	14,523
Total operating expenses	357,501	227,975
Operating income	38,899	20,514
Other income (expense), net	(5,301)	2,999
Income tax expense	(12,465)	(5,459)
Minority interest	(499)	(455)
Income from continuing operations	20,634	17,599
Loss from discontinued operations	—	(2)
Net income	$ 20,634	$ 17,597
Per share data:		
Income per share-basic:		
Income from continuing operations	$ 0.66	$ 0.61
Loss from discontinued operations	—	—
Net income	$ 0.66	$ 0.61
Income per share-diluted:		
Income from continuing operations	$ 0.61	$ 0.56
Loss from discontinued operations	—	—
Net income	$ 0.61	$ 0.56

(5) NON-CASH FINANCING AND INVESTING ACTIVITIES

Capital lease obligations of $19.9 million, $1.8 million and $2.8 million during the years ended December 31, 2004, 2003 and 2002, respectively, were incurred when the Company entered into leases primarily for new ATMs, to upgrade ATMs or for data center computer equipment.

During 2002 and 2003, there were various non-cash extinguishments of the 12 $^3/8$% Senior Discount Notes and e-pay acquisition debt (see “Note 12 — Debt Obligations” to the Consolidated Financial Statements).

(6) RESTRICTED CASH

The restricted cash balances as of December 31, 2004 and 2003 were as follows:

	Year Ended December 31,	
(in thousands)	**2004**	**2003**
Cash held in trust and/or cash held on behalf of others	$ 64,603	$ 52,053
Collateral on standby letters of credit	2,531	4,235
Deposits	1,394	1,495
Other	772	497
Total	$ 69,300	$ 58,280

Deposits represent balances held that 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. The letters of credit described above are securing borrowings or ATM network cash of the Company's consolidated subsidiaries. The cash held in trust and/or cash held on behalf of others is in connection with the administration of the customer collection and vendor remittance activities in the Prepaid Processing Segment. Amounts collected on behalf of mobile operators are deposited into a restricted cash account.

(7) PREPAID EXPENSES AND OTHER CURRENT ASSETS

The balances as of December 31, 2004 and 2003 were as follows:

	Year Ended December 31,	
(in thousands)	2004	2003
Prepaid expenses	$ 5,313	$ 5,157
Net VAT and other taxes receivable	7,418	1,522
Other	439	72
Total	$ 13,170	$ 6,751

(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 earnings in excess of billings. Amounts received from customers in excess of revenues recognized to date are classified as current liabilities in deferred revenue.

The software installation contracts in progress consist of the following:

	Year Ended December 31,		
(in thousands)	2004	2003	2002
Earnings on software installation contracts	$ 12,730	$ 12,813	$ 10,225
Less billings to date	(13,861)	(13,982)	(11,362)
Net	$ (1,131)	$ (1,169)	$ (1,137)

The components of contracts in progress are included in earnings in excess of billings and deferred revenue in the accompanying consolidated balance sheets are summarized as follows:

	Year Ended December 31,		
(in thousands)	2004	2003	2002
Earnings in excess of billings	$ 425	$ 729	$ 334
Deferred revenue	(1,556)	(1,898)	(1,471)
Net	$(1,131)	$(1,169)	$(1,137)

(9) PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment (PP&E), net of accumulated depreciation and amortization are as follows:

	As of December 31,	
(in thousands)	2004	2003
ATMs	$ 60,114	$ 36,360
POS terminals	12,635	7,600
Vehicles and office equipment	6,628	5,198
Computers and software	21,914	17,317
	101,291	66,475
Less accumulated depreciation and amortization	(61,384)	(45,817)
Total	$ 39,907	$ 20,658

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Depreciation and amortization expense related to PP&E for the years ended December 31, 2004, 2003 and 2002 was $10.9 million, $10.4 million and $9.7 million, respectively.

(10) GOODWILL AND INTANGIBLES ASSETS

Goodwill represents the excess of the purchase price of the acquired business over the fair value of the underlying net tangible and intangible assets acquired. Intangible asset and goodwill additions for 2004 and 2003 are the result of acquisitions (see "Note 4 – Acquisitions" to the Consolidated Financial Statements). The following table summarizes intangible assets:

	December 31, 2004		December 31, 2003	
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets:				
Customer relationships	$27,403	$ 4,467	$18,277	$ 1,452
Software	2,243	611	1,551	200
Trademarks	4,647	285	4,647	52
Total	$34,293	$ 5,363	$24,476	$ 1,704

Of the total goodwill balance of $183.7 million, $181.3 million relates to the Prepaid Processing Segment and the remaining $2.4 million relates to the EFT Processing Segment. Amortization expense for intangible assets with finite lives was $3.7 million and $1.7 million for the years 2004 and 2003, respectively. Estimated amortization expense on intangible assets as of December 31, 2004 with finite lives is expected to be $4.1 million per year for 2005 through 2007, $3.9 million for 2008 and $3.7 million for 2009. Recorded goodwill increased approximately $95 million and $86 million in 2004 and 2003, respectively, as a result of the acquisitions disclosed in Note 4 — Acquisitions to the Consolidated Financial Statements.

The Company's annual impairment tests during 2004, 2003 and 2002, as well as the initial impairment test upon adoption of SFAS No. 142 in 2002, indicated that there were no impairments.

(11) ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The balances as of December 31, 2004 and 2003 were as follows:

	Year Ended December 31,	
(in thousands)	2004	2003
Accrued expenses	$ 14,369	$ 8,067
Prepaid Processing Segment settlement liability	41,106	28,147
Transact purchase price liability	39,113	—
Movilcarga purchase price liability	12,992	—
Total	$ 107,580	$ 36,214

(12) DEBT OBLIGATIONS

Short-Term Debt Obligations

Short-term debt obligations outstanding were $4.9 million at December 31, 2004 and $4.0 million at December 31, 2003, and they had weighted average interest rate of 5.6% and 6.3%, respectively.

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Long-Term Debt Obligations

The following table provides the composition of long-term debt obligations and related interest rates at December 31, 2004 and 2003:

	Debt Obligations (all dollar amounts in thousands)					
	Acquisition Indebtedness					
	8% e-pay notes due Feb. 2005	7% Precept notes due Jan. 2005	Subtotal	12 3/8% Senior Discount Notes Due June 2006	1.625% Convertible Debentures Due Dec. 2024	Total
Balance at December 31, 2003	$ 12,271	$ —	$ 12,271	$ 43,521	$ —	$ 55,792
Indebtedness incurred	—	4,000	4,000	—	140,000	144,000
Repayments	(13,451)	(4,000)	(17,451)	(44,522)	—	(61,973)
Foreign exchange loss	1,180	—	1,180	1,001	—	2,181
Balance at December 31, 2004	$ —	$ —	$ —	$ —	$ 140,000	$140,000

Interest expense was $7.3 million, $7.2 million, and $6.3 million for the years ended December 31, 2004, 2003 and 2002, respectively.

On December 15, 2004, the Company closed the sale of $140 million of our private offering 1.625% Contingent Convertible Senior Debentures Due 2024 (“Convertible Debentures”). The Company received net proceeds from the sales of $135.6 million, after fees totaling $4.4 million.

The Convertible Debentures have an interest rate of 1.625% per annum payable semi-annually in June and December, and are convertible into a total of 4.2 million shares of Euronet Common Stock at a conversion price of $33.63 per share if certain conditions are met (relating to the closing common stock prices of Euronet exceeding certain thresholds for specified periods). The Company will pay contingent interest, during any six-month period commencing with the period from December 20, 2009 through June 14, 2010, and for each six-month period thereafter from June 15 to December 14 or December 15 to June 14, for which the average trading price of the debentures for the applicable five trading-day period preceding such applicable interest period equals or exceeds 120% of the principal amount of the debentures. Contingent interest will equal 0.30% per annum of the average trading price of a debenture for such five trading-day periods. The Convertible Debentures may not be redeemed by the Company for five years but are redeemable at any time thereafter at par. Holders of the Convertible Debentures have the option to require the Company to purchase their debentures at par on December 15, 2009, 2014 and 2019, and upon a change in control of the Company. These terms and other material terms and conditions applicable to the contingent convertible senior debentures are set forth in the indenture governing the debentures. In connection with the Convertible Debentures, the Company recorded $4.4 million in debt issuance costs, which will be amortized over five years, the term of the initial put option by the holders of the Convertible Debentures.

In connection with the acquisition of Precept, the Company incurred indebtedness to the former shareholders which is comprised of two separate elements:

- Installment promissory notes in the amount of $2.0 million, bearing interest at an annual rate of 7%, due in three equal installments during 2004.
- Indebtedness of $2.0 million under promissory notes bearing interest at an annual rate of 7%, due on February 25, 2005. Euronet had the option of paying the principal and interest in shares of Company Common Stock valued at a 10% discount to the average market price for 20 trading days prior to the maturity date. Additionally, at any time prior to the maturity date, the amount outstanding under these notes was convertible into shares of Common Stock at a conversion price of $28.42 per share. This indebtedness was fully repaid in cash during 2004.

In connection with the acquisition of e-pay, the Company incurred indebtedness to the former e-pay shareholders, two of whom are now officers of the Company, of $26.9 million, payable in British pounds, which is comprised of three separate elements:

- Deferred purchase price in the amount of $8.5 million, bearing interest at an annual rate of 6% and payable quarterly in an amount equal to 90% of contractually defined excess cash flows generated by e-pay. In October 2003, this indebtedness was paid in full.
- Indebtedness of $7.4 million under convertible promissory notes bearing interest at an annual rate of 7%, with accrued interest payable on March 31 and September 30 of each year, beginning on September 30, 2003, until maturity on February 18, 2005. The amount outstanding under these notes was converted into 706,033 shares of Euronet’s Common Stock in December 2003.
- Indebtedness of $12.3 million under promissory notes bearing interest at an annual rate of 8%, with accrued interest payable on March 31 and September 30 of each year, beginning on September 30, 2003, until maturity on February 18, 2005. In

November 2004, the Company extended the maturity date of this indebtedness to August 2005, with the right to further extend the maturity date to February 2006. Additionally, the interest rate was increased on the extended notes effective February 2005 from 8% per annum to 10% per annum. This indebtedness was paid in full during 2004.

In June 1998, the Company sold 243,211 units in a public offering, each consisting of €511 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 was not payable prior to July 1, 2002. Commencing January 1, 2003, cash interest became 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 were €76.7 million (approximately $83.1 million) representing an issue price of €315.33 per €511 principal amount at maturity. Of this amount, $1.7 million was 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 €74.2 million (approximately $81.3 million). Commencing July 1, 2002, the Company could at any time exercise its right to partially or fully redeem the Senior Discount Notes for cash without restriction. Any redemption would be subject to an early redemption premium as defined in the Senior Discount Notes indenture. The early redemption premium decreases throughout the term of the Senior Discount Notes.

During 2004, the Company repurchased or redeemed the balance of its 12 3/8% Senior Discount Notes and recognized $0.9 million as a loss on the early retirement of debt due to the combination of redemption premiums and the elimination of capitalized debt issuance costs.

During May 2002, in a single transaction, the Company exchanged 2,500 units (principal amount of €1.3 million) of its 12 3/8% Senior Discount Notes for 75,000 shares of its Common Stock, par value $0.02 per share. This exchange has been accounted for as an early retirement of debt with a resulting $0.1 million recognized as a loss on such early retirement. The loss on such early retirement is calculated as the difference between the allocated carrying value of the debt and any related warrants retired ($1.2 million) and the fair market value of the Common Stock issued ($1.3 million), offset by the write-off of the allocated unamortized deferred financing costs. The transaction is exempt from registration in accordance with the Securities Act.

During June 2002, in a single transaction, the Company exchanged $0.8 million of Senior Discount Notes for 56,483 shares of its Common Stock, par value $0.02 per share. This exchange has been accounted for as an early retirement of debt with no significant gain or loss resulting from such early retirement. The gain or loss on such an early retirement is calculated as the difference between the allocated carrying value of the debt and any related warrants retired ($0.8 million) and the fair market value of the Common Stock issued ($0.8 million). The transaction is exempt from registration in accordance with the Securities Act.

In July 2002, the Company exercised its right to partially redeem its 12 3/8% Senior Discount Notes. The Company redeemed 17,700 Senior Discount Notes (principal amount of €9.0 million) for $9.7 million cash plus accrued interest from July 1, 2002 through July 18, 2002. This partial redemption has been accounted for as an early retirement of debt with approximately $0.8 million recognized as a loss on such early retirement. The loss on such an early retirement is calculated as the difference between the allocated carrying value of the debt ($9.0 million), the write-off of the allocated unamortized deferred financing costs ($0.1 million), and the cash paid ($9.7 million). The cash payment included an early redemption premium of approximately 6% of the principal amount as defined in the Senior Discount Notes indenture. No warrants associated with these units were repurchased or otherwise retired in this transaction.

Credit Agreements

In December 2002, the Company entered into a secured revolving agreement providing a facility of up to $5.0 million from a bank. This agreement expired on March 14, 2003 and was repaid in full at that time.

In February 2004, the Company entered into a two-year unsecured revolving credit agreement with a bank providing a facility of up to $10 million. In October 2004, this facility was canceled and replaced by a $40 million revolving credit agreement with a bank. The $40 million revolving credit agreement is comprised of a $10 million facility among the Company and certain U.S. subsidiaries, and a $30 million facility among the Company and certain European subsidiaries. The revolving credit facilities can be used to repay existing debt, for working capital needs, to make acquisitions or for other corporate purposes. Borrowings under the $10 million facility bear interest at either a Prime Rate, plus an applicable margin specified in the respective agreement or a rate fixed for up to 30- to 90-day periods equal to the London Interbank Offered Rate (LIBOR), plus an applicable margin, as set forth in the respective agreement, and varies based on a consolidated funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio. Borrowings under the U.S. facility are secured by the share capital of the U.S. subsidiaries and 66% of the share capital of e-pay Ltd., Euronet Services GmbH and Delta Euronet GmbH, as well as guaranteed by all U.S. subsidiaries. Borrowings under the $30 million facility may be drawn in U.S. dollars, euros, and/or British pounds. Borrowings in U.S. dollars bear interest similar to the terms of the $10 million facility. Borrowings in euros or British pounds bear interest at a rate fixed for up to 30- to 90-day periods equal to the Euro Interbank Offered Rate (EURIBOR) or the LIBOR rate plus a margin that varies based on a consolidated debt to EBITDA ratio, plus ancillary costs. The $30 million facility may be expanded to a maximum of $33 million, resulting from certain exchange rate fluctuations. Borrowings under this facility are secured by the share capital of the U.S. subsidiaries and the share capital of e-pay Ltd., Euronet Services GmbH and Delta Euronet GmbH, as well as guaranteed by a majority of the Company's subsidiaries.

The agreements expire in October 2006 and contain customary events of default and covenants related to limitations on indebtedness and the maintenance of certain financial ratios. Issuance costs incurred in association with the credit agreement of $0.6 million are being amortized over two years. As of December 31, 2004, the Company had stand by letters of credit totaling $2.9 million outstanding against these facilities and the Company was in compliance with all covenants. Facility fees and other fees on the entire loan commitment are payable for the duration of this facility.

(13) PRIVATE PLACEMENTS AND ISSUANCES OF EQUITY

For a discussion of the issuance of shares in connection with the 2004 acquisitions of Precept and CPI and the assets of EPS, and the 2003 acquisitions of e-pay, Transact and the assets of AIM, see Note 4 – Acquisitions to the Consolidated Financial Statements.

In February 2002, the Company entered into seven subscription agreements for the sale of an aggregate of 625,000 new shares of Common Stock. These agreements were signed with certain accredited investors in transactions exempt from registration under the Act pursuant to exemptions under Section 4(2) and Regulation D of the Act. The purchase price of each share was $20.00. The aggregate amount of proceeds to the Company from the private placement was $12.5 million. Net proceeds after $0.8 million in transaction costs were approximately $11.7 million.

(14) GAIN ON DISPOSITION OF U.K. ATM NETWORK

In January 2003, the Company sold 100% of the shares in its U.K. subsidiary, Euronet Services (U.K.) Ltd. (or "Euronet U.K.") to Bridgepoint Capital Limited (or "Bridgepoint"). This transaction was effected through a Share Purchase Agreement (the "Acquisition Agreement") whereby EFT Services Holding B.V. ("Euronet Holding"), a Netherlands corporation and a wholly owned subsidiary of Euronet, sold all of its shares of Euronet U.K. to Bank Machine (Acquisitions) Limited ("BMAL"), a U.K. company owned by Bridgepoint, for approximately $29.4 million in cash, subject to certain working capital adjustments. Of this amount, $1.0 million was placed in escrow or otherwise retained subject to the completion and settlement of certain post-closing matters and adjustments, with the remainder paid in cash at closing. The Acquisition Agreement provides that the benefits and burdens of ownership of the shares and all employees of Euronet U.K. were transferred to Bridgepoint effective as of January 1, 2003.

Euronet Worldwide, Euronet Holding and BMAL are parties to the Acquisition Agreement. The Acquisition Agreement includes certain representations, warranties and indemnification obligations of Euronet concerning Euronet U.K., which are customary in transactions of this nature in the U.K., including a "Tax Deed" providing for the indemnification of Bridgepoint by Euronet against tax liabilities of Euronet U.K. that relate to the periods prior to January 1, 2003, but arise after the sale.

Simultaneous with this transaction, Euronet and Bank Machine Limited (which is the new name of Euronet U.K. following the acquisition) signed an ATM and Gateway Services Agreement (the "Services Agreement") under which Euronet's Hungarian subsidiary, Euronet Adminisztracios Kft. ("Euronet Hungary"), will provide ATM operating, monitoring, and transaction processing services ("ATM Services") to BMAL through December 31, 2007. The services provided by Euronet Hungary are substantially identical to the services provided to Euronet U.K. prior to its sale to Bridgepoint.

Management has allocated $4.5 million of the total sale proceeds of $29.4 million to the Services Agreement. This amount will be accrued to revenues on a straight-line basis over the five-year contract term beginning January 1, 2003. This amount represents management's best estimate of the fair value of the services to be provided under the agreement.

The results of operations of Euronet U.K. continue to be included in continuing operations due to the ongoing revenues generated under the Services Agreement.

Gain on Sale

The following table summarizes the gain on the sale of Euronet U.K. (in thousands):

Sale price of Euronet U.K.	$ 29,423
Less: Portion of sale price attributed to estimated fair value of ATM Services	(4,500)
Total consideration received attributed to Purchase Agreement	24,923
Less: Net transaction and settlement costs	(505)
Net cash consideration received	24,418
Adjustments: value of net assets removed as of December 31, 2002—	
Euronet U.K. assets removed	(10,326)
Euronet U.K. liabilities removed	3,537
Other liabilities removed	416
Gain on sale	$ 18,045

(15) LEASES

(a) Capital leases

The Company leases certain of its ATMs under capital lease agreements that expire between 2005 and 2011 and bear interest at rates between 2.5% and 12%. The lessors for these leases hold a security interest in the ATMs leased under the respective capital lease agreements. 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:

(in thousands)	Year Ended December 31, 2004	2003
ATMs	$ 38,098	$ 14,274
Other	2,463	1,215
Subtotal	40,561	15,489
Less accumulated amortization	(23,508)	(8,044)
Total	$ 17,053	$ 7,445

Amortization of assets held under capital leases amounted to $4.0 million, $2.4 million, and $3.1 million for the years ended December 31, 2004, 2003 and 2002, respectively, and is included in depreciation and amortization expense.

(b) Operating leases

The Company has non-cancelable operating rental leases for office space, which expire over the next two to eight years. Rent expense under these leases amounted to $3.4 million, $2.4 million, and $2.7 million for the years ended December 31, 2004, 2003 and 2002, respectively.

(c) Future minimum lease payments

Future minimum lease payments under the capital leases and the noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of December 31, 2004 are:

(in thousands)	Capital Leases	Operating Leases
Year ending December 31,		
2005	$ 6,723	$ 3,843
2006	6,594	3,684
2007	4,920	3,438
2008	2,705	3,118
2009	2,414	2,170
2010 and thereafter	3,314	1,080
Total minimum lease payments	26,670	$17,333
Less amounts representing interest	(5,373)	
Present value of net minimum capital lease payments	21,297	
Less current installments of obligations under capital leases	(4,403)	
Long-term capital lease obligations	$16,894	

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(16) TAXES

Deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. Deferred tax benefit (expense) is generally the result of changes in the assets and liabilities for deferred taxes.

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

	Year Ended December 31,		
(in thousands)	2004	2003	2002
Income (loss) from continuing operations:			
United States	$ 4,763	$ (643)	$ (8,914)
Europe	20,686	18,538	(2,204)
Asia Pacific	4,496	(1,664)	(927)
Income (loss) from continuing operations before income taxes	29,945	16,231	(12,045)
Income (loss) from discontinued operations:			
United States	—	—	4,943
Europe	—	(201)	111
Asia Pacific	—	—	—
Income (loss) from discontinued operations before income taxes	—	(201)	5,054
Total income (loss) before income taxes	$29,945	$16,030	$ (6,991)

Total income tax benefit (expense) for the years ended December 31, 2004, 2003 and 2002 was allocated as follows:

	Year Ended December 31,		
(in thousands)	2004	2003	2002
Income tax benefit (expense) from continuing operations	$(11,518)	$(4,246)	$ 2,312
Income tax expense from discontinued operations	—	—	(1,935)
Total tax benefit (expense)	$(11,518)	$(4,246)	$ 377

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

	Year Ended December 31,		
(in thousands)	2004	2003	2002
Current tax benefit (expense):			
U.S. Federal	$ (356)	$ (83)	$1,747
Foreign	(11,602)	(1,696)	6
Total current	(11,958)	(1,779)	1,753
Deferred tax benefit (expense):			
U.S. Federal	148	—	—
Foreign	292	(2,467)	559
Total deferred	440	(2,467)	559
Total tax benefit (expense)	$(11,518)	$(4,246)	$2,312

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The differences that caused Euronet's effective income tax rates related to continuing operations to vary from the 34% federal statutory rate applicable to corporations with U.S. taxable income less than $10 million were as follows:

	Year Ended December 31,		
(in thousands)	2004	2003	2002
U.S. Federal income tax benefit (expense) at applicable statutory rate tax effect of:	$(10,181)	$(5,519)	$ 4,095
State income tax expense at statutory rates	(157)	—	—
Non-taxable gain on sale of U.K. subsidiary	—	6,073	—
Non-deductible expenses	(1,958)	(4,432)	(917)
Other permanent differences	(3,361)	187	558
Foreign tax rate differentials	1,279	(475)	(129)
Impact of changes in tax rates	252	(1,802)	53
Other	(2,906)	563	(2,636)
Change in valuation allowance	5,514	1,159	1,288
Total income tax benefit (expense)	$(11,518)	$(4,246)	$ 2,312
Effective tax rate	38.5%	26.2%	(19.2%)

The tax effect of temporary differences and carryforwards that gives rise to deferred tax assets and liabilities from continuing operations are as follows

	Year Ended December 31,	
(in thousands)	2004	2003
Deferred tax assets:		
Tax loss carryforwards	$ 24,955	$ 15,090
Notes payable	—	3,249
Accrued interest	1,033	6,274
Accrued expenses	—	2,107
Billings in excess of earnings	638	759
Property and equipment	1,791	1,003
Deferred revenue	590	—
Deferred financing costs	—	209
Deferred compensation	1,000	—
Other	1,570	1,091
Gross deferred tax assets	31,577	29,782
Valuation allowance	(21,446)	(26,960)
Net deferred tax assets	10,131	2,822
Deferred tax liabilities:		
Intangibles related to purchase accounting	(9,801)	(7,258)
Other current assets	—	(665)
Earnings in excess of billings	(96)	(226)
Notes payable	(5,486)	—
Property and equipment	(1,064)	(934)
Investment in affiliates	(539)	(76)
Other	(2,399)	(43)
Total deferred tax liabilities	(19,385)	(9,202)
Net deferred tax liabilities	$ (9,254)	$ (6,380)

Subsequently recognized tax benefits relating to the valuation allowance for deferred tax assets as of December 31, 2004 will be allocated to income taxes in the consolidated statements of operations, except for $9.4 million attributable to tax benefits derived from the compensation element of exercised stock options and disqualifying dispositions of qualified stock options, which will be allocated to additional paid in capital.

As of December 31, 2004, 2003 and 2002, the Company's U.S. Federal and foreign tax loss carryforwards were $74.9 million, $60.3 million and $61.6 million, respectively, and U.S. state tax loss carryforwards were $45.1 million, $17.6 million and $13.0 million, respectively.

In assessing the Company's ability to realize 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 in which the deferred tax assets are deductible, management believes it is more likely than not the Company will only realize the benefits of these deductible differences, net of the existing valuation allowances at December 31, 2004. The amount of the deferred tax asset considered realizable, however, could be reduced if estimates of future taxable income during the carryforward period are reduced.

At December 31, 2004, the Company had U.S. Federal and foreign tax net operating loss carryforwards of approximately $74.9 million, which will expire as follows:

Year Ending December 31,	Gross (in thousands)	Tax Effected (in thousands)
2005	$ 2,031	$ 379
2006	1,892	348
2007	5,288	973
2008	3,987	758
2009	1,354	296
2010	753	244
2011 and thereafter	56,727	19,282
Unlimited	2,887	1,011
Total	$ 74,919	$ 23,291

In addition, the Company's state tax net operating losses of $50.4 million will expire periodically beginning in the years ended December 31, 2005 through December 31, 2011.

Except for the earnings of e-pay Australia Pty Ltd and e-pay New Zealand, Limited, no provision has been made in the accounts as of December 31, 2004, 2003 and 2002 for U.S. Federal income taxes which would be payable if the undistributed earnings of the foreign subsidiaries were distributed to the Company since management has determined that the earnings are permanently reinvested in these foreign operations. Determination of the amount of unrecognized deferred U.S. income tax liabilities and foreign tax credits, if any, is not practicable to calculate at this time.

The Company is subject to corporate income tax audits in each of its various taxing jurisdictions. Although, the Company believes that its tax positions comply with applicable tax law, should a taxing authority take a position contrary to that reported by the Company, the Company would be required to evaluate the likelihood of any loss contingency under SFAS No. 5, "Accounting for Contingencies."

On October 22, 2004, President Bush signed into law H.R. 4520, otherwise known as the American Jobs Creation Act of 2004 (the "Act"). The Act contains several provisions that impact U.S. multinational companies including a temporary incentive to repatriate foreign earnings at an effective tax rate of 5.25%. In accordance with SFAS 109, *Accounting for Income Taxes*, the Company records adjustments to its deferred tax assets and liabilities for the impact of changes in tax laws and rates in the period of enactment. However, on December 21, 2004, the Financial Accounting Standard's Board ("FASB") issued FASB Staff Position 109-2 ("FSP 109-2), *Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004*, which provides companies an extension of time beyond the period of enactment to evaluate the effect of the Act on its plan for reinvestment or repatriation of earnings. As of December 31, 2004, the Company is evaluating the provisions of the Act to determine whether, given the Company's U.S. federal tax position, the repatriation incentive would be advantageous to the Company. The Company does not expect to complete the evaluation under later in 2005. Until such decision is made, the Company will not change its current intention to indefinitely reinvest the accumulated earnings of its foreign subsidiaries.

On December 15, 2004, the Company closed the sale of $140 million of 1.625% stated interest Convertible Debentures due 2024 in a private offering. Pursuant to the rules applicable to contingent payment debt instruments, the holders are generally required to include amounts in their taxable income, and the issuer is able to deduct such amounts from its taxable income, based on the rate at which Euronet would issue a non-contingent, non-convertible, fixed-rate debt instrument with terms and conditions otherwise similar to those of the Convertible Debentures. Euronet has determined that amount to be 9.05%, which is substantially in excess of the stated interest rate on the Convertible Debentures. An issuer of convertible debt may not deduct any premium paid upon its repurchase of such debt if the premium exceeds a normal call premium. This denial of an interest deduction, however, does not apply to accruals of interest based on the comparable yield of a convertible debt instrument. Nonetheless, the anti-abuse regulation, set forth in Section 1.1275(g) of the Internal Revenue Code ("Code"), grants the Commissioner of the Internal Revenue Service authority to depart from the regulation if a result is achieved which is unreasonable in light of the original issue discount provisions of the Code, including Section 163(e). The anti-abuse regulation further provides that the Commissioner may, under this authority, treat a contingent payment feature of a debt instrument as if it were a separate position. If such an analysis were applied to the Debentures and ultimately sustained, our deductions attributable to the Convertible Debentures could be limited to the stated interest. The scope of the application of the anti-abuse regulations is unclear. The Company is of the view that the application of the Contingent Debt Regulations to the Debentures is a reasonable result such that the anti-abuse regulation should not apply. If a contrary position were asserted and ultimately sustained, our tax deductions would be severely diminished; however, such a contrary position would not have any adverse impact on our reported tax expense because there have been no tax benefit recognized for the difference between the stated interest of 1.625% and the comparable yield of 9.05%.

Under the Code, no deduction is allowed for interest expense in excess of $5 million on convertible subordinated acquisition indebtedness incurred to acquire stock or assets of another corporation. If a significant portion of the proceeds from the issuance of the Convertible Debentures, either alone or together with other debt proceeds, were used for a domestic acquisition and the Convertible Debentures and other debt, if any, were deemed subordinated to certain creditors of the affiliated group, interest deductions for tax purposes in excess of $5 million on such debt would be disallowed. We do not currently anticipate that this limitation would have a material impact on our ability to deduct the interest on the Convertible Debentures.

(17) VALUATION AND QUALIFYING ACCOUNTS

Accounts receivable balances are stated net of allowance for doubtful accounts. Historically, the Company has not encountered significant write-offs. The Company records allowances for doubtful accounts when it is probable that the accounts receivable balance will not be collected. The following table provides a summary of the allowance for doubtful accounts balances and activity for the years ended December 31, 2004, 2003 and 2002:

(in thousands)	Balance at January 1,	Additions charged to expense	Amounts written off	Balance at December 31,
2002 Allowance for doubtful accounts	$ 675	$ 447	$ (638)	$ 484
2003 Allowance for doubtful accounts	484	1,194	(631)	1,047
2004 Allowance for doubtful accounts	1,047	1,028	(702)	1,373

(18) STOCK PLANS

(a) Employee stock option plans

The Company has established a share compensation plan (the "SCP") 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, 2004, the authorized options for the purchase of 9,663,991 shares of Common Stock, of which 9,191,868 have been awarded to employees and 2,175,669 are currently exercisable.

Within the SCP and in accordance with a shareholders' agreement dated February 15, 1996 and amended on October 14, 1996, Euronet reserved 2,850,925 shares of Common Stock for the purpose of awarding common shares ("milestone awards") to certain investors and options to acquire shares of Common Stock ("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 that 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, 2004, the Company reported 937 milestone options remain unexercised.

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Share option activity of the SCP during the periods indicated is as follows:

	Number of Shares	Average Exercise Price
Balance at December 31, 2001 (2,594,744 shares exercisable)	4,920,135	$ 5.41
Granted	1,720,178	$11.39
Exercised	(622,154)	$ 3.33
Forfeited	(158,995)	$10.46
Balance at December 31, 2002 (2,674,654 shares exercisable)	5,859,164	$ 7.26
Granted	711,400	$10.26
Exercised	(455,621)	$ 5.29
Forfeited	(348,377)	$10.14
Balance at December 31, 2003 (2,841,918 shares exercisable)	5,766,566	$ 7.59
Granted	954,894	$19.68
Exercised	(1,506,564)	$ 5.11
Forfeited	(98,458)	$12.12
Balance at December 31, 2004 (2,175,669 shares exercisable)	5,116,438	$10.51

At December 31, 2004, the range of exercise prices, weighted-average remaining contractual life and number exercisable of options outstanding under the SCP was as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ — - $ 2.5060	802,836	2.7	$ 1.8866	710,772	$ 2.1309
$ 2.5061 - $ 5.0120	468,368	6.4	$ 4.8797	170,668	$ 4.6698
$ 5.0121 - $ 7.5180	1,254,539	6.3	$ 6.0538	747,997	$ 6.0293
$ 7.5181 - $ 10.0240	202,700	6.4	$ 7.9552	98,300	$ 8.1201
$ 10.0241 - $ 12.5300	625,915	8.2	$10.7923	125,585	$11.0227
$ 12.5301 - $ 15.0360	117,955	3.8	$13.5117	96,955	$13.6918
$ 15.0361 - $ 17.5420	195,450	7.4	$16.4107	61,102	$16.4000
$ 17.5421 - $ 20.0480	686,675	7.6	$17.8337	164,290	$17.6805
$ 20.0481 - $ 22.5540	697,000	9.4	$22.0000	0	$ —
$ 22.5541 - $ 25.0600	65,000	9.9	$25.0600	0	$ —
	5,116,438	6.6	$10.5098	2,175,669	$ 6.5443

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.

The SCP also allows the compensation committee to make grants of performance-based restricted shares to certain current and prospective key employees, directors and consultants of the Company. The Company issued 35,000 shares and 92,064 restricted shares under this plan at no cost to employees in 2003 and 2004, respectively. The Company recognized compensation expense related to grants of these restricted shares in the amount of less than $0.1 million for the year ended December 31, 2003, and $1.4 million for the year ended December 31, 2004.

(b) Employee stock purchase plans

In 2001, the Company established a qualified Employee Stock Purchase Plan (the “2001 ESPP”), which allows qualified employees (as defined by the plan documents) to participate in the purchase of designated shares of the Company’s Common Stock at a price equal to the lower of 85% of the closing price at the beginning or end of each quarterly offering period. The Company reserved 500,000 shares of Common Stock for purchase under the plan. The Company issued 325,370 shares of Common Stock during 2002 pursuant to the 2001 ESPP at an average price per share of $6.28. As of December 31, 2002, all shares available under the plan had been purchased. In February 2003, the Company established a new qualified Employee Stock Purchase Plan (the “2003 ESPP”) and reserved an additional 500,000 shares of Common Stock for purchase under the plan. The Company issued 44,670 shares of Common

Stock during 2004 pursuant to the 2003 ESPP at an average price per share of $15.99 and issued 66,524 shares of Common Stock during 2003 at an average price per share of $8.22.

(c) Fair value of options granted

The following table provides the fair value of options granted under the SCP and shares granted under the ESPP during 2004, 2003 and 2002 together with a description of the assumptions used to calculate the fair value using the Black-Scholes pricing model:

	Year Ended December 31,		
	2004	2003	2002
Expected volatility	52.7%	60.7%	78.3%
Average risk-free rate	3.6%	4.9%	3.8%
Average expected lives	6.6 years	6.6 years	5 years
Weighted-average fair value (per share)	$ 10.51	$ 6.52	$ 6.72

(d) Employee Loans for Common Stock

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 Common Stock on the open market. The shares are pledged to the Company to secure the loans. As of December 31, 2003, the Company held 132,444 shares as collateral for the loans. The loans carry five-year terms and are non-recourse, non-interest bearing loans. The shares vest to the employees in five equal tranches of 20% of the shares per year 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' equity. In the event that any one of the employees defaults on the terms of the loans, or leaves the Company prior to vesting, the shares received by the Company or the unvested shares will be recorded as treasury stock.

(19) EMPLOYEE BENEFIT PLANS

The Company has established a profit sharing and 401(k) plan for all eligible employees effective the first day of the month following employment and are not otherwise covered by a retirement benefit plan (national or private) outside of the U.S. Each plan participant can contribute up to the maximum amount allowed by the Internal Revenue Service to the plan through payroll deductions. The Company's matching contributions to the plan are made in Company Common Stock and are discretionary. Contributions are determined each year by the Board of Directors. The employee's vested percentage regarding the employer's contribution varies according to years of service. The Company's contribution accrual to the plan for the years ended December 31, 2004, 2003 and 2002 was $0.2 million, $0.1 million and $0.3 million, respectively.

The Company maintains a health and dental insurance program, which covers all eligible U.S.-based employees and their legal dependants, of which the employee covers a portion of the cost. Further, the Company provides certain short-term and long-term disability and life insurance to eligible U.S.-based employees.

(20) BUSINESS SEGMENT INFORMATION

The Company operates in three principal business segments;

1) In our EFT Processing Segment, we process transactions for a network of 5,742 ATMs and approximately 9,700 point of sale (POS) terminals across Europe, the Middle East, Africa and India. We provide comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM and POS management solutions, and electronic recharge services for prepaid mobile airtime.

2) Through our Prepaid Processing Segment, we provide prepaid processing, or top-up services, for prepaid mobile airtime and other prepaid products. We operate a network of more than 175,000 POS terminals providing electronic processing of prepaid mobile phone airtime top-up services in the U.S., Europe and Asia Pacific.

3) Through our Software Solutions Segment, we offer a suite of integrated electronic financial transaction (EFT) software solutions for electronic payment and transaction delivery systems.

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The Company also has a “Corporate Services Segment” that provides the three business segments with corporate and other administrative services. These services are not directly identifiable with Company’s business segments. There are no significant inter-segment transactions.

On January 4, 2002, the Company sold substantially all of the assets of its ATM processing business (known as DASH) in the U.S.

On July 15, 2002, the Company sold substantially all of the non-current assets and capital lease obligations of its processing business in France.

The results from operations from France and DASH have been removed from continuing operations for all reported periods in accordance with SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” See Note 25 – Discontinued Operations and Assets Held for Sale to the Consolidated Financial Statements, for additional information on these business components sold during 2002.

The following tables present the segment results of the Company’s operations for the years ended December 31, 2004, 2003 and 2002:

	For the year ended December 31, 2004					
(in thousands)	EFT Processing	Prepaid Processing	Software Solutions	Corporate Services	Eliminations	Consolidated
Total revenues	$ 77,600	$289,810	$13,670	$ —	$ —	$ 381,080
Operating expenses:						
Direct operating costs	34,129	229,908	566	—	(1)	264,602
Salaries and benefits	13,470	15,226	8,456	4,642	1	41,795
Selling, general and administrative	6,625	10,048	1,882	5,021	2	23,578
Depreciation and amortization	8,329	6,355	975	149	(7)	15,801
Total operating expenses	62,553	261,537	11,879	9,812	(5)	345,776
Operating income (loss)	15,047	28,273	1,791	(9,812)	5	35,304
Other income (expense):						
Interest income	136	2,711	1	173	1	3,022
Interest expense	(1,583)	(628)	(2)	(5,088)	1	(7,300)
Equity in unconsolidated subsidiaries	—	386	—	(41)	—	345
Loss on early retirement of debt	—	—	—	(920)	—	(920)
Foreign exchange gain, net	—	—	—	(448)	—	(448)
Total other income (expense)	(1,447)	2,469	(1)	(6,324)	2	(5,301)
Income (loss) from continuing operations before income taxes and minority interest	13,600	30,742	1,790	(16,136)	7	30,003
Income tax expense	(4,321)	(7,187)	—	(10)	—	(11,518)
Minority interest	—	(58)	—	—	—	(58)
Income (loss) from continuing operations	$ 9,279	$ 23,497	$ 1,790	$(16,146)	$ 7	$ 18,427
Segment assets as of December 31, 2004	$ 92,238	$429,850	$ 6,605	$ 89,782	$ —	$ 618,475
Fixed assets as of December 31, 2004	32,605	6,555	706	41	—	39,907

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(in thousands)	EFT Processing	Prepaid Processing	Software Solutions	Corporate Services	Eliminations	Consolidated
	For the year ended December 31, 2003					
Total revenues	$ 52,752	$136,185	$15,470	$ —	$ —	$ 204,407
Operating expenses:						
Direct operating costs	21,990	109,538	829	—	—	132,357
Salaries and benefits	11,093	7,155	9,716	3,218	—	31,182
Selling, general and administrative	5,830	3,937	2,328	3,355	39	15,489
Depreciation and amortization	7,192	3,626	1,160	84	—	12,062
Total operating expenses	46,105	124,256	14,033	6,657	39	191,090
Operating income (loss)	6,647	11,929	1,437	(6,657)	(39)	13,317
Other income (expense):						
Interest income	31	1,056	6	164	—	1,257
Interest expense	(631)	(11)	(2)	(6,572)	—	(7,216)
Gain on sale of U.K. subsidiary	18,045	—	—	—	—	18,045
Equity in unconsolidated subsidiaries	(1)	645	—	(126)	—	518
Foreign exchange gain, net	—	—	—	(9,690)	—	(9,690)
Total other income (expense)	17,444	1,690	4	(16,224)	—	2,914
Income from continuing operations before income taxes	24,091	13,619	1,441	(22,881)	(39)	16,231
Income tax expense	(1,911)	(2,810)	—	475	—	(4,246)
Income (loss) from continuing operations	$ 22,180	$ 10,809	$ 1,441	$(22,406)	$ (39)	$ 11,985
Segment assets as of December 31, 2003	$ 46,488	$238,598	$ 8,155	$ 10,532	$ —	$ 303,773
Fixed assets as of December 31, 2003	17,095	2,908	798	(116)	(27)	20,658

(in thousands)	EFT Processing	Prepaid Processing	Software Solutions	Corporate Services	Eliminations	Consolidated
	For the year ended December 31, 2002					
Total revenues	$ 53,918	$ —	$17,130	$ —	$ —	$ 71,048
Operating expenses:						
Direct operating costs	26,694	—	788	—	—	27,482
Salaries and benefits	8,928	—	12,095	1,989	—	23,012
Selling, general and administrative	4,856	—	2,782	3,576	41	11,255
Depreciation and amortization	8,631	—	1,031	56	—	9,718
Total operating expenses	49,109	—	16,696	5,621	41	71,467
Operating income (loss)	4,809	—	434	(5,621)	(41)	(419)
Other income (expense):						
Interest income	51	—	137	59	—	247
Interest expense	(1,108)	—	(13)	(5,132)	—	(6,253)
Loss on facility sublease	—	—	(249)	—	—	(249)
Equity in losses from unconsolidated subsidiaries	(183)	—	—	—	—	(183)
Gain/(loss) on early retirement of debt	—	—	—	(955)	—	(955)
Foreign exchange gain, net	—	—	—	(4,233)	—	(4,233)
Total other income (expense)	(1,240)	—	(125)	(10,261)	—	(11,626)
Income (loss) from continuing operations before income taxes and minority interest	3,569	—	309	(15,882)	(41)	(12,045)
Income tax expense	465	—	1,892	(45)	—	2,312
Minority interest	100	—	—	—	—	100
Income (loss) from continuing operations	$ 4,134	$ —	$ 2,201	$(15,927)	$ (41)	$ (9,633)
Segment assets as of December 31, 2002	$ 50,347	$ —	$ 6,955	$ 9,257	$ —	$ 66,559
Fixed assets as of December 31, 2002	20,431	—	854	109	—	21,394

Total revenues for the three years ended December 31, 2004, summarized by geographic location, are as follows:

(in thousands)	Revenues For the year ended 2004	2003	2002
U.S.	$ 43,929	$ 17,818	$ 17,410
Germany	33,839	14,280	12,093
Poland	30,615	16,887	12,899
Hungary	10,407	7,397	7,139
U.K.	170,968	94,762	14,480
Australia	65,070	37,752	—
Other	26,252	15,511	7,027
Total	$ 381,080	$ 204,407	$ 71,048

PP&E and total assets as of December 31, 2004 and 2003, summarized by geographic location, are as follows:

	Property, Plant & Equipment as of December 31,		Total Assets as of December 31,	
(in thousands)	2004	2003	2004	2003
U.S.	$ 2,273	$ 804	$ 149,031	$ 22,661
Germany	7,625	3,788	101,537	42,838
Poland	17,409	6,509	38,331	11,950
Hungary	6,108	5,049	12,649	11,555
U.K.	1,925	1,141	180,364	159,845
Australia	553	470	47,028	34,306
Spain	672	—	54,698	—
Other	3,342	2,897	34,837	20,618
Total	$39,907	$ 20,658	$ 618,475	$ 303,773

Total revenues are attributed to countries based on location of customer for the EFT Processing and Prepaid Processing Segments. All revenues generated by Software Solutions Segment activities are attributed to the U.S.

(21) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents, trade accounts receivable, trade accounts payable and short-term debt obligations approximates fair value, as the maturities are less than one year in duration. Based on quoted market prices, the fair value of the Company's Convertible Debentures was $151.4 million, compared to a carrying value of $140.0 million as of December 31, 2004.

(22) RELATED PARTY TRANSACTIONS

For the years ended December 31, 2004, 2003 and 2002, the Company recorded combined revenues of $0.6 million, $0.3 million and $0.5 million, respectively, from CashNet Egypt and Europlanet, unconsolidated subsidiaries, with respect to data processing and technical services agreements. Amounts due from these related parties were $0.1 million as of December 31, 2004 and $0.2 million as of December 31, 2003 and 2002.

Under the terms of certain debt agreements entered into in connection with the acquisitions of e-pay, the Company paid approximately $1.4 million and $1.3 million in interest in 2004 and 2003, respectively, to former e-pay shareholders who also serve as officers of the Company.

(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 and cash and cash equivalents. Euronet's EFT Processing Segment's customer base, although limited, includes the most significant international card organizations and certain banks in the markets and the Prepaid Processing Segments customer base, while diverse, includes several major retailers and/or distributors in markets that they operate. Therefore, the Company's operations are directly affected by the financial condition of those entities.

Cash and cash equivalents 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 and to the purchased credit enhancement protection. However, in the U.K., Australian and Spanish markets, the Company purchases credit enhancement protection for its significant named retailer customers.

(24) RESEARCH AND DEVELOPMENT

The following table provides the detailed activity related to capitalized software costs for the three years ended December 31, 2004, 2003 and 2002.

(in thousands)	Year Ended December 31, 2004	2003	2002
Software Solutions Segment:			
Beginning balance-capitalized development cost	$ 1,835	$1,584	$1,711
Additions-capitalized in the period	729	1,173	555
Amortization-expense in the period	(1,027)	(922)	(682)
Net capitalized development cost	$ 1,537	$1,835	$1,584

Research and development costs expensed for the years ending December 31, 2004, 2003 and 2002 were $1.9 million, $2.9 million and $4.4 million, respectively.

The Company regularly engages in research and development activities aimed at the development and delivery of new products, services and processes to Euronet's customers, including bill payment and presentment, telephone banking products, wireless banking products, prepaid mobile phone recharge products, browser-based ATM software products, Internet banking solutions and POS terminal products, including GPRS technology. The Company is also making significant improvements to its core software products.

(25) DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Sale of U.S. ATM Network Processing Services Business

In January 2002, the Company concluded an asset purchase agreement, whereby EFT Network Services, LLC (also known as DASH) sold substantially all of its assets to FNF (formerly Alltel Information Systems) for $6.8 million in cash. DASH was a wholly owned subsidiary of Euronet USA Inc., which is a wholly owned subsidiary of Euronet Worldwide, Inc. The Company recorded a pre-tax gain of approximately $4.8 million related to this transaction.

The Company also entered into a significant software license agreement (the "License Agreement") whereby Euronet USA granted FNF a nonexclusive license to use, distribute and develop versions 1.5 and 2.2 of Euronet USA's GoldNet ATM Network Processing Software ("GoldNet Software"). The License Agreement includes certain territorial and other restrictions on the use and distribution of the GoldNet Software by FNF. The License Agreement does not restrict the ability of Euronet USA to continue to sell its GoldNet Software, except that Euronet USA may not sell to former DASH customers or new FNF network processing customers.

Sale of France ATM Network Processing Services Business

In July 2002, the Company sold substantially all of the non-current assets and capital lease obligations of its processing business in France to Atos S.A. Non-current assets and capital lease obligations related to the France business have been removed from continuing operations and classified under discontinued operations. The Company incurred a loss on disposal of the France business of $0.1 million.

As a result of the above, the results from operations from France and DASH have been removed from continuing operations for all reported periods in accordance with SFAS 144.

The summary operating results of discontinued operations for the years ended December 31, 2003 and 2002 are as follows (in thousands):

	Year Ended December 31, 2003 DASH	France	Total
Revenues	$—	$ —	$ —
Operating expenses	—	201	201
Operating income (loss)	—	(201)	(201)
Other income	—	—	—
Gain (loss) on disposal	—	—	—
Income (loss) before taxes	—	(201)	(201)
Income tax expense	—	—	—
Net loss of discontinued operations	$—	$(201)	$(201)

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	Year Ended December 31, 2002		
	DASH	France	Total
Revenues	$ 101	$ 563	$ 664
Operating expenses	3	648	651
Operating income (loss)	98	(85)	13
Other income	—	315	315
Gain (loss) on disposal	4,845	(119)	4,726
Income before taxes	4,943	111	5,054
Income tax expense	(1,857)	(78)	(1,935)
Net income of discontinued operations	$ 3,086	$ 33	$ 3,119

There were no assets or liabilities held for sale at December 31, 2004 or 2003.

(26) COMMITMENTS AND CONTINGENCIES

As of December 31, 2004 and 2003, the Company has standby letters of credit issued on its behalf in the amount of approximately $2.9 million and $4.2 million, respectively. In addition, as of December 31, 2004, the Company has $2.8 million of bank guarantees issued on its behalf, the majority of which are collateralized by cash deposits held by the respective issuing banks.

The Company is from time to time a party to litigation arising in the ordinary course of its business. Currently, there are no legal proceedings that management believes would have a material adverse effect upon the consolidated results of operations or financial condition of the Company.

See Note 4 – Acquisitions to the Consolidated Financial Statements for earn-out commitments related to the Company's 2003 and 2004 acquisitions.

Euronet Worldwide, Inc. regularly grants guarantees of the obligations of its wholly-owned subsidiaries. As of December 31, 2004, the Company had granted guarantees in the following amounts:

- Cash in various ATM networks - $14.2 million over the five- to six-year terms of the cash supply agreements.
- Vendor supply agreements - $2.3 million over the term of the vendor agreements.
- Commercial obligations of the Company's Australian Prepaid Processing subsidiary, including PIN inventory held on consignment with our customers, to a maximum of approximately $40 million as of December 31, 2004.

From time to time, Euronet enters into agreements with unaffiliated parties that contain indemnification provisions, the terms of which may vary depending on the negotiated terms of each respective agreement. The amount of such obligations is not stated in the agreements. Our liability under such indemnification provision may be subject to time and materiality limitations, monetary caps and other conditions and defenses. Such indemnity obligations include the following:

- In connection with the license of proprietary systems to customers, we provide certain warranties and infringement indemnities to the licensee, which generally warrant that such systems do not infringe on intellectual property owned by third parties and that the systems will perform in accordance with their specifications.
- We have entered into purchase and service agreements with our vendors and into consulting agreements with providers of consulting services, pursuant to which we have agreed to indemnify certain of such vendors and consultants, respectively, against third-party claims arising from our use of the vendor's product or the services of the vendor or consultant.
- In connection with our disposition of subsidiaries, operating units and business assets, we have entered into agreements containing indemnification provisions, which are generally described as follows: (i) in connection with acquisitions made by Euronet, we have agreed to indemnify the seller against third party claims made against the seller relating to the subject subsidiary, operating unit or asset and arising after the closing of the transaction, and (ii) in connection with dispositions made by us, we have agreed to indemnify the buyer against damages incurred by the buyer due to the buyer's reliance on representations and warranties relating to the subject subsidiary, operating unit or business assets in the disposition agreement if such representations or warranties were untrue when made.

- We have entered into agreements with certain third parties, including banks that provide fiduciary and other services to Euronet or to the Company's benefit plans. Under such agreements, we have agreed to indemnify such service providers for third party claims relating to the carrying out of their respective duties under such agreements.

To date, the Company is not aware of any significant claims made by the indemnified parties or parties to guarantee agreements with the Company and, accordingly, no liabilities have been recorded as of December 31, 2004 and 2003.

In the ordinary course of business, Euronet enters into contractual commitments for ATM maintenance, cleaning, telecommunication and cash replenishment operating expenses. For the years ended December 31, 2004, 2003 and 2002, the Company incurred $11.7 million, $8.2 million and $7.9 million, respectively, under such agreements. While contractual payments may be greater or less based on the number of ATMs and transaction levels, the table below summarizes the future minimum payments under these arrangements:

(in thousands)	Purchase Obligations
Year ending December 31,	
2005	$ 7,743
2006	3,125
2007	2,734
2008	1,953
2009 and thereafter	3,613
	$ 19,168

(27) SUBSEQUENT EVENTS

Acquisition of Dynamic TeleCard, Inc.

In March 2005 the Company acquired the assets of Dynamic TeleCard, Inc. (DTC), a U.S.-based top-up company that distributes prepaid services via POS terminals. DTC delivers several types of prepaid products including wireless, long distance and gift cards. The assets of DTC were initially purchased on an "earn-out" basis through the issuance of 434,116 shares of Euronet Common Stock, of which 206,547 shares will be held in escrow and released, subject to certain performance criteria and indemnification claims. The earn-out will be calculated based on certain 2005 performance criteria as specified in the purchase agreement, and is estimated to be between $7 million and $10 million. The Company has the option of paying the earn-out in Euronet Common Stock or a combination of cash and Euronet Common Stock.

(28) SELECTED QUARTERLY DATA (UNAUDITED)

(in thousands, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year Ended December 31, 2004				
Net revenues	$81,055	$87,022	$99,924	$113,079
Operating income	6,513	7,366	9,974	11,451
Net income from continuing operations	3,286	4,380	5,963	4,798
Net income per common share from continuing operations:				
Basic	0.11	0.14	0.19	0.15
Diluted	0.10	0.13	0.17	0.14
Year Ended December 31, 2003				
Net revenues	$33,100	$48,141	$53,061	$ 70,105
Operating income	1,151	2,784	3,690	5,692
Net income (loss) from continuing operations	15,421(a)	(2,775)	1,425	(2,086)
Net income (loss) per common share from continuing operations:				
Basic	0.61	(0.10)	0.05	(0.08)
Diluted	0.57	(0.10)	0.05	(0.08)

(a) Includes gain on sale of UK ATM network

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

KPMG Polska Sp. z o.o. was previously the principal accountants for Euronet and subsidiaries. On November 12, 2003, that firm's appointment as principal accountants was terminated and KPMG LLP was engaged as principal accountants. The decision to change accountants was approved by the board of directors at the recommendation of the audit committee.

In connection with the audits of the two fiscal years ended December 31, 2002, there were no disagreements with KPMG Polska Sp. z o.o. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which disagreements if not resolved to their satisfaction would have caused them to make reference thereto in connection with their opinion to the subject matter of the disagreement.

The audit reports of KPMG Polska Sp. z o.o. on the consolidated financial statements of Euronet and its subsidiaries as of and for the years ended December 31, 2002 and 2001 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

Euronet provided KPMG Polska Sp. z o.o. with a copy of the foregoing disclosures and requested that KPMG Polska Sp. z o.o. provide a letter stating whether it agrees with the statements made by the registrant. KPMG Polska Sp. z o.o. provided a letter, dated November 12, 2003, stating its agreement with such statements, which is attached as Exhibit 16.1 to Euronet's Form 8-K, which was filed with the Commission on November 17, 2003 and incorporated by reference herein.

During the year ended December 31, 2002 and through November 12, 2003, Euronet, in the ordinary course of business, consulted with KPMG LLP on various matters related to our operations in the United States and with respect to certain transactions. These consultations were made in the context of KPMG LLP assisting KPMG Polska Sp. z o.o. in the execution of their work as the Company's auditors and were coordinated by KPMG Polska Sp. z o.o. There were no consultations regarding the type of audit opinion that might be rendered on the Company's consolidated financial statements, or any other matters, disagreements or reportable events as set forth in Items 304(a)(1)(v) of Regulation S-K.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to the Company's management, including its President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2004. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the design and operation of these disclosure controls and procedures were effective as of such date.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

To the Stockholders of Euronet Worldwide, Inc.:

Management is responsible for establishing and maintaining an effective internal control over financial reporting as this term is defined under Rule 13a-15(f) of the Securities and Exchange Act ("Exchange Act") and has made organizational arrangements providing appropriate divisions of responsibility and has established communication programs aimed at assuring that its policies, procedures and principles of business conduct are understood and practiced by its employees. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management of Euronet Worldwide, Inc. assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. Based on these criteria and our assessment, we believe that, as of December 31, 2004, the Company's internal control over financial reporting was effective.

Management has not conducted an assessment of the internal control over financial reporting of Call Processing, Inc.(CPI) and Euronet Meflur Movilcarga S.L. Inc. (Movilcarga). It was not possible to conduct a complete assessment of the internal control over financial reporting for these subsidiaries in the period between the completion of the acquisition during 2004 and the date of our management's assessment of our internal control over financial reporting. Therefore, our conclusion in this Annual Report on Form 10-K regarding the effectiveness of our internal control over financial reporting as of December 31, 2004 does not include the internal controls over financial reporting of CPI and Movilcarga, which are included in our consolidated financial statements for approximately 5 months and 2 months, respectively. The consolidated statement of operations and comprehensive income for 2004 include approximately $4.5 million or approximately 1%, of total revenues related to CPI and Movilcarga. Additionally, the consolidated balance sheet includes total assets for CPI and Movilcarga as of December 31, 2004 of $36.9 million, or approximately 6%, of consolidated total assets.

Our independent registered public accounting firm, KPMG LLP audited management's assessment and independently assessed the effectiveness of the Company's internal control over financial reporting. KPMG LLP has issued an audit report concurring with management's assessment, which is included herein.

/s/ MICHAEL J. BROWN

Michael J. Brown
Chairman and Chief Executive Officer

/s/ RICK L. WELLER

Rick L. Weller
Chief Financial Officer and Chief Accounting Officer

March 14, 2005

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CHANGE IN INTERNAL CONTROLS

There has been no change in our internal control over financial reporting during the fourth quarter of our fiscal year ended December 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF KPMG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Euronet Worldwide, Inc.:

We have audited management's assessment, included in the accompanying management's report on internal controls over financial reporting, that Euronet Worldwide, Inc. maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Euronet Worldwide, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Euronet Worldwide, Inc. maintained effective internal control over financial reporting as of December 31, 2004 is fairly stated, in all material respects, based on criteria established in *Internal Control—Integrated Framework,* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Euronet Worldwide, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework,* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Euronet Worldwide, Inc. acquired CPI and Movilcarga during 2004, and management excluded from its assessment of the effectiveness of Euronet Worldwide, Inc.'s internal control over financial reporting as of December 31, 2004 CPI and Movilcarga's internal control over financial reporting associated with total assets of $36.9 million and total revenues of $4.5 million, included in the consolidated financial statements of Euronet Worldwide, Inc. and subsidiaries as of and for the year ended December 31, 2004. Our audit of internal control over financial reporting of Euronet Worldwide, Inc. and subsidiaries also excluded an evaluation of the internal control over financial reporting of CPI and Movilcarga.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Euronet Worldwide, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2004, and our report dated March 15, 2005 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP
Kansas City, Missouri
March 15, 2005

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

The information under "Election of Directors" and "Section 16(a) Beneficial Ownership Compliance" in the Proxy Statement for the Annual Meeting of Shareholders for 2005, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2004, is incorporated herein by reference. Information concerning our Code of Ethics for our employees, including our Chief Executive Officer and Chief Financial Officer, is set forth under "Availability of Reports, Certain Committee Charters, and Other Information" in Part I and incorporated herein by reference. Information concerning executive officers is set forth under "Executive Officers of the Registrant" in Part I and incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information under "Executive Compensation" in the Proxy Statement for the Annual Meeting of Shareholders for 2005, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2004, is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

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 2005, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2004, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information under "Certain Relationships and Related Transactions" in the Proxy Statement for the Annual Meeting of Shareholders for 2005, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2004, is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information under "Audit Committee Pre-Approval Policy" and "Fees of the Company's Independent Auditors" in the Proxy Statement for the Annual Meeting of Shareholders for 2005, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2004, is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

1. Financial Statements

The consolidated financial statements and related notes, together with the reports of KPMG LLP and KPMG Polska Sp. z.o.o., appear in Part II Item 8 Financial Statements and Supplementary Data of this Form 10-K.

2. Schedules

None.

3. Exhibits

The exhibits that are required to be filed or incorporated by reference herein are listed in the Exhibit Index below. Exhibits 10.2 – 10.7 hereto constitute management contracts or compensatory plans or arrangements required to be filed as exhibits hereto.

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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 WORLDWIDE, INC.

Date: March 14, 2005

/s/ MICHAEL J. BROWN

Michael J. Brown
Chairman of the Board of Directors, Chief Executive Officer and Director (principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 14th day of March 2005 by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatuure	Title
/s/ MICHAEL J. BROWN **Michael J. Brown**	Chairman of the Board of Directors, Chief Executive Officer and Director (principal executive officer)
/s/ DANIEL R. HENRY **Daniel R. Henry**	Chief Operating Officer, President and Director
/s/ RICK L. WELLER **Rick L. Weller**	Chief Financial Officer and Chief Accounting Officer (principal financial officer and principal accounting officer)
/s/ PAUL S. ALTHASEN **Paul S. Althasen**	Executive Vice President and Co-Managing Director of e-pay Limited and Director
/s/ ANDZREJ OLECHOWSKI **Andzrej Olechowski**	Director
/s/ ERIBERTO R. SCOCIMARA **Eriberto R. Scocimara**	Director
/s/ THOMAS A. MCDONNELL **Thomas A. McDonnell**	Director
/s/ ANDREW B. SCHMITT **Andrew B. Schmitt**	Director
/s/ M. JEANNINE STRANDJORD **M. Jeannine Strandjord**	Director

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Exhibit Index

Exhibit	Description
2.1	Agreement for the Purchase of the Entire Issued Share Capital of e-pay between Euronet Worldwide, Inc. and the Shareholders of e-pay dated February 19, 2003 (filed as Exhibit 2.1 to the Company's current report on Form 8-K filed on March 6, 2003 and incorporated by reference herein)
2.2	Share Purchase and Transfer Agreement, dated November 19/20, 2003, among Euronet Worldwide, Inc., Delta Euronet GmbH, EFT Services Holding B.V. and the shareholders of Transact Elektronische Zahlungssysteme GmbH (filed as Exhibit 2.1 to the Company's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
2.3	Asset Purchase Agreement among Alltel Information Services, Inc., Euronet USA and EFT Network Services LLC (DASH) dated January 4, 2002 relating to the sale of assets of DASH (filed as Exhibit 2.1 to the Company's current report on Form 8-K filed on January 4, 2002 and incorporated by reference herein)
2.4	Asset Purchase Agreement among Euronet Worldwide, Inc. and Austin International Marketing and Investments, Inc. and Joseph P. Bodine and David Hawkins dated August 23, 2003 (filed as Exhibit 2.4 to the Company's annual report on Form 10-K for the year ended December 31, 2003, and incorporated by reference herein)
3.1	Certificate of Incorporation of Euronet Worldwide, Inc., as amended (filed as Exhibit 3.1 to the Company's annual report on Form 10-K for the year ended December 31, 2001, and incorporated by reference herein)
3.2	Bylaws of Euronet Worldwide, Inc. (filed as Exhibit 3.2 to the Company's registration statement on Form S-1 filed on December 18, 1996 (Registration No. 333-18121), and incorporated by reference herein)
3.3	Amendment No. 1 to Bylaws of Euronet Worldwide, Inc. (filed as Exhibit 3(ii) to the Company's quarterly report on Form 10-Q for the fiscal period ended March 31, 1997, and incorporated by reference herein)
3.4	Amendment No. 2 to Bylaws of Euronet Worldwide, Inc. (filed as Exhibit 3.1 to the Company's current report on Form 8-K filed on March 24, 2003, and incorporated by reference herein)
4.1	Indenture dated as of June 22, 1998 between Euronet Services Inc. and State Street Bank and Trust Company, as Trustee (filed as Exhibit 4.3 to the Registrant's S-1/A filed on June 16, 1998, and incorporated by reference herein)
4.2	Warrant Agreement dated as of June 22, 1998 between Euronet Services Inc. and State Street Bank and Trust Company, as Warrant Agent (filed as Exhibit 4.4 to the Registrant's S-1/A filed on June 16, 1998, and incorporated by reference herein)
4.3	Form of Certificate issued to the shareholders of Transact Elektronische Zahlungssysteme GmbH, dated November 19/20, 2003 (filed as Exhibit 4.1 to the Company's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
4.4	Certificate of Additional Investment Rights issued to Fletcher International, Ltd. on November 21, 2003 (filed as Exhibit 4.2 to the Company's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
4.5	Rights Agreement, dated as of March 21, 2003, between Euronet Worldwide, Inc. and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Company's current report on Form 8-K filed on March 24, 2003, and incorporated by reference herein)
4.6	First Amendment to Rights Agreement, dated as of November 28, 2003, between Euronet Worldwide, Inc. and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Company's current report on Form 8-K filed on December 4, 2003, and incorporated by reference herein)
4.7	Indenture, dated as of December 15, 2004, between Euronet Worldwide, Inc. and U.S. Bank National Association (filed as exhibit 4.10 to the Company's Registration Statement on Form S-3/A filed on January 26, 2005 and incorporated by reference herein)
4.8	Purchase Agreement, dated as of December 9, 2004, among Euronet Worldwide, Inc. and Banc of America Securities LLC (filed as exhibit 4.10 to the Company's Registration Statement on Form S-3/A filed on January 26, 2005 and incorporated by reference herein)
4.9	Registration Rights Agreement, dated as of December 15, 2004, among Euronet Worldwide, Inc. and Banc of America Securities LLC (filed as exhibit 4.11 to the Company's Registration Statement on Form S-3/A filed on January 26, 2005 and incorporated by reference herein)

4.10	Specimen 1.625% Convertible Senior Debenture due 2024 (Certificated Security) (filed as exhibit 4.14 to the Company's Registration Statement on Form S-3/A filed on January 26, 2005 and incorporated by reference herein)
10.1	Agreement, dated November 20, 2003, between Euronet Worldwide, Inc. and Fletcher International, Ltd. (filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
10.2	Employment Agreement executed in October 2003, between Euronet Worldwide, Inc. and Michael J. Brown, Chief Executive Officer (filed as exhibit 10.1 to the Company's annual report on Form 10-K for the year ended December 31, 2003, and incorporated by reference herein)
10.3	Employment Agreement executed in October 2003, between Euronet Worldwide, Inc. and Daniel R. Henry, President and Chief Operating Officer (filed as exhibit 10.2 to the Company's annual report on Form 10-K for the year ended December 31, 2003, and incorporated by reference herein)
10.4	Employment Agreement executed in October 2003, between Euronet Worldwide, Inc. and Jeffrey B. Newman, Executive Vice President and General Counsel (filed as exhibit 10.3 to the Company's annual report on Form 10-K for the year ended December 31, 2003, and incorporated by reference herein)
10.5	Employment Agreement executed in October 2003, between the Euronet Worldwide, Inc. and James P. Jerome, Executive Vice President (filed as exhibit 10.4 to the Company's annual report on Form 10-K for the year ended December 31, 2003, and incorporated by reference herein)
10.6	Services Agreement between e-pay and Paul Althasen, Executive Vice President and Co-Managing Director, e-pay (filed as exhibit 10.5 to the Company's annual report on Form 10-K for the year ended December 31, 2003, and incorporated by reference herein)
10.7	Services Agreement between e-pay and John Gardiner, Executive Vice President and Co-Managing Director, e-pay (filed as exhibit 10.6 to the Company's annual report on Form 10-K for the year ended December 31, 2003, and incorporated by reference herein)
10.8	Employment Agreement executed in June 2003, between Euronet Worldwide, Inc. and Miro Bergman, Executive Vice President & Managing Director, EMEA
10.9	Employment Agreement executed in October 2003, between the Euronet Worldwide, Inc. and Rick L. Weller, Executive Vice President and Chief Financial Officer
10.10	Restricted Share Award Agreements between Euronet Worldwide, Inc. and Michael J. Brown, Daniel R. Henry, Rick L. Weller and Jeffrey B. Newman (filed as Exhibit 10.1 to the Company's current report on Form 8-K filed on September 20, 2004, and incorporated by reference herein)
10.11	Euronet Long-Term Incentive Stock Option Plan (1996), as amended (filed as exhibit 10.7 to the Company's annual report on Form 10-K for the year ended December 31, 2003, and incorporated by reference herein)
10.12	Euronet Worldwide, Inc. Stock Incentive Plan (1998), as amended (filed as exhibit 10.8 to the Company's annual report on Form 10-K for the year ended December 31, 2003, and incorporated by reference herein)
10.13	Euronet Worldwide, Inc. 2002 Stock Incentive Plan (Amended and Restated) (incorporated by reference to Appendix B to the Company's Definitive Proxy Statement filed on April 20, 2004)
10.14	Rules and Procedures for Euronet Matching Stock Option Grant Program (filed as Exhibit 10.3 to Registrant's Form 10-Q for the quarter ended September 30, 2002 and incorporated by reference herein)
10.15	$10,000,000 U.S. Credit Agreement dated October 25, 2004 among Bank of America, N.A., Euronet Worldwide, Inc., PaySpot, Inc., Euronet USA, Inc., Prepaid Concepts, Inc. and Call Processing, Inc. (incorporated by reference from Exhibit 10.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 9, 2004)
10.16	$30,000,000 Euro/GBP Credit Agreement dated October 25, 2004 among Bank of America, N.A., Euronet Worldwide, Inc., e-pay Holdings Limited and Delta Euronet GmbH (incorporated by reference from Exhibit 10.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on November 9, 2004)
10.17	Asset Purchase Agreement among Euronet Worldwide, Inc. and Meflur S.L. dated November 3, 2004
21.1	Subsidiaries of the Registrant
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Independent Registered Public Accounting Firm
31.1	Section 302 – Certification of Chief Executive Officer
31.2	Section 302 – Certification of Chief Financial Officer
32.1	Section 906 – Certification of Chief Executive Officer and Chief Financial Officer

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made effective as of June 1, 2003 (the "Effective Date") by and between Euronet Worldwide, Inc., a Delaware corporation ("Employer"), and Mr. Miro Bergman, a U.S. citizen residing in Budapest, Hungary ("Employee").

RECITALS

WHEREAS, Employee is currently employed by Employer and both Employer and Employee desire for Employee to continue such employment on certain terms and conditions.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, Employer and Employee, each intending to be legally bound, agree as follows:

1. Term. The term of this Agreement (the "Term") shall commence on the Effective Date and shall continue indefinitely until the date on which Employee's employment by Employer terminates pursuant to Section 8 or 9 of this Agreement. This Agreement shall, as of the Effective Date, supercede and replace in its entirely the Employment Agreement then in effect between Employer and Employee.

2. Service. Employee shall serve as Executive Vice President, Managing Director EMEA, and in such other positions and shall perform services in such other departments of Employer as requested by Employer's Board of Directors (the "Board"), Chief Executive Officer or Chief Operating Officer. Employee shall perform such services as normally are associated with such positions.

3. Compensation and Benefits.

(a) Base Salary. During the Term, as compensation for services rendered by Employee under this Agreement, Employer shall pay Employee an annual base salary of $210,000, in installments in accordance with Employer's general payroll practices ("Base Salary").

(b) Other Compensation.

(i) During the Term, Employee shall receive a housing allowance of $18,000 annually while residing outside of the United States, paid in accordance with Employer's general payroll practices ("Housing Allowance")

(ii) During the Term, Employee shall be entitled to such comparable fringe benefits and perquisites as may be provided to Employer's executive level employees pursuant to policies established from time to time by Employer. Employee shall be eligible for bonuses under

Employer’s executive bonus plan, subject to meeting performance or other targets set by Employer with respect to such bonuses.

(iii) Employee and Employee’s immediate family shall be provided by Employer with medical, dental and life insurance through and in accordance with the terms of Employer’s group health insurance plan, subject to payment by Employee of a portion of the premiums in accordance with policies established by Employer from time to time.

(iv) Employee shall be entitled to a tax equalization payment compensating Employee for any excess of Hungarian or other foreign taxes over the amount of U.S. federal and state tax Employee would have paid if he had remained an employee in the United States, calculated in accordance with the policy of the Company attached as Exhibit A.

4. Other Benefits. During the term, Employee shall be entitled to annual vacation of 20 days, provided however that Employee may not use more than ten consecutive vacation days at one time and that Employee may accrue no more than five days of unused vacation from year to year.

5. Repatriation Benefits. In consideration of the Employee agreeing to serve in an overseas post for a period of at least two years following the Effective Date, the Employer agrees that, if at any time after the expiration of such two year period, the Employee, requests in writing to return to the United States (a “Repatriation”), the Employer will either (i) provide the Employee with a position in the United States within a reasonable period of time, not to exceed 90 days, with a base salary that is at least equal to the Employee’s compensation prior to such Repatriation, or (ii) with the agreement of the Employee (with Employee shall not unreasonably withhold), consent to an amendment of this Agreement under which (A) the term of this Agreement within the meaning of Section 1 of this Agreement is amended to be a fixed term of one year following such Repatriation, (B) the then current Base Salary payable to the Employee is reduced by 50%, (C) the Employee’s employment hereunder is made part-time employment and the Employee is entitled during the remaining term of this Agreement as so amended to obtain full time employment elsewhere, other than with a competitor of the Employer, and (D) any severance payable under Section 8(b)(i) hereof upon termination of such Agreement as amended shall not exceed 12 months Base Salary, as such Base Salary is reduced by such amendment. For the avoidance of doubt, it is understood that Employee shall remain an employee of Employer during the entire term of any amended Agreement as provided in subsection (ii) above, and all benefits, including without limitation vesting of options, shall continue during the term of any employment under such subsection, but only for the term as amended pursuant to this Section. The benefit described in this Section shall be referred to as the “Repatriation Benefit.” Employee shall be entitled to reimbursement of reasonable moving expenses from his country of residence back to the United States as part of the Repatriation Benefits.

6. Business Expense Reimbursement. Employer shall reimburse Employee for all reasonable and proper business expenses incurred by Employee in the performance of Employee's duties hereunder during the Term, in accordance with Employer's customary practices for executive level employees, and provided such business expenses are reasonably documented.

7. Restrictions on Employee's Conduct.

(a) Exclusive Services. During the Term, Employee shall at all times devote Employee's full-time attention, energies, efforts and skills to the business of Employer (which term shall hereinafter include each of Employer's subsidiaries) and shall not, directly or indirectly, engage in any other business activity, whether or not for profit, gain or other pecuniary advantages, without Employer's written consent, provided that such prior consent shall not be required with respect to: (i) business interests that neither compete with Employer nor interfere with the performance of Employee's duties and obligations under this Agreement; or (ii) Employee's charitable, philanthropic or professional association activities which do not interfere with the performance of Employee's duties and obligations under this Agreement.

(b) Confidential Information. During the Term and for the first 12 consecutive months after the termination of the Term, Employee shall not disclose or use, directly or indirectly, any Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean all information disclosed to Employee, or known by him as a consequence of or through Employee's employment with Employer (under this Agreement or prior to this Agreement) where such information is not generally known in the trade or industry or was regarded or treated as confidential by Employer, and where such information refers or relates in any manner whatsoever to the business activities, processes, services or products of Employer. Confidential Information shall include business and development plans (whether contemplated, initiated or completed), information with respect to the development of technical and management services, business contacts, methods of operation, results of analysis, business forecasts, financial data, costs, revenues, and similar information. Upon termination of the Term, Employee shall immediately return to Employer all property of Employer and all Confidential Information, which is in tangible form, and all copies thereof.

(c) Business Opportunities and Conflicts of Interests.

(i) During the Term, Employee shall promptly disclose to Employer each business opportunity of a type which, based upon its prospects and relationship to the existing businesses of Employer, Employer might reasonably consider pursuing. After termination of this Agreement, regardless of the circumstances thereof, Employer shall have the exclusive right to participate in or undertake any such opportunity on its own behalf without any involvement of Employee.

(ii) During the Term, Employee shall refrain from engaging in any activity, practice or act which conflicts with, or has the potential to conflict with, the interests of Employer, and he shall avoid any acts or omissions which are disloyal to, or competitive with Employer.

(d) Non-Solicitation. During the period of time with respect to which the Employee is to receive severance payments under this Agreement (the “Severance Period”), Employee shall not, except in the course of Employee’s duties under this Agreement, directly or indirectly, induce or attempt to induce or otherwise counsel, advise, ask or encourage any person to leave the employ of Employer, or solicit or offer employment to any person who was employed by Employer at any time during the twelve-month period preceding the solicitation or offer.

(e) Covenant Not to Compete.

(i) During the Term, Employee shall not, without Employer’s prior written consent, directly or indirectly, either as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner, owner or in any other capacity, on Employee’s own behalf or otherwise, in any way engage in, represent, be connected with or have a financial interest in, any business which is, or to Employee’s knowledge, is about to become, engaged in any business with which Employer is currently or has previously done business or any subsequent line of business developed by Employer or any business planned during the Term to be established by Employer. Notwithstanding the foregoing, Employee shall be permitted to own passive investments in publicly held companies provided that such investments do not exceed five percent (5%) of any such company’s outstanding equity.

(ii) If Employer or Employee terminates this Agreement, Employee shall not, during the Severance Period, engage in competition with Employer, or solicit, from any person or entity who purchased any product or service from Employer during Employee’s employment hereunder, the purchase of any product or service in competition with then existing products or services of Employer.

(iii) For purposes of this Agreement, Employee shall be deemed to engage in competition with Employer if he shall directly or indirectly, either individually or as a stockholder, director, officer, partner, consultant, owner, employee, agent, or in any other capacity, consult with or otherwise assist any person or entity engaged in providing ATM or electronic financial transactions services or ATM software to banks. The provisions of this Section 7(e) shall apply in any location in which Employer has established, or is in the process of establishing, a subsidiary.

(f) Employee Acknowledgment. Employee hereby agrees and acknowledges that the restrictions imposed upon him by the provisions of this Section 7 are fair and reasonable considering the nature of Employer's business, and are reasonably required for Employer's protection.

(g) Invalidity. If a court of competent jurisdiction or an arbitrator shall declare any provision or restriction contained in this Section 7 as unenforceable or void, the provisions of this Section 7 shall remain in full force and effect to the extent not so declared to be unenforceable or void, and the court may modify the invalid provision to make it enforceable to the maximum extent permitted by law.

(h) Specific Performance. Employee agrees that if he breaches any of the provisions of this Section 7, the remedies available at law to Employer would be inadequate and in lieu thereof, or in addition thereto, Employer shall be entitled to appropriate equitable remedies, including specific performance and injunctive relief. Employee agrees not to enter into any agreement, either written or oral, which may conflict with this Agreement, and Employee authorizes Employer to make known the terms of this Section 7 to any person, including future employers of Employee.

8. Termination.

(a) Termination by Employer for Cause. Subject to the last sentence of this Section 8(a), at any time during the Term of this Agreement, Employer may terminate Employee's employment for Cause, as defined below, upon at least fourteen (14) days written notice setting forth a description of the conduct constituting Cause. If Employee's employment is terminated for Cause, he shall be entitled to:

(i) payment of any unpaid portion of Employee's Base Salary through the effective date of such termination;

(ii) reimbursement for any outstanding reasonable business expense he has incurred in performing Employee's duties hereunder

(iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(iv) payment of any accrued but unpaid benefits up to and including the effective date of the termination (including without limitation, any tax equalization payments, bonus due up to the date on which the Severance Period commences), and any other rights, as required by the terms of any employee benefit plan or program of Employer;

For purposes of this Agreement, "Cause" shall mean: (1) conviction of Employee of, or the entry of a plea of guilty or nolo contendere by Employee to, any felony, or any misdemeanor involving moral turpitude; (2) fraud, misappropriation or embezzlement by Employee; (3) Employee's wilful failure, gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer; (4) wilful failure by Employee to follow reasonable instructions of any officer to whom Employee reports or the Euronet board; (5) Employee's gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer. Notwithstanding the provisions of this Section 8(a) defining "Cause," in the event of a Change of Control, as defined hereafter, a Termination for Cause shall mean only a termination for an act of dishonesty by Employee constituting a felony which was intended to or resulted in gain or personal enrichment of Employee at Employer's expense.

(b) Termination by Employer Without Cause or Constructive Termination Without Cause on Change of Control. At any time before a Change of Control, Employer may terminate Employee's employment without Cause, by giving written notice of termination . If Employee's employment is terminated without Cause, or if there is a constructive termination without Cause, as defined below, Employee shall be entitled to receive from Employer the following:

(i) severance benefits including:

(A) payment of the then current Base Salary for a Severance Period of 24 months, in accordance with Employer's regular salary payment practices, and

(B) continuation of the vesting of any outstanding stock options and continuation of the Employee's rights to exercise any outstanding stock options, through the full 24 month Severance Period. Employee shall be considered to be an Employee of the Employer during the entire Severance Period, and shall abide by the Covenant Not to Compete of Section 7(e) of this Agreement.

(ii) reimbursement for any outstanding reasonable business expense Employee has incurred in performing his duties hereunder during the Term;

(iii) payment of any accrued but unpaid benefits up to and including the effective date of the termination of employment (including without limitation, any tax equalization payments, bonus due up to the date on which the Severance Period commences), and any other rights, as required by the terms of any employee benefit plan or program of Employer;

(iv) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(v) payment of COBRA premiums for medical benefits for a period of six (6) months following termination of the Severance Period, if Employee timely elects to continue those benefits under COBRA.

For purposes of this Agreement, termination “without Cause” shall mean involuntary termination of employment, at the direction of Employer, in the absence of “Cause” as defined above. For purposes of this Agreement, “constructive termination without Cause” shall mean a termination of Employee at Employee’s own initiative following the occurrence, without Employee’s prior written consent, of one or more of the following events not on account of Cause (“Constructive Termination Events”):

(1) a significant diminution in the nature or scope of Employee’s authority, title, responsibilities or duties, unless Employee is given new authority or duties that are substantially comparable to Employee’s previous authority or duties;

(2) a reduction in Employee’s then-current Base Salary, or a significant reduction in Employee’s opportunities for earnings under Employee’s incentive compensation plans (not attributable to economic conditions or business performance at the time), or the termination or significant reduction of any Employee benefit or perquisite enjoyed by him (except as part of a general reduction that applies to substantially all similarly situated Employees or participants);

(3) a change in Employee’s place of employment such that Employee is required to work more than 50 miles from Employee’s then current place of employment; or

(4) the failure of Employer to obtain an assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of Employer within 45 days after a merger, consolidation, sale or similar transaction.

If Employee believes there exists a basis for a constructive termination without Cause, Employee shall provide Employer with thirty days’ written notice describing such basis, and Employer shall be entitled to cure the cause of the constructive termination within such 30-day period. If the cause of the constructive termination is cured, then no constructive termination without Cause shall be found to have taken place.

(c) Voluntary Termination by Employee. Subject to the provisions of Section 9, Employee may terminate this Agreement at any time by giving 60 days’ written notice to Employer. If Employee voluntarily terminates his employment for reasons other than Employee’s death, disability, or constructive termination without Cause, he shall be entitled to:

(i) payment of any unpaid portion of Employee’s then current Base Salary through the effective date of such termination;

(ii) reimbursement of any outstanding reasonable business expense Employee has incurred in performing Employee’s duties hereunder.

(iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(iv) payment of any accrued but unpaid benefits, and any other rights, as required by the terms of any employee benefit plan or program of Employer.

(d) Termination Due to Death. Employee's employment and this Agreement shall terminate immediately upon Employee's death. If Employee's employment is terminated because of Employee's death, Employee's estate or Employee's beneficiaries, as the case may be, shall be entitled to:

(i) payment of any unpaid portion of Employee's then current Base Salary through the effective date of such termination;

(ii) reimbursement for any outstanding reasonable business expense Employee incurred in performing Employee's duties hereunder;

(iii) the right to elect continuation coverage of insurance benefits to the extent required by law;

(iv) any pension survivor benefits that may become due pursuant to any employee benefit plan or program of Employer, and

(v) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding stock options as provided by the terms of any employee benefit plan or program of Employer.

(f) Termination Due to Disability. Employer may terminate Employee's employment at any time if Employee becomes disabled, upon written notice by Employer to Employee. If Employee's employment is terminated because of Employee's disability, he shall be entitled to:

(i) payment of a lump-sum disability benefit equal to 12 months' then current Base Salary;

(ii) continuation of the vesting of any outstanding stock options and continuation of Employee's rights to exercise any outstanding stock options, through the effective date of such termination and for a period of 12 months following such termination.

(iii) reimbursement for any outstanding reasonable business expense he has incurred in performing Employee's duties hereunder;

(iv) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(v) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding stock options, as provided by the terms of any employee benefit plan or program of Employer.

"Disability," as used in this paragraph, means a physical or mental illness, injury, or condition that (a) prevents, or is likely to prevent, as certified by a physician, Employee from performing one or more of the essential functions of Employee's position, for at least 120 consecutive calendar days or for at least 150 calendar days, whether or not consecutive, in any 365 calendar day period, and (b) which cannot be accommodated with a reasonable accommodation, without undue hardship on Employer, as specified in the Americans with Disabilities Act.

(g) Payments Terminated. If the Board of Employer has determined in good faith that the Employee has failed to comply with the requirements of the Confidentiality, Non-Solicitation and Non-Competition provisions referenced in Section 7 hereof at any time following any termination, other than a termination without Cause under Section 8 or 9, or a termination following or in anticipation of a Change of Control, then Employer shall have no further obligation to pay any amounts or provide any benefits under this Agreement.

(h) Cash in Lieu of Benefits. If any benefit plan pursuant to which Employee is entitled to receive benefits pursuant to Section 8 shall by its terms does not permit participation by Employee following a Termination, then Employer shall pay to Employee at the time such benefits would have been paid the value thereof in cash.

9. Continuation of Employment Upon Change of Control.

(a) Continuation of Employment. Subject to the terms and conditions of this Section 9, in the event of a Change of Control of Employer (as defined in Section 9(d)) at any time during Employee's employment hereunder, Employee will remain in the employ of Employer for a period of an additional three years from the date of such Change of Control (the "Change Control Date"). Employer shall, for the three year period (the "Three-Year Period") immediately following the Control Change Date, continue to employ Employee at not less than the capacity Employee held immediately prior to the Change of Control. During the Three-Year Period, Employer shall continue to pay Employee salary on the same basis, at the same intervals and at a rate not less than, that paid to Employee at the Control Change Date. Any termination of employment by the Employer following a Control Change Date shall be governed by this Section 9 rather than the provisions of Section 8(a) or 8(b).

(b) Benefits. During the Three Year Period, Employee shall be entitled to participate, on the basis of his Employee position, in each of the following plans (together, the "Specified Benefits") in existence, and in accordance with the terms thereof, at the Control Change Date:

(i) any incentive compensation plans;

(ii) any benefit plan and trust fund associated therewith, related to (A) life, health, dental, disability, or accidental death and dismemberment insurance, (B) employee stock ownership (such as under the Employer's ESPP and other stock option plans); and

(iii) any other benefit plans hereafter made generally available to Employees at Employee's level or to the employees of Employer generally.

In addition, all outstanding options held by Employee under any stock option plan of Employer or its affiliates shall become immediately vested on the Control Change Date.

(c) Payment. Employee shall receive payment of any amounts to which he is entitled within five business days of the Control Change Date.

(d) Definition of Change of Control. For purposes of this Section, a "Change of Control" shall be considered to have occurred if (i) the stockholders of Employer have approved a merger, consolidation or dissolution of Employer or a sale, lease, exchange or disposition of all or substantially all of Employer's assets; (ii) less than 75% of the members of the Board shall be individuals who were members of the Board on the Effective Date or whose election or nomination was approved by a vote of at least 75% of the members of the Board then still in office who were either members of the Board on the Effective Date or whose election or nomination was so approved; or (iii) any "person" (as such term is used in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") shall have become "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly of securities of Employer representing 40% or more (calculated in accordance with Rule 13d-3) of the aggregate voting power of Employer's then outstanding voting securities.

(e) Notwithstanding any other provision of this Section 9, at any time after the Control Change Date, Employer may terminate the employment of Employee without Cause (the "Termination"), but within five days of the Termination, it shall pay to Employee his full Base Salary through the Termination, to the extent not theretofore paid, plus a lump sum amount (the "Special Severance Payment") equal to the product (discounted to the then present value on the basis of a rate of 7.5% per annum) of his annual Base Salary specified in Paragraph 9 hereof multiplied by the number of years and any portion thereof remaining in the Three-Year Period (or if the remaining term in the Three-Year Period after the Termination is less than two years, for two years — the "Extended Period"). Specified Benefits to which Employee was entitled immediately prior to Termination shall continue until the end of the Three Year Period (or the Extended Period, if applicable); provided that: (i) if any plan pursuant to which Specified Benefits are provided immediately prior to Termination would not permit continued participation by Employee after Termination, then Employer shall pay to Employee within five days after Termination a lump sum payment equal to the amount of Specified Benefits Employee would have received if Employee had been fully vested an a continuing participant in such plan to the end of the Three-Year Period or the Extended Period, if applicable; and (ii) if Employee obtains new employment following Termination, then following any waiting period applicable to participation in any plan of the new employer, Employer shall continue to be entitled to receive benefits pursuant to this sentence only to the extent such benefits would exceed those available to Employee under comparable plans of the Employee's new employer (but Employee shall not be required to repay any amounts then already received by him).

(f) Resignation following a Change of Control. In the event of a Change of Control of Employer, thereafter, for “good reason” (as defined below), Employee may, at any time during the Three Year Period, in his sole discretion, on not less than thirty (30) days’ written notice and effective at the end of such notice period, resign his employment with Employer (the “Resignation”). Within five days of such a Resignation, Employer shall pay to Employee his full Base Salary through the effective date of such Resignation, to the extent not theretofore paid, plus a lump sum amount equal to the Special Severance Payment (computed as provided in the first sentence of Section 9(e), except that for purposes of such computation all references to “Termination” shall be deemed to be references to “Resignation”). Upon Resignation of Employee, Specified Benefits to which Employee was entitled immediately prior to Resignation shall continue on the same terms and conditions as provided in Section 9(e) in the case of Termination (including equivalent payments provided for therein). For purposes of this Agreement, “good reason” shall mean the occurrence of a Constructive Termination Event.

(g) Mitigation and Expenses.

(i) Other Employment. After the Control Change Date, Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and except as expressly set forth herein no such other employment, if obtained, or compensation or benefits payable in connection therewith shall reduce any amounts or benefits to which Employee is entitled hereunder.

(ii) Expenses. If any dispute should arise under this Agreement after the Control Change Date involving an effort by Employee to protect, enforce or secure rights or benefits claimed by Employee hereunder, Employer shall pay (promptly upon demand by Employee accompanied by reasonable evidence of incurrence) all reasonable expenses (including attorney’s fees) incurred by Employee in connection with such dispute, without regard to whether Employee prevails in such dispute except that Employee shall repay Employer any amounts so received if a court having jurisdiction shall make a final, non-appealable determination that Employee acted frivolously or in bad faith by such dispute.

(h) Successors in Interest. The rights and obligations of Employer and Employee under this Section 9 shall inure to the benefit of and be binding in each and every respect upon the direct and indirect successors and assigns of Employer and Employee, regardless of the manner in which such successors or assigns shall succeed to the interest of Employer or Employee hereunder and this Section 9 shall not be terminated by the voluntary or involuntary dissolution of Employer or any merger or consolidation or acquisition involving Employer, or upon any transfer of all or substantially all of Employer’s assets, or terminated otherwise than in accordance with its terms. In the event of any such merger or consolidation or transfer of assets, the provision of this Section 9 shall be binding upon and shall inure to the benefit of the surviving corporation or the corporation or other person to which such assets shall be transferred.

10. Deductions and Withholding. Employee agrees that Employer may withhold from any and all payments required to be made by Employer to Employee under this Agreement all taxes or other amounts that Employer is required by law to withhold in accordance with applicable laws or regulations from time to time in effect.

11. Arbitration. Whenever a dispute arises between the Parties concerning this Agreement or any of the obligations hereunder, or Employee's employment generally, Employer and Employee shall use their best efforts to resolve the dispute by mutual agreement. If any dispute cannot be resolved by Employer and Employee, it shall be submitted to arbitration to the exclusion of all other avenues of relief and adjudicated pursuant to the American Arbitration Association's Rules for Employment Dispute Resolution then in effect. The decision of the arbitrator must be in writing and shall be final and binding on the Parties, and judgment may be entered on the arbitrator's award in any court having jurisdiction thereof. The expenses of the arbitration shall be borne by the losing Party to the arbitration and the prevailing Party shall be entitled to recover from the losing Party all of its or Employee's own costs and attorney's fees with respect to the arbitration. Nothing in this Section 10 shall be construed to derogate Employer's rights to seek legal and equitable relief in a court of competent jurisdiction as contemplated by section 7(h).

12. Non-Waiver. It is understood and agreed that one Party's failure at any time to require the performance by the other Party of any of the terms, provisions, covenants or conditions hereof shall in no way affect the first Party's right thereafter to enforce the same, nor shall the waiver by either Party of the breach of any term, provision, covenant or condition hereof be taken or held to be a waiver of any succeeding breach.

13. Severability. If any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any such provision is held invalid or unenforceable by a court of competent jurisdiction or any arbitrator, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provisions thereof.

14. Survivability. Unless otherwise provided herein, upon termination or expiration of the Term, the provisions of Sections 7 through 19 above shall nevertheless remain in full force and effect but shall under no circumstances extend the Term of this Agreement (or the Executive's right to accrue additional benefits beyond the expiration of the Term as determined in accordance with Section 1 but without regard to this Section).

15. Governing Law. This Agreement shall be interpreted, construed and governed according to the laws of the State of Delaware without regard to the conflict of law provisions thereof.

16. Construction. The Section headings and captions contained in this Agreement are for convenience only and shall not be construed to define, limit or affect the scope or meaning of the provisions hereof. All references herein to Sections shall be deemed to refer to numbered sections of this Agreement.

17. Entire Agreement. This Agreement contains and represents the entire agreement of Employer and Employee and supersedes all prior agreements, representations or understandings, oral or written, express or implied with respect to the subject matter hereof. This Agreement may not be modified or amended in any way unless in a writing signed by each of Employer and Employee. No representation, promise or inducement has been made by either Employer or Employee that is not embodied in this Agreement, and neither Employer nor Employee shall be bound by or liable for any alleged representation, promise or inducement not specifically set forth herein.

18. Assignability. Neither this Agreement nor any rights or obligations of Employer or Employee hereunder may be assigned by Employer or Employee without the other Party's prior written consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of Employer and Employee and their heirs, successors and assigns.

19. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopy or similar form of telecommunication, and shall be deemed to have been given when received. Any such notice or communication shall be addressed:

if to Employer, to	Euronet Worldwide, Inc. Attention: General Counsel 4601 College Boulevard, Ste. 300 Leawood, Kansas 66211
if to Employee, to	Miro Bergman 11757 W. Ken Caryl Ave # F102 Littleton, CO 80127

or to such other address as Employer or Employee shall have furnished to the other in writing.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement, to be effective as of the date first above written.

Euronet Worldwide, Inc.
a Delaware Corporation

/S/ MIRO BERGMAN	By: /S/ JEFFREY B. NEWMAN
Miro Bergman	**Jeffrey B. Newman**
	Its: **Executive Vice President General Counsel**

EXHIBIT A

Tax Equalization

Euronet recognizes that the tax burden may be higher in the country from which an Employee is recruited to work for Euronet than in the Employee's original country of residence. As part of its compensation policy, Euronet will "equalize" the tax position of Employees who are considered "expatriate" Employees, such that the Employee will not bear more tax than he/she would bear if he/she were earning his/her salary in the original country of residence.

As an example, assume a U.S. expatriate Employee is working for Euronet in Hungary. The tax equalization policy will be applied as follows:

(i) "Theoretical" U.S. tax will be calculated based on the salary received by the Employee, assuming the Employee is a resident of the U.S. and his salary was earned from services performed there. Both federal and State tax will be calculated as will compulsory social security contributions. The State tax rate will be that applicable in the State of the Employee's last residence in the United States. For purposes of determining exemptions and deductions, this calculation will take into account the Employee's actual personal/marital status and will assume he/she contributes the highest permissible amount to retirement through an IRA or 401(k) plan, whichever was available at the Employee's last place of employment. No deductions for items such as mortgage interest, business expenses, etc. will be allowed.

(ii) The theoretical U.S. tax will be compared with the actual combined Hungarian and U.S. tax (including social security) paid by the Employee. Euronet will reimburse the Employee for the excess of such actual tax over the theoretical tax, and for the tax due on such reimbursement.

With respect to social security charges, where applicable, Euronet will be entitled to require that the Employee opt out of coverage to reduce the overall social security tax charge. If it so requires, Euronet will provide private health coverage to the Employee. Euronet will not be required to provide any pension or retirement coverage.

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made as of October 10, 2003 (the "Effective Date") by and between Euronet Worldwide, Inc., a Delaware corporation ("Employer"), and Rick Weller, residing in Overland Park, KS ("Employee").

RECITALS

WHEREAS, Employee is currently employed by Employer and both Employer and Employee desire for Employee to continue such employment on certain terms and conditions.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, Employer and Employee, each intending to be legally bound, agree as follows:

1. Term. The term of this Agreement (the "Term") shall commence on the Effective Date and shall continue indefinitely until the date on which Employee's employment by Employer terminates pursuant to Section 7 or 8 of this Agreement. This Agreement shall, as of the Effective Date, supercede and replace in its entirely any written or verbal employment agreement then in effect between Employer and Employee.

2. Service. During the Term, Employee shall serve as Chief Financial Officer of Employer and in such other positions and shall perform services in such other departments of Employer as requested by Employer's Board of Directors (the "Board") or Chief Executive Officer. Employee shall perform such services as normally are associated with such positions.

3. Compensation and Benefits.

(a) Base Salary. During the Term, as compensation for services rendered by Employee under this Agreement, Employer shall pay Employee an annual base salary of $190,000, in installments in accordance with Employer's general payroll practices ("Base Salary").

(b) Other Compensation.

(i) During the Term, Employee shall be entitled to such comparable fringe benefits and perquisites as may be provided to Employer's executive level employees pursuant to policies established from time to time by Employer. Employee shall be eligible for bonuses under Employer's executive bonus plan, subject to meeting performance or other targets set by Employer with respect to such bonuses.

(ii) Employee and Employee's immediate family shall be provided by Employer with medical, dental and life insurance through and in accordance with the terms of Employer's group health insurance plan, subject to payment by Employee of a portion of the premiums in accordance with policies established by Employer from time to time.

4. Other Benefits. During the Term, Employee shall be entitled to annual vacation of 20 days, provided however that Employee may not use more than ten consecutive vacation days at one time and that Employee may accrue no more than five days of unused vacation from year to year.

5. Business Expense Reimbursement. Employer shall reimburse Employee for all reasonable and proper business expenses incurred by Employee in the performance of Employee's duties hereunder during the Term, in accordance with Employer's customary practices for executive level employees, and provided such business expenses are reasonably documented.

6. Restrictions on Employee's Conduct.

(a) Exclusive Services. During the Term, Employee shall at all times devote Employee's full-time attention, energies, efforts and skills to the business of Employer (which term shall hereinafter include each of Employer's subsidiaries) and shall not, directly or indirectly, engage in any other business activity, whether or not for profit, gain or other pecuniary advantages, without Employer's written consent, provided that such prior consent shall not be required with respect to: (i) business interests that neither compete with Employer nor interfere with the performance of Employee's duties and obligations under this Agreement; or (ii) Employee's charitable, philanthropic or professional association activities which do not interfere with the performance of Employee's duties and obligations under this Agreement.

(b) Confidential Information. During the Term and for 12 months after the termination of the Term, Employee shall not disclose or use, directly or indirectly, any Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean all information disclosed to Employee, or known by him as a consequence of or through Employee's employment with Employer (under this Agreement or prior to this Agreement) where such information is not generally known in the trade or industry or was regarded or treated as confidential by Employer, and where such information refers or relates in any manner whatsoever to the business activities, processes, services or products of Employer. Confidential Information shall include business and development plans (whether contemplated, initiated or completed), information with respect to the development of technical and management services, business contacts, methods of operation, results of analysis, business forecasts, financial data, costs, revenues, and similar information. Upon termination of the Term, Employee shall immediately return to Employer all property of Employer and all Confidential Information, which is in tangible form, and all copies thereof.

(c) Business Opportunities and Conflicts of Interests.

(i) During the Term, Employee shall promptly disclose to Employer each business opportunity of a type which, based upon its prospects and relationship to the existing businesses of Employer, Employer might reasonably consider pursuing. After termination of this Agreement, regardless of the circumstances thereof, Employer shall have the exclusive right to participate in or undertake any such opportunity on its own behalf without any involvement of Employee.

(ii) During the Term, Employee shall refrain from engaging in any activity, practice or act which conflicts with, or has the potential to conflict with, the interests of Employer, and he shall avoid any acts or omissions which are disloyal to, or competitive with Employer.

(d) Non-Solicitation. During the period of time with respect to which the Employee is to receive severance payments under this Agreement (the “Severance Period”), Employee shall not, except in the course of Employee’s duties under this Agreement, directly or indirectly, induce or attempt to induce or otherwise counsel, advise, ask or encourage any person to leave the employ of Employer, or solicit or offer employment to any person who was employed by Employer at any time during the twelve-month period preceding the solicitation or offer.

(e) Covenant Not to Compete.

(i) During the Term, Employee shall not, without Employer’s prior written consent, directly or indirectly, either as an officer, director, employee, agent, advisor, consultant, principal, stockholder, partner, owner or in any other capacity, on Employee’s own behalf or otherwise, in any way engage in, represent, be connected with or have a financial interest in, any business which is, or to Employee’s knowledge, is about to become, engaged in any business with which Employer is currently or has previously done business or any subsequent line of business developed by Employer or any business planned during the Term to be established by Employer. Notwithstanding the foregoing, Employee shall be permitted to own passive investments in publicly held companies provided that such investments do not exceed five percent (5%) of any such company’s outstanding equity.

(ii) If Employer or Employee terminates this Agreement, Employee shall not, during the Severance Period, engage in competition with Employer, or solicit, from any person or entity who purchased any product or service from Employer during Employee’s employment hereunder, the purchase of any product or service in competition with then existing products or services of Employer.

(iii) For purposes of this Agreement, Employee shall be deemed to engage in competition with Employer if he shall directly or indirectly, either individually or as a stockholder, director, officer, partner, consultant, owner, employee, agent, or in any other capacity, consult with or otherwise assist any person or entity engaged in providing ATM or electronic financial transactions services or ATM software to banks. The provisions of this Section 6(e) shall apply in any location in which Employer has established, or is in the process of establishing, a subsidiary.

(f) Employee Acknowledgment. Employee hereby agrees and acknowledges that the restrictions imposed upon him by the provisions of this Section 6 are fair and reasonable considering the nature of Employer's business, and are reasonably required for Employer's protection.

(g) Invalidity. If a court of competent jurisdiction or an arbitrator shall declare any provision or restriction contained in this Section 6 as unenforceable or void, the provisions of this Section 6 shall remain in full force and effect to the extent not so declared to be unenforceable or void, and the court may modify the invalid provision to make it enforceable to the maximum extent permitted by law.

(h) Specific Performance. Employee agrees that if he breaches any of the provisions of this Section 6, the remedies available at law to Employer would be inadequate and in lieu thereof, or in addition thereto, Employer shall be entitled to appropriate equitable remedies, including specific performance and injunctive relief. Employee agrees not to enter into any agreement, either written or oral, which may conflict with this Agreement, and Employee authorizes Employer to make known the terms of this Section 6 to any person, including future employers of Employee.

7. Termination.

(a) Termination by Employer for Cause. Subject to the last sentence of this Section 7(a), at any time during the Term of this Agreement, Employer may terminate Employee's employment for Cause, as defined below, upon at least fourteen (14) days written notice setting forth a description of the conduct constituting Cause. If Employee's employment is terminated for Cause, he shall be entitled to:

(i) payment of any unpaid portion of Employee's Base Salary through the effective date of such termination;

(ii) reimbursement for any outstanding reasonable business expense he has incurred in performing Employee's duties hereunder

(iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(iv) payment of any accrued but unpaid benefits (including without limitation, any bonus due by virtue of having met all applicable performance targets prior to the effective date of such termination), and any other rights, as required by the terms of any employee benefit plan or program of Employer.

For purposes of this Agreement, "Cause" shall mean: (1) conviction of Employee of, or the entry of a plea of guilty or nolo contendere by Employee to, any felony, or any misdemeanor involving moral turpitude; (2) fraud, misappropriation or embezzlement by Employee; (3) Employee's wilful failure, gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer; (4) wilful failure by Employee to follow reasonable instructions of any officer to whom Employee reports or the Euronet board; (5) Employee's gross negligence or gross misconduct in the performance of Employee's assigned duties for Employer. Notwithstanding the provisions of this Section 7(a) defining "Cause," in the event of a Change of Control, as defined hereafter, a Termination for Cause shall mean only a termination for an act of dishonesty by Employee constituting a felony which was intended to or resulted in gain or personal enrichment of Employee at Employer's expense.

(b) Termination by Employer Without Cause or Constructive Termination Without Cause on Change of Control. At any time before a Change of Control, Employer may terminate Employee's employment without Cause, by giving written notice of termination. If Employee's employment is terminated without Cause, or if there is a constructive termination without Cause, as defined below, Employee shall be entitled to receive from Employer the following:

(i) severance benefits including:

(A) payment of the then current Base Salary for a Severance Period of 24-months in accordance with Employer's regular salary payment practices, and

(B) continuation of the vesting of any outstanding stock options and continuation of the Employee's rights to exercise any outstanding stock options, through the full 24 month Severance Period. Employee shall be considered to be an Employee of the Employer during the entire Severance Period, and shall abide by the Covenant Not to Compete of Section 6(e) of this Agreement.

(ii) reimbursement for any outstanding reasonable business expense Employee has incurred in performing his duties hereunder during the Term;

(iii) payment of any accrued but unpaid benefits up to and including the effective date of the termination of employment (including without limitation, any tax equalization payments, bonus due up to the date on which the Severance Period commences), and any other rights, as required by the terms of any employee benefit plan or program of Employer;

(iv) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(v) payment of COBRA premiums for medical benefits for a period of six (6) months following termination of the Severance Period, if Employee timely elects to continue those benefits under COBRA.

For purposes of this Agreement, termination "without Cause" shall mean involuntary termination of employment, at the direction of Employer, in the absence of "Cause" as defined above. For purposes of this Agreement, "constructive termination without Cause" shall mean a termination of Employee at Employee's own initiative following the occurrence, without Employee's prior written consent, of one or more of the following events not on account of Cause ("Constructive Termination Events"):

(1) a significant diminution in the nature or scope of Employee's authority, title, responsibilities or duties, unless Employee is given new authority or duties that are substantially comparable to Employee's previous authority or duties;

(2) a reduction in Employee's then-current Base Salary, or a significant reduction in Employee's opportunities for earnings under Employee's incentive compensation plans (not attributable to economic conditions or business performance at the time), or the termination or significant reduction of any employee benefit or perquisite enjoyed by him (except as part of a general reduction that applies to substantially all similarly situated employees or participants);

(3) a change in Employee's place of employment such that Employee is required to work more than 50 miles from Employee's then current place of employment; or

(4) the failure of Employer to obtain an assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of Employer within 45 days after a merger, consolidation, sale or similar transaction.

If Employee believes there exists a basis for a constructive termination without Cause, Employee shall provide Employer with thirty days' written notice describing such basis, and Employer shall be entitled to cure the cause of the constructive termination within such 30-day period. If the cause of the constructive termination is cured, then no constructive termination without Cause shall be found to have taken place.

(c) Voluntary Termination by Employee. Subject to the provisions of Section 8, Employee may terminate this Agreement at any time by giving 60 days' written notice to Employer. If Employee voluntarily terminates his employment for reasons other than Employee's death, disability, or constructive termination without Cause, he shall be entitled to:

(i) payment of any unpaid portion of Employee's then current Base Salary through the effective date of such termination;

(ii) reimbursement of any outstanding reasonable business expense Employee has incurred in performing Employee's duties hereunder.

(iii) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(iv) payment of any accrued but unpaid benefits, and any other rights, as required by the terms of any employee benefit plan or program of Employer.

(d) Termination Due to Death. Employee's employment and this Agreement shall terminate immediately upon Employee's death. If Employee's employment is terminated because of Employee's death, Employee's estate or Employee's beneficiaries, as the case may be, shall be entitled to:

(i) payment of any unpaid portion of Employee's then current Base Salary through the effective date of such termination;

(ii) reimbursement for any outstanding reasonable business expense Employee incurred in performing Employee's duties hereunder;

(iii) the right to elect continuation coverage of insurance benefits to the extent required by law;

(iv) any pension survivor benefits that may become due pursuant to any employee benefit plan or program of Employer, and

(v) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding stock options as provided by the terms of any employee benefit plan or program of Employer.

(f) Termination Due to Disability. Employer may terminate Employee's employment at any time if Employee becomes disabled, upon written notice by Employer to Employee. If Employee's employment is terminated because of Employee's disability, he shall be entitled to:

(i) payment of a lump-sum disability benefit equal to 12 months' then current Base Salary;

(ii) continuation of the vesting of any outstanding stock options and continuation of Employee's rights to exercise any outstanding stock options, through the effective date of such termination and for a period of 12 months following such termination.

(iii) reimbursement for any outstanding reasonable business expense he has incurred in performing Employee's duties hereunder;

(iv) the right to elect continuation coverage of insurance benefits to the extent required by law; and

(v) payment of any accrued but unpaid benefits and any other rights, and vesting of any outstanding stock options, as provided by the terms of any employee benefit plan or program of Employer.

"Disability," as used in this paragraph, means a physical or mental illness, injury, or condition that (a) prevents, or is likely to prevent, as certified by a physician, Employee from performing one or more of the essential functions of Employee's position, for at least 120 consecutive calendar days or for at least 150 calendar days, whether or not consecutive, in any 365 calendar day period, and (b) which cannot be accommodated with a reasonable accommodation, without undue hardship on Employer, as specified in the Americans with Disabilities Act.

(g) Payments Terminated. If the Board of Employer has determined in good faith that the Employee has failed to comply with the requirements of the Confidentiality, Non-Solicitation and Non-Competition provisions referenced in Section 6 hereof at any time following any termination, other than a termination without Cause under Sections 7 or 8, or any termination following or in anticipation of a Change of Control, then Employer shall have no further obligation to pay any amounts or provide any benefits under this Agreement.

(h) Cash in Lieu of Benefits. If any benefit plan pursuant to which Employee is entitled to receive benefits pursuant to Section 7 shall by its terms does not permit participation by Employee following a Termination, then Employer shall pay to Employee at the time such benefits would have been paid the value thereof in cash.

8. Continuation of Employment Upon Change of Control.

(a) Continuation of Employment. Subject to the terms and conditions of this Section 8, in the event of a Change of Control of Employer (as defined in Section 8(d)) at any time during Employee's employment hereunder, Employee will remain in the employ of Employer for a period of an additional three years from the date of such Change of Control (the "Change Control Date"). Employer shall, for the three year period (the "Three-Year Period") immediately following the Control Change Date, continue to employ Employee at not less than the capacity Employee held immediately prior to the Change of Control. During the Three-Year Period, Employer shall continue to pay Employee salary on the same basis, at the same intervals and at a rate not less than, that paid to Employee at the Control Change Date. Any termination of employment by the Employer following a Control Change Date shall be governed by this Section 8 rather than the provisions of Section 7(a) or (b).

(b) Benefits. During the Three Year Period, Employee shall be entitled to participate, on the basis of his Employee position, in each of the following plans (together, the "Specified Benefits") in existence, and in accordance with the terms thereof, at the Control Change Date:

(i) any incentive compensation plans;

(ii) any benefit plan and trust fund associated therewith, related to (A) life, health, dental, disability, or accidental death and dismemberment insurance, (B) employee stock ownership (such as under the Employer's ESPP and other stock option plans); and

(iii) any other benefit plans hereafter made generally available to employees at Employee's level or to the employees of Employer generally.

In addition, all outstanding options held by Employee under any stock option plan of Employer or its affiliates shall become immediately vested on the Control Change Date.

(c) Payment. Employee shall receive payment of any amounts to which he is entitled within five business days of the Control Change Date.

(d) Definition of Change of Control. For purposes of this Section, a "Change of Control" shall be considered to have occurred if (i) the stockholders of Employer have approved a merger, consolidation or dissolution of Employer or a sale, lease, exchange or disposition of all or substantially all of Employer's assets, (ii) less than 75% of the members of the Board shall be individuals who were members of the Board on the Effective Date or whose election or nomination was approved by a vote of at least 75% of the members of the Board then still in office who were either members of the Board on the Effective Date or whose election or nomination was so approved, or (iii) any "person" (as such term is used in Sections 13(d) and 14(d) of the U.S. Securities Exchange Act of 1934 (the "Exchange Act") shall have become "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly of securities of Employer representing 40% or more (calculated in accordance with Rule 13d-3) of the aggregate voting power of Employer's then outstanding voting securities.

(e) Termination Without Cause After Change of Control. Notwithstanding any other provision of this Section 8, at any time after the Control Change Date, Employer may terminate the employment of Employee without Cause (the "Termination"), but within five days of the Termination, it shall pay to Employee his full Base Salary through the Termination, to the extent not theretofore paid, plus a lump sum amount (the "Special Severance Payment") equal to the product (discounted to the then present value on the basis of a rate of 7.5% per annum) of his annual Base Salary specified in Paragraph 9 hereof multiplied by the number of years and any portion thereof remaining in the Three-Year Period (or if the remaining term in the Three-Year Period after the Termination is less than two years, for two years — the "Extended Period"). Specified Benefits to which Employee was entitled immediately prior to Termination shall continue until the end of the Three Year Period (or the Extended Period, if applicable); provided that: (i) if any plan pursuant to which Specified Benefits are provided immediately prior to Termination would not permit continued participation by Employee after Termination, then Employer shall pay to Employee within five days after Termination a lump sum payment equal to the amount of Specified Benefits Employee would have received if Employee had been fully vested an a continuing participant in such plan to the end of the Three-Year Period or the Extended Period, if applicable; and (ii) if Employee obtains new employment following Termination, then following any waiting period applicable to participation in any plan of the new employer, Employer shall continue to be entitled to receive benefits pursuant to this sentence only to the extent such benefits would exceed those available to Employee under comparable plans of the Employee's new employer (but Employee shall not be required to repay any amounts then already received by him).

(f) Resignation following a Change of Control. In the event of a Change of Control of Employer, thereafter, for "good reason" (as defined below), Employee may, at any time during the Three Year Period, in his sole discretion, on not less than thirty (30) days' written notice and effective at the end of such notice period, resign his employment with Employer (the "Resignation"). Within five days of such a Resignation, Employer shall pay to Employee his full Base Salary through the effective date of such Resignation, to the extent not theretofore paid, plus a lump sum amount equal to the Special Severance Payment (computed as provided in the first sentence of Section 8(e), except that for purposes of such computation all references to "Termination" shall be deemed to be references to "Resignation"). Upon Resignation of Employee, Specified Benefits to which Employee was entitled immediately prior to Resignation shall continue on the same terms and conditions as provided in Section 8(e) in the case of Termination (including equivalent payments provided for therein). For purposes of this Agreement, "good reason" shall mean the occurrence of a Constructive Termination Event.

(g) Mitigation and Expenses.

(i) Other Employment. After the Control Change Date, Employee shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise and except as expressly set forth herein no such other employment, if obtained, or compensation or benefits payable in connection therewith shall reduce any amounts or benefits to which Employee is entitled hereunder.

(ii) Expenses. If any dispute should arise under this Agreement after the Control Change Date involving an effort by Employee to protect, enforce or secure rights or benefits claimed by Employee hereunder, Employer shall pay (promptly upon demand by Employee accompanied by reasonable evidence of incurrence) all reasonable expenses (including attorney's fees) incurred by Employee in connection with such dispute, without regard to whether Employee prevails in such dispute except that Employee shall repay Employer any amounts so received if a court having jurisdiction shall make a final, non-appealable determination that Employee acted frivolously or in bad faith by such dispute

(h) Successors in Interest. The rights and obligations of Employer and Employee under this Section 8 shall inure to the benefit of and be binding in each and every respect upon the direct and indirect successors and assigns of Employer and Employee, regardless of the manner in which such successors or assigns shall succeed to the interest of Employer or Employee hereunder and this Section 8 shall not be terminated by the voluntary or involuntary dissolution of Employer or any merger or consolidation or acquisition involving Employer, or upon any transfer of all or substantially all of Employer's assets, or terminated otherwise than in accordance with its terms. In the event of any such merger or consolidation or transfer of assets, the provision of this Section 8 shall be binding upon and shall inure to the benefit of the surviving corporation or the corporation or other person to which such assets shall be transferred.

9. Deductions and Withholding. Employee agrees that Employer may withhold from any and all payments required to be made by Employer to Employee under this Agreement all taxes or other amounts that Employer is required by law to withhold in accordance with applicable laws or regulations from time to time in effect.

10 Arbitration. Whenever a dispute arises between the Parties concerning this Agreement or any of the obligations hereunder, or Employee's employment generally, Employer and Employee shall use their best efforts to resolve the dispute by mutual agreement. If any dispute cannot be resolved by Employer and Employee, it shall be submitted to arbitration to the exclusion of all other avenues of relief and adjudicated pursuant to the American Arbitration Association's Rules for Employment Dispute Resolution then in effect. The decision of the arbitrator must be in writing and shall be final and binding on the Parties, and judgment may be entered on the arbitrator's award in any court having jurisdiction thereof. The expenses of the arbitration shall be borne by the losing Party to the arbitration and the prevailing Party shall be entitled to recover from the losing Party all of its or Employee's own costs and attorney's fees with respect to the arbitration. Nothing in this Section 10 shall be construed to derogate Employer's rights to seek legal and equitable relief in a court of competent jurisdiction as contemplated by Section 6(h).

11 Non-Waiver. It is understood and agreed that one Party's failure at any time to require the performance by the other Party of any of the terms, provisions, covenants or conditions hereof shall in no way affect the first Parry's right thereafter to enforce the same, nor shall the waiver by either Party of the breach of any term, provision, covenant or condition hereof be taken or held to be a waiver of any succeeding breach.

12 Severability. If any provision of this Agreement conflicts with the law under which this Agreement is to be construed, or if any such provision is held invalid or unenforceable by a court of competent jurisdiction or any arbitrator, such provision shall be deleted from this Agreement and the Agreement shall be construed to give full effect to the remaining provisions thereof.

13 Survivability. Unless otherwise provided herein, upon termination or expiration of the Term, the provisions of Sections 6 through 18 above shall nevertheless remain in full force and effect but shall under no circumstance extend the Term of this Agreement (or the Executive's right to accrue additional benefits beyond the expiration of the Term as determined in accordance with Section 1 but without regard to this Section).

14. Governing Law. This Agreement shall be interpreted, construed and governed according to the laws of the State of Delaware without regard to the conflict of law provisions thereof.

15. Construction. The Section headings and captions contained in this Agreement are for convenience only and shall not be construed to define, limit or affect the scope or meaning of the provisions hereof. All references herein to Sections shall be deemed to refer to numbered sections of this Agreement.

16. Entire Agreement. This Agreement contains and represents the entire agreement of Employer and Employee and supersedes all prior agreements, representations or understandings, oral or written, express or implied with respect to the subject matter hereof. This Agreement may not be modified or amended in any way unless in a writing signed by each of Employer and Employee. No representation, promise or inducement has been made by either Employer or Employee that is not embodied in this Agreement, and neither Employer nor Employee shall be bound by or liable for any alleged representation, promise or inducement not specifically set forth herein.

17. Assignability. Neither this Agreement nor any rights or obligations of Employer or Employee hereunder may be assigned by Employer or Employee without the other Party's prior written consent. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of Employer and Employee and their heirs, successors and assigns.

18. Notices. All notices required or permitted hereunder shall be in writing and shall be deemed properly given if delivered personally or sent by certified or registered mail, postage prepaid, return receipt requested, or sent by telegram, telex, telecopy or similar form of telecommunication, and shall be deemed to have been given when received. Any such notice or communication shall be addressed:

if to Employer, to	Euronet Worldwide, Inc. Attention: General Counsel 4601 College Boulevard, Ste. 300 Leawood, Kansas 66211
if to Employee, to	Rick Weller 12806 Warmer Overland Park, KS 66209

or to such other address as Employer or Employee shall have furnished to the other in writing.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement, to be effective as of the date first above written.

Euronet Worldwide, Inc.
a Delaware Corporation

/S/ RICK WELLER
Rick Weller

By: /S/ MICHAEL J. BROWN
Michael J. Brown
Its: **Chairman/CEO**

Exhibit 10.17

AGREEMENT OF (i) PURCHASE OF ASSETS RELATED TO THE MOVILCARGA BUSINESS AND (ii) REGULATION OF ANY OTHER ACTIONS AND AGREEMENTS DERIVED FROM THIS TRANSMISSION

Among

EURONET MEFLUR MOVILCARGA, S.L.

as Buyer

EURONET WORLDWIDE, INC.

as Guarantor

EURONET SPANISH HOLDCO, S.L.

as obliged party in the terms established in this Agreement

MR. BERNABÉ-SIMÓN NOYA MUR

as obliged party in the terms established in this Agreement

and

MEFLUR, S.L., Sole Partner Company

as Seller

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THIS AGREEMENT OF (i) PURCHASE OF ASSETS RELATED TO THE MOVILCARGA BUSINESS AND (ii) REGULATION OF ANY OTHER ACTIONS AND AGREEMENTS DERIVED FROM THIS TRANSMISSION is entered into and formalized in Madrid on November 3, 2004,

BY AND BETWEEN

(A) MEFLUR, S.L., a Sole Partner company of Spanish nationality, with registered offices at Polígono Industrial Paules, c/ Eugenio de Usandizaga, P47A, Monzón, Huesca (Spain), incorporated by means of a public deed granted on November 26, 1991 before the Public Notary of Barcelona, Mr. Fernando Hospital Rusiñol, under number 5.480 of his records; adapted its By-laws to the Spanish Limited Liability Companies Act by means of a public deed granted on May 26, 1998 before the Public Notary of Monzón (Huesca), Mr. Eduardo Cortés León, under number 726 of his records; with tax identity number B-59929562, and registered at the Mercantile Registry of Huesca at Volume 318, Book 154, Page 159, Sheet HU-3.764, entry 8ª. Represented as regards the execution of this agreement by Mr. Bernabé-Simón Noya Mur, in his capacity as legal representative of the Sole Director of Meflur, S.L., the company CORPORACIÓN GRUPO MEFLUR, S.L., by virtue of a public deed granted on May 27, 2004 before the Public Notary of Monzón (Huesca) Mr. Jaime Rivera Vidal, under number 661 of his records (hereinafter, the "**Seller**").

(B) EURONET WORLDWIDE, INC., a Delaware (USA) company, with its principal offices at 4601 College Boulevard, Leawood, Kansas, 66211, created on December 13, 1996 by registration with the Delaware Secretary of State under reference number 960367520-2692579, duly represented in this act by Mr. Michael J. Brown, Chief Executive Officer of said company, and duly empowered by virtue of the public deed granted by the notary of Shawnee, Kansas, Ms. Deborah T. Long, granted on 26 October 2004, and duly apostilled on 27 October 2004 (hereinafter, the "**Guarantor**").

(C) EURONET MEFLUR MOVILCARGA, S.L., a Sole Partner company of Spanish nationality, with registered offices at Madrid, c/ Velazquez 108-110, planta 7ª, incorporated by means of a public deed granted on October 22, 2004, before the Public Notary of Madrid, Mr. Ignacio Maldonado Ramos, under number 4.373 of his records; with provisional tax identity number B-84134261, and pending registration at the Mercantile Registry of Madrid. Represented as regards the execution of this agreement by Mr. Thierry Michel, of legal age, French, single, with domicile for these purposes at Madrid, calle Velázquez 108-110, and with French identification card number 981192203578, as Sole Administrator, by virtue of the referred public deed of incorporation (hereinafter, the "**Buyer**").

(D) EURONET SPANISH HOLDCO, S.L., a Sole Partner company of Spanish nationality, with registered offices at Madrid, calle Velázquez 108-110, planta 7ª, incorporated by means of a public deed granted on October 22, 2004 before the Public Notary of Madrid, Mr. Ignacio Maldonado Ramos, under number 4.372 of his records;

with provisional tax identity number B-84134246, and pending registration at the Mercantile Registry of Madrid. Represented as regards the execution of this agreement by Mr. Thierry Michel, as Sole Administrator, by virtue of the referred public deed of incorporation (hereinafter, "**Euronet Holding**").

Mr. Bernabé-Simón Noya Mur, of legal age, Spanish, married, with domicile at Avda. Lérida 5, Monzón (Huesca), and with Tax Identification Number 73.189.386-M (hereinafter, "Mr. Noya"). He is, indirectly, the Seller's major shareholder.

The Seller, the Buyer, the Guarantor, Euronet Holding and Mr. Noya shall be referred to hereinafter, on an individual basis, as a "**Party**" and, jointly, as "**All the Parties**". The Seller and the Buyer shall be referred to hereinafter jointly as the "**Parties**".

All the Parties reciprocally acknowledge their legal capacity and representation necessary for the granting of the present Agreement of (i) Purchase of Assets related to MovilCarga Business and (ii) regulation of any other actions and agreements derived from this transmission (referred to hereinafter as the "**Agreement**").

RECITALS

I. Whereas, at present, Buyer's entire capital stock, fully issued and outstanding, is €3,006, divided into 3,006 shares ("participaciones sociales"), fully subscribed and paid in, numbers 1 to 3,006, both inclusive, with a face value of € 1 per share. At the moment of signing this Agreement, the Sole Partner of Buyer is the Spanish company called EURONET SPANISH HOLDCO, S.L (Euronet Holding). However, once the capital increase of Buyer referred to in Recital II (iii) is formalized as described therein, Seller shall also be shareholder of Buyer with a 20% share of its capital stock.

II. Whereas, on June 21, 2004, the Seller and the Guarantor, ultimate parent company of the Buyer, signed a Binding Offer establishing the main terms of a transaction consisting of the acquisition by Buyer (referred in the said Binding Offer as "**Euronet**") of the 80% of Seller's MovilCarga Business (as defined below), (hereinafter, the "**Transaction**"). The Binding Offer was amended on September 15, 2004 for the only purposes (i) to extend its term to October 15, 2004 and (ii) to apply for the necessary relevant formal authorization to be granted by Seller so that Buyer could use the words "Meflur" and "Movilcarga", among others, as its corporate name (hereinafter, the "**Extended Binding Offer**"). Afterwards, on October 14, 2004, the Seller and the Guarantor signed a second extension to the Binding Offer (hereinafter, the "**Second Extended Binding Offer**") (i) to extend the term of the Binding Offer to November 15, 2004 and (ii) to clarify that it was not necessary any authorization from Seller when applying for the corporate name of Buyer. Therefore, until the signature of this Agreement, the terms of the Binding Offer have remained completely in force.

In the Binding Offer, the Seller and the Guarantor established two possible legal structures to carry out the Transaction, pending determination of which of them would be finally used. However, after the signing of the Binding Offer, All the Parties have agreed to carry out the Transaction through a new legal structure as follows:

(i) Buyer has been duly incorporated by means of a public deed granted on October 22, 2004, before the Public Notary of Madrid, Mr. Ignacio Maldonado Ramos, under number 4.373 of his records.

(ii) Buyer will acquire today from Seller an 80% pro indiviso interest in the assets listed in **Annex A**, which includes all assets necessary to operate the MovilCarga Business (as defined below) on a stand-alone basis (hereinafter, 100% of the assets of the MovilCarga Business shall be referred to as the “**Assets**”) by means of this Agreement.

For clarification purposes, it is stated that the Assets are not, however, all the assets currently comprised within the Seller´s MovilCarga Business (as defined below), because some of such assets, which are not necessary to operate the MovilCarga Business on a stand-alone basis, such as the accounts receivable, are not being transmitted by Seller to Buyer.

Additionally, the Parties have reached an agreement under the terms established in clause 2.4 regarding the following issues (a) 1,000 new POS machines already received by Seller; (b) deposits related to certain machines listed in Annex A; (b) prepaid amounts made by some retailers; and (d) a leasing agreement in force signed with Banco Guipuzcoano.

(iii) The same day (on the Closing Date, as defined below) and promptly after the referred sale to be carried out by this Agreement is formalized in a public document, Seller is going to contribute the remaining 20% pro indiviso interest in the Assets to Buyer by means of the corresponding capital increase public deed (hereinafter, the “**Capital Increase Public Deed**”).

The amount of the capital increase shall be € 1,250, divided into 1,250 shares (“participaciones sociales”), fully subscribed and paid in by the Seller, numbers 5,001 to 6,250, inclusive, with a face value of € 1 per share (with a total premium of € 6,398,750, that is, €5,119 per new share. It is stated that prior to this capital increase, in the same public deed, a previous capital increase (that is not part of this Transaction) by off-set of loans against Buyer, fully subscribed and paid in by Euronet Holding, has been formalized. Therefore, the resulting share capital of the Buyer after the two capital increases referred to above amounts to € 6,250.

It is agreed that, on the same act of the formalization of the Capital Increase Public Deed, Buyer shall pay by nominative bank check of Bank of America to Seller the VAT corresponding to the contribution of the 20% pro indiviso interest in the Assets referred to in this point (iii), that amounts to € 1,024,000.

After said capital increase, Euronet Holding will have 80% of the capital stock in Buyer and Seller will have the remaining 20% of said Buyer’s capital stock.

It is acknowledged by the Parties that they would not agree to the sale formalized under this Agreement if the contribution referred to above was not to be carried out immediately afterwards, because both operations (the sale and the contribution), together with all of the transactions provided for herein, and necessary to implement the Transaction, are part of the same purpose of the Parties in entering into this Agreement: to enter into partnership with the Buyer, because its experience in the same market, its financial and technological means, and its excellent reputation in the market, are expected to boost the MovilCarga Business.

(iv) Simultaneously with this Agreement and with the Capital Increase Public Deed, Seller also, among other actions,

(a) is transferring to Buyer the employees that currently work in the MovilCarga Business (as defined below), by carrying out the necessary steps under Spanish Labour Law in force (without prejudice of the requirement to carry out certain further actions for this purpose following the Closing Date (as defined below) either by Seller and/or by Buyer according to Spanish Labour Law). Attached to this Agreement as **Annex B** is a list of such employees (hereinafter, the "**Employees**").

(b) will sign several contracts with Buyer to entitle it to carry out the MovilCarga Business on a stand-alone basis from now on. Some of these contracts are the following:

(1) An Assignment of Contracts Agreement: in order to assign in favor of the Buyer all the contracts or commercial relationships entered into by Seller, either in writing or verbally, with different counterparties and that are related to the MovilCarga Business. As explained in the Assignment of Contracts Agreement, the three following different groups of contracts or commercial relationships can be distinguished:

(i) contracts with the different retailers, distributors or agents listed in Annex 1 attached to the Assignment of Contracts Agreement, that the Buyer has knowledge of, (hereinafter, the "**Business Contracts**");

(ii) a leasing agreement regarding some machines related to the MovilCarga Business entered into with Banco Guipuzcoano. This contract is attached to the Assignment Contracts Agreement as Annex 2, that the Buyer has knowledge of, (hereinafter, the "**Leasing Contract**"). It is also stated that Seller has cancelled prior to the Closing Date (as defined hereinafter) a leasing agreement regarding some machines (included in the List of Assets contained in Annex A) related to the MovilCarga Business entered into with BBVA and an insurance agreement entered into with the company "AXA Seguros", although the formal cancellation (that is to say, the one reflected in the computers of BBVA) will take place on November 5, 2004; and

(iii) contracts with the suppliers listed in Annex 3 to the Assignment of Contracts Agreement, that the Buyer has knowledge of, (hereinafter, the "**Remaining Contracts**").

The Business Contracts, the Leasing Contract and the Remaining Contracts, shall be jointly referred to as the "**MovilCarga Contracts**".

Attached to this Agreement as **Annex C** is a copy of said Assignment of Contracts Agreement. Seller shall also carry out all necessary actions to try to obtain the necessary consents from the counterparties of all of the MovilCarga Contracts in the terms stated in this Agreement, and Buyer shall collaborate with Seller and use its best efforts to obtain such approvals.

(2) A Lease Agreement regarding the Premises (as defined below).

(3) A Services Agreement by which Buyer entrusts to the Seller the development of various services, solely as an independent provider of professional services. The Parties acknowledge that the execution of this Agreement is fully related to the simultaneous execution of the Services Agreement, since the Services Agreement is essential to this Transaction. Attached to this Agreement as **Annex D** is a copy of said Services Agreement.

(4) A Software License Agreement regarding the software used in the MovilCarga Business.

III. Whereas, the Buyer, under the terms and in consideration of the covenants and representations contained in this Agreement, is interested in acquiring an eighty percent (80%) interest in the MovilCarga Business, and the Seller, under the terms and in consideration of the covenants and representations herein contained, is interested in selling an eighty percent (80%) interest in the MovilCarga Business.

IV. Whereas, the Guarantor is the ultimate 100% parent of Buyer and has agreed to (i) provide a guarantee of the fulfillment of all the obligations of Buyer under this Agreement, and (ii) provide Buyer with Guarantor's shares (and, in particular, with Euronet Shares, as defined in clause 3.3.5) of its stock which will be used by Buyer in order to pay the portion of the Purchase Price (as defined below) as required under clauses 3.2.1.2 and 3.3.5 of this Agreement. And for these purposes the Guarantor signs this Agreement.

Therefore, All the Parties execute the present Agreement including the following clauses:

CLAUSE 1. DEFINITIONS AND INTERPRETATION

1.1 Certain capitalized terms and expressions used in this Agreement are defined herein below:

1.1.1 "**Financial Information**" means the financial and commercial statements related to the MovilCarga Business, consisting of (i) the Profit and Loss Account of Movilcarga Business (as defined below) from January 1 to September 30, 2004 (hereinafter, the "**P&L**") and (ii) a list of the credits and debts Seller has on the Closing Date (as defined below) with clients and suppliers related to the Movilcarga Business (as defined below) (hereinafter, the "**List**"). The P&L is attached to this Agreement as **Annex E**, and has been prepared by the Seller, and the List shall be provided to the Buyer, within ten (10) days from the date of this Agreement.

1.1.2 "**Financial Information Date**" means the respective dates of the Financial Information: regarding the P&L, January 1-September 30, 2004; and regarding the List, November 3, 2004.

1.1.3 "**Affiliate**" means, with respect to a corporate entity, any other corporate entity which is part of the same group, according to the definition of group in Article 4 of the Securities Market Law ("Ley del Mercado de Valores") or any other individual who controls, directly or indirectly, said corporate entity in accordance with the definition of control and unit of decision in Article 4 of the Securities Market Law and in article 42 in force of the Spanish Commerce Code.

1.1.4 "**Agreement**" means this Agreement, including any and all of its recitals, clauses, paragraphs, sections, annexes and appendices.

1.1.5 "**All the Parties**" means Seller, Buyer, Guarantor, Mr. Noya and Euronet Holding.

1.1.6 "**Authorizations**" means all permits, licenses, consents, approvals, certificates, registrations and other authorizations required according to any laws in order to carry out the MovilCarga Business, for the ownership, possession, occupation or use of any Asset or for the signing and performance of this Agreement.

1.1.7 "**Base Price**" shall mean TWENTY FIVE MILLION SIX HUNDRED THOUSAND EUROS (€25,600,000), which is the estimated amount of the total purchase price that will be payable under this Agreement if the MovilCarga Business generates the financial results estimated by both Parties in relation to the Earn Out Payment (as defined below).

1.1.8 "**Binding Offer**" shall mean the binding document, signed between the Seller and the Guarantor on June 21, 2004, establishing the main terms of the Transaction, whose term was extended to October 15, 2004, by virtue of the Extended Binding Offer, and afterwards extended to November 15, 2004, by virtue of the Second Extended Binding Offer; both documents also signed by the Seller and the Guarantor on September 15, 2004 and October 14, 2004, respectively.

1.1.9 "**Buyer**" means EURONET MEFLUR MOVILCARGA, S.L., a Sole Partner company of Spanish nationality, with registered offices at Madrid, C/ Velazquez 108-110, planta 7ª, incorporated by means of a public deed granted on October 22, 2004, before the Public Notary of Madrid, Mr. Ignacio Maldonado Ramos, under number 4.373 of his records; with provisional tax identity number B-84134261, and pending registration at the Mercantile Registry of Madrid.

1.1.10 "**Buyer's and Guarantor's Representations and Warranties**" means any and all of the Representations and Warranties contained in clause 7 of the Agreement that refer to Buyer and Guarantor, as applicable.

1.1.11 "**Charge**" means rights of mortgage, charge, pledge, encumbrance, right of use, right of use and possession, option, restriction, right of first refusal or right of redemption, preferential right, easement, lease, license, right or interest of third parties or any other type of charge.

1.1.12 "**Closing Date**" shall mean the date of signature of this Agreement and, consequently the date where payment of (i) the Initial Price (as defined below) and (ii) the VAT accrued on the Base Price, is made under this Agreement.

1.1.13 "**Competitive Activities**" shall have the meaning stated in clause 8.1 of this Agreement.

1.1.14 "**Confidential Information**" means all information that is not in the public domain and is used or is related in any other way to the business, clients, financial matters or any other matters of the MovilCarga Business, of the Seller, of Buyer or of any Buyer's Affiliate.

1.1.15 "**Deferred and Conditional Price**" shall mean a deferred amount to be paid by Buyer to Seller, divided into two (2) parts, according to clause 3.2.

1.1.16 "**Earn Out Payment**" shall mean Part B of the Deferred and Conditional Price in the terms established in clauses 3.2.1.2 and 3.3.

1.1.17 "**EBITDA**" means earnings before interest, taxes, depreciation and amortization as determined in accordance with generally accepted accounting principles as applied in Spain ("GAAP"), provided that the following adjustments shall be made in each case in which EBITDA is required to be calculated under this agreement:

EBITDA shall be adjusted to exclude any non-recurring, extraordinary or unusual items or transactions that have a positive or negative impact on EBITDA. Such items may include revenues or expenses coming from or relating to products different from those of the MovilCarga Business, and shall, subject to the provisions of clause 3.5, not be limited to, gains or losses on sale of assets or sale/leaseback transactions, profits from the sale of terminals, software, hardware or other similar items, if not within the ordinary and recurring course of business, gains on the sale of customer bases, correction of prior period accounting matters, or other matters similar in nature that do not contribute to recurring and ongoing profits.

Particular attention shall be paid to the timing of the realization of income or expenses, and in the event any income or expense has been improperly allocated according to GAAP to a period, or intentionally delayed or accelerated for the purpose of affecting calculations of EBITDA hereunder, such amount shall be shifted back to the period where it should have been reflected or would have been realized if it were not reason for such delay or acceleration.

"**Year 2 EBITDA**" shall mean three times the EBITDA realized by Buyer from the MovilCarga Business during the four full calendar months ending immediately prior to the second anniversary of Closing Date; that is to say, Year 2 EBITDA will be equal to EBITDA for the period July to October 2006, inclusive, multiplied by three. The Parties agree that the amount of EBITDA for the four month measurement period considered for purposes of the calculation of the Earn Out Payment may not differ, in excess or in defect, by more than 20% from the EBITDA that was realized by Buyer during the four-month period prior to such measurement period.

Debts that Buyer may have with any third party or with any company of its Group as a consequence of the Buyer having received from any such third party or company within its Group as a loan (or several loans) the amount of which was used by the Buyer to pay to the Seller the Deferred and Conditional Price and/or the Transaction VAT (as defined below) and/or the VAT corresponding to the contribution of the 20% referred to in Recital II shall not affect (that is to say, reduce) in any manner, Year 2 EBITDA.

In the event that there is a merger of any new entity (or a purchase of assets by the Buyer of another business similar to MovilCarga Business) into Buyer on or before the end of the period used for calculation of Year 2 EBITDA, then the following rules shall be applied in calculating EBITDA of the Buyer allocable to the MovilCarga Business:

Buyer shall maintain separate books for the MovilCarga Business unit for the purpose of calculating Year 2 EBITDA; the MovilCarga Business shall be considered to have realized all revenues from (a) terminals operated by Buyer that are already operated on or before the date of the merger, plus any new terminals installed by MovilCarga Business unit employees under contracts signed by the MovilCarga Business unit, and (b) wholesale PIN sales made by the MovilCarga Business unit;

General, commercial (marketing, advertising, publicity, market research and administration expenses (hereinafter, the "**SG&A**") of the Buyer for the period following the merger (or the purchase of assets) shall be allocated to the MovilCarga Business by taking into account the same level of SG&A expenses that the MovilCarga Business had during the four months prior to the merger or purchase of assets.

1.1.18 "**Employees**" means those employees of Seller transferred to Buyer specifically indicated in the list attached hereto as Annex B, as part of the MovilCarga Business pursuant to paragraph (e) of clause 2.2 below.

1.1.19 "**Euronet Group of Companies**" shall mean all Affiliates of Guarantor.

1.1.20 "**Industrial and Intellectual Property Rights**" means any of the following to the extent they have been used by the Seller in connection with the MovilCarga Business:

patents, trademarks, utility models, registered designs, trade names, signs, technical knowledge, know-how, non-registered trademarks, copyrights, intellectual property, inventions and other rights under licenses, orders and laws issued worldwide, as well as the applications for any of those rights.

1.1.21 "**Initial Price**" shall mean an aggregate amount of EIGHT MILLION EUROS (€8,000,000) that the Buyer is to pay to the Seller on the Closing Date by means of a payself check issued by Bank of America.

1.1.22 "**MovilCarga Business**" means any kind of activity that consists of the supply to retailers and distributors of recharge for mobile telephones. Such recharges can be provided through the following methods:

a) <u>Off-line</u>: through (i) the sale of physical cards that contain a code and that are physically handed to retailers and distributors and (ii) the sale of PINS (electronic codes that enable the sale through machines), (hereinafter, the "Off-line Business").

b) <u>On-line</u>: consists of a connection from the central-host of the Seller or the Buyer, as the case may be, to Telefonica Móviles España S.A.U and, at the same time, to machines placed in different points of sale of retailers, distributors and wholesalers, and that permits the sale on a real time basis.

1.1.23 "**Party**" means Seller or the Buyer, or the Guarantor, or Euronet Holding, or Mr. Noya, as the case may be.

1.1.24 "**Parties**" means Seller and the Buyer.

1.1.25 "**PINs**" means electronic codes that enable the sale through machines.

1.1.26 "**Premises**" means the premises where the MovilCarga Business is going to be carried out by Buyer from now on, by virtue of the corresponding Lease Agreement to be entered into today between Buyer (as lessee) and the Seller (as owner).

1.1.27 "**Projections**" meas the projected financial results of the MovilCarga Business, as reflection in Annex F.

1.1.28 "**Purchase Price**" shall mean the total amount (excluding VAT) to be paid by Buyer to Seller in consideration of the transfer of the 80% of Seller's MovilCarga Business, comprised of the Initial Price and of the Deferred and Conditional Price.

1.1.29 "**Revenues**" means gross income, net of VAT regarding the On-line Business received by a Party, both from current clients and any other clients Buyer may have in the future.

a) "**June 2004 Revenues**" means the Revenues of the On-line Business received by Seller during the month of June 2004, amounting to Euro 7,410,675.86. This amount includes the On-line Revenues from retailers, distributors and wholesalers (excluding VAT) existing as at June 2004.

b) "**December 2004 Revenues**" mean the Revenues of the On-line Business that are received by Buyer during the month of December 2004. In order to determine December 2004 Revenues, some revenues have to be excluded (that is to say, will not be taken into account) and in particular and exclusively, those Revenues coming from each new distributor and/or wholesaler (that is, distributors and/or wholesalers which were not already distributors and/or wholesalers of the MovilCarga Business as at June 2004, hereinafter, the "**New Distributors and/or Wholesalers**") which generates individually more than 5% of December 2004 Revenues. Both Parties agree that chains (that is to say, clients that buy products for themselves or for their own group but not to resell) shall be considered as retailers. A central purchasing office that belongs to the same Group (as defined in Article 4 of the Securities Market Law and in current Article 42 of the Spanish Commerce Code) as a retail chain will be considered as a retailer and not a New Distributor and/or a New Wholesaler, but a central purchasing office for retailers that is not a member of the same Group will be considered a New Distributor and/or a New Wholesaler for the purposes above.

1.1.30 "**Seller**" means MEFLUR, S.L., a company of Spanish nationality, with registered offices at Polígono Industrial Paules, c/ Eugenio de Usandizaga, P47A Monzón, Huesca (Spain), incorporated by means of a public deed granted on November 26, 1991 before the Public Notary of Barcelona, Mr. Fernando Hospital Rusiñol, under number 5.480 of his records; adapted its By-laws to the Spanish Limited Liability Companies Act by means of a public deed granted on May 26, 1998 before the Public Notary of Monzón (Huesca), Mr. Eduardo Cortés León, under number 726 of his records; with tax identity number B-59929562, and registered at the Mercantile Registry of Huesca at Volume 318, Book 154, Page 159, Sheet HU-3.764, entry 8ª.

1.1.31 "**Seller's Representations and Warranties**" means any and all of the Representations and Warranties contained in clause 6 of the Agreement.

1.1.32 "**Services Agreement**" means the agreement entered into by and between the Buyer and the Seller, by which the Buyer entrusts to the Seller the provision of various services.

1.1.33 "**Taxes**" means any form of taxation, duty, charge or levy of any kind, including without limitation, direct and indirect taxes and value added taxes and any ancillary fine, penalty, supplement or interest, which are established by any authority, body or official, either local, provincial, regional, of an Autonomous Community, governmental, from the State or any other type in any part of the world.

1.1.34 "**Transaction VAT**" shall mean the amount resulting of applying 16% (that is, the applicable percentage under the Spanish Value Added Tax Law in force) to the Purchase Price.

1.1.35 "**Transaction Initial VAT**" shall mean the amount resulting of applying 16% to the Base Price.

1.2 The annexes and appendices form part of the Agreement and any reference to this Agreement is also a reference to its schedules, annexes and appendices. Any reference made in this Agreement to a clause, paragraph, section, recital, annex or appendix is a reference to a clause, paragraph, section, recital, annex or appendix of this Agreement.

1.3 Any reference to time is understood to be a reference to the calendar and time in Madrid, Spain.

1.4 Any reference to legislation, rules or regulations includes any new legislations, updates, corrections or amendments of same which are in force at any given time.

CLAUSE 2. SALE-PURCHASE

2.1 According to the terms of this Agreement and taking into consideration the representations and warranties included in the present Agreement, the Seller sells and the Buyer buys an eighty percent (80%) interest in the MovilCarga Business by acquiring from Seller the eighty percent (80%) pro indiviso interest in the Assets listed in Annex A and by entering into the other actions that this Transaction implies as described in this Agreement, at the Purchase Price stated in clause 3 herein.

2.2 **Actions to be carried out to the transfer of MovilCarga Business**

The Seller acknowledges that Buyer is executing this Agreement on the basis that it will become the new owner of MovilCarga Business from the date hereof, which implies, inter alia, the following:

(a) The transmission of the eighty percent (80%) pro indiviso interest in the Assets from Seller to Buyer by means of this Agreement.

(b) The contribution by the Seller to the Buyer of the remaining twenty percent (20%) pro indiviso interest in the Assets, through the formalization of the Capital Increase Public Deed, simultaneously with this Agreement; as stated above, on the same act of the formalization of the Capital Increase Public Deed, the Buyer shall pay by payself bank check of Bank of America to Seller the VAT corresponding to the contribution of the 20% pro indiviso interest in the Assets in the amount of € 1,024,000.

(c) Simultaneously with the execution of this Agreement, a contractual relationship previously existing between the Seller and Telefónica Móviles España, S.A.U., is being restructured through the execution of a new agreement (the "**New Telefónica Agreement**") that is in form and substance satisfactory to Buyer.

(d) Simultaneously with the execution of this Agreement and the Capital Increase Public Deed, the Seller is signing an agreement for the assignment to Buyer (the Assignment of Contracts Agreement), as an essential part of the

MovilCarga Business, of all the MovilCarga Contracts, including those agreements which are listed in the annexes to the Assignment of Contracts Agreement. The transfer of any MovilCarga Contracts under such Assignment of Contracts Agreement shall be effective, subject only to the receipt of the corresponding third parties consents, either express or tacit. The Buyer will also cooperate with the Seller, if necessary, in the obtaining of such consents.

(e) Simultaneously with the execution of this Agreement and the Capital Increase Public Deed, Seller will take any necessary steps under Spanish Labor Law for the implementation of the transfer to Buyer, as an essential part of the MovilCarga Business, of the employment contracts with these employees specified in Annex B (and the price stated in clause 3 has been determined taking into account this essential part of the MovilCarga Business). It is acknowledged that further formalities are required for such transfer, and Seller agrees to cooperate fully with Buyer in the completion of such formalities.

(f) Simultaneously with the execution of this Agreement and the Capital Increase Public Deed, as an essential part of the MovilCarga Business, Seller is signing with Buyer (as lessee), a Lease Agreement for space occupancy at the Premises, unless Buyer elects to relocate its operations (and the price stated in clause 3 has been determined taking into account this essential part of the MovilCarga Business).

(g) Simultaneously with the execution of this Agreement and the Capital Increase Public Deed, as an essential part of the MovilCarga Business, Seller is signing with Buyer a License Agreement regarding the software used in the MovilCarga Business (and the price stated in clause 3 has been determined taking into account this essential part of the MovilCarga Business).

2.3 Provisions Regarding Working Capital

2.3.1 The Parties intend that the benefit and burdens of the MovilCarga Business be transferred to Buyer on the Closing Date, by means of this Agreement and the Capital Increase Public Deed. Therefore, the Parties agree as follows:

2.3.2 The Parties will determine, as of the Closing Date, the amount of PIN inventory that is held by Seller in connection with the MovilCarga Business. All such inventory shall be sold at cost by Seller to Buyer on the Closing Date, and Seller shall invoice Buyer for the cost thereof. Such invoice shall be included in the settlement performed at the Working Capital Settlement, as defined in clause 2.3.5 below (therefore, the corresponding payment shall be treated in the context of the Working Capital Settlement; – that is to say, it shall be subject to off-set, if any).

2.3.3 All accounts payable, prepaid expenses, receivables relating to products or services that must be performed or delivered by Buyer after the Closing Date, or other items of working capital associated with the MovilCarga Business shall be allocated between

Seller and Buyer based on whether they are attributable to the period prior to the Closing Date (in which case they shall be attributed to Seller) or after the Closing Date (in which case they shall be attributed to Buyer). Invoices effecting such allocation shall be issued, and such invoices shall be included in the settlement carried out at the Working Capital Settlement.

2.3.4 Seller shall be entitled to receive all revenues associated with the operation of the MovilCarga Business prior to the Closing Date. If Buyer receives any payments from customers or clients of the MovilCarga Business relating to the period before the Closing Date, such payments shall be taking into account when preparing the Working Capital Settlement and, therefore, for the corresponding offseting of amounts, in the terms referred to in clause 2.3.5.

Buyer shall be entitled to receive all revenues derived from the operation of the MovilCarga Business following the Closing Date. If Seller receives any payments from customers or clients of the MovilCarga Business relating to the period after the Closing Date, such payments shall be taking into account when preparing the Working Capital Settlement and, therefore, for the corresponding offseting of amounts, in the terms referred to in clause 2.3.5.

2.3.5 The Parties shall meet to engage in a verification and settlement of the above amounts within fifteen (15) business days after Closing Date (the **"Working Capital Settlement"**). At the Working Capital Settlement, the amounts payable by Buyer to Seller and vice versa shall be offset against each other, and the Party owing amounts to the other following such offsets shall make payment of such amount by wire transfer of immediately available funds, within the five (5) following business days.

2.3.6 For clarification purposes, it is stated that the invoicing system agreed by the Parties, in order not to alter the normal invoicing system Seller has been applying up to the Closing Date, is the following:

Regarding retailers, distributors and wholesalers in relation with which the normal system of invoicing is on a weekly basis (most of them): (a) Seller shall issue the last invoice on November 4, covering the period between October 28 at 00:00 hours to November 3 at 24:00 hours; and (b) Buyer shall issue its first invoice on November 11, covering the period between November 4 at 00:00 hours to November 10 at 24:00 hours.

Regarding the distributors (Grupo VIPS and Supermercados Pujol, S.L.) in relation with which the normal system of invoicing is on a monthly basis: (a) Seller shall issue the last invoice on November 4, covering the period between October 1 at 00:00 hours to November 3 at 24:00 hours; and (b) Buyer shall issue its first invoice on December 4, covering the period between November 4 at 00:00 hours to December 3 at 24:00 hours.

For clarification purposes, the first invoice issued by Buyer mentioned in this clause 2.3.6, (i) and (ii) is the same invoice referred to in clause 8.6 as the First Invoice.

The Parties state that Telefonica's charges in relation to the recharge to be made on today's date, November 3, 2004, to be paid to Telefónica by the Buyer, shall be undertaken by the Seller.

2.3.7 Each Party shall permit the other to audit the amounts provided for in this Section 2.3 at any time before preparing the Working Capital Settlement. In the event of any dispute regarding amounts involved in the Working Capital Settlement, Parties shall try to reach an amicable agreement within the following fifteen (15) business days and, if such agreement is not reached, the Parties together shall be entitled to appoint an independent auditor (from an accounting and auditing firm of international reputation) who will determine the amounts of the Working Capital Settlement, within ten (10) next business days of his/her acceptance as independent auditor. The decision of the independent auditor shall be binding upon the Parties. Both Parties expressly accept that they will obey the independent auditor's decision. If the Parties do not agree on the appointment of the referred independent auditor, one of the following auditing firms shall be chosen by lot: ERNST & YOUNG, DELOITTE or PRICEWATERHOUSECOOPERS. If the chosen Firm does not accept, a new draw shall be done between the two other Firms. The independent auditor's fess shall be born equally by each of the Parties. Once the Working Capital Settlement is agreed (or, if applicable, once determined by the auditor) and the corresponding payment is made (according to clause 2.3.5) each Party shall also permit the other to verify whether there is any future invoice that has not been included in the Working Capital Settlement (because of timing reasons). In any event, this verification shall be requested and performed in a reasonable manner and in the less harmful way for both Parties, and within a maximum term of six months after Closing Date.

2.4 Regarding (i) 1,000 new POS machines; (ii) the deposits related to certain machines listed in Annex A, and (iii) the amounts related to prepaids made by certain retailers with POS machines; and (iv) one leasing agreement signed with Banco Guipuzcoano:

2.4.1 **1000 New POS Machines**

All the Parties acknowledge that Seller has requested 1,000 new POS machines related to the MovilCarga Business. Such 1,000 new POS machines have been already delivered to Seller; the first 500 on September 2004 and the remaining 500 at the end of October 2004.

The payment for the first 500 POS machines has been made through a leasing contract with Caja Madrid already signed by Seller. In relation to this leasing contract with Caja Madrid, All the Parties agree that Buyer shall assume Seller's debtor position (lessee) against Caja Madrid and Seller shall be free of any obligation of payment derived thereof. During the following days from the Closing Date, the necessary actions to obtain the assignment of this leasing contract with Caja Madrid from Seller to Buyer shall be carried out. As the first 500 new POS machines have been already delivered at Seller's premises and such premises are the Premises, there is no need of any further delivery from Seller to Buyer.

Regarding the other remaining 500 POS machines related to the MovilCarga Business, although they have already been delivered to Seller, All the Parties have agreed that it shall be Buyer (and not Seller) that will directly sign the corresponding leasing contract (with Caja Madrid) for the purposes of making the corresponding payment. As the remaining 500 new POS machines have been already delivered at Seller's premises and such premises are the Premises, there is no need of any further deliver from Seller to Buyer.

2.4.2 Deposits and Prepaids

On the other hand, Buyer expressly recognizes that Seller is transferring to it, by means of this Agreement and through the corresponding bank check (copy of which is attached as **Annex G** to this Agreement), (i) all the amounts corresponding to the deposits that the Seller has received from the different retailers, according to their respective contracts, amounting to euros 296,925.05; and (ii) consequently, the corresponding liability, and therefore, Buyer expressly recognizes that the Seller is not responsible of the returning of any amount to such retailers when they have to return the machines to the owner, and that the Buyer is the new debtor of such amounts. Seller represents and warrants that **Annex H** is a true and complete list of all retailers from whom any deposits have been received, and that the amount being paid to Buyer under this Section is 100% of all liability for such deposits to retailers. In the event that there are any amount owed by Buyer regarding these deposits that have not been covered by the payment provided in this Section, Seller shall pay the amount immediately upon demand from Buyer, without regard to any limitations or procedures provided in Clause 9.

Additionally, and in relation to prepaid amounts made by some retailers, also attached to this agreement as Annex H is a list of all of said retailers that have made prepaid amounts to Seller before the Closing Date, as well as the amounts existing at 2 November 2004. Buyer expressly recognizes that, as soon as Buyer receives from the Seller all the amounts corresponding to the prepaid amounts made by some of the retailers (in the terms and conditions stated in the following paragraph), Buyer will undertake the corresponding liability derived from such prepaid amounts and, therefore, once the aforementioned amounts have been received, Buyer shall be the sole party responsible for providing the services covered by such prepaid amounts.

Both Parties agree that, Seller shall pay to Buyer on 4 November 2004, by wire transfer to the bank account number to be indicated by Buyer, in relation to each retailer, the amount resulting from the difference between the amount stated in Annex H for each retailer and the amount already consumed by the relevant retailer from 28 October, 00:00hours, to 3 November, 24:00hours (hereinafter, the aggregate amount of such differences, shall be referred to as "**Prepaid Total Amount**"). Once the Buyer has received the Prepaid Total Amount, Buyer will undertake the corresponding liability of providing the services covered by the Prepaid Total Amount, releasing the Seller of any liability towards the retailers on this regard.

Also for clarification purposes, it is stated that, except for the provisions established in clause 2.4.1 and in this clause 2.4.2, Seller shall not transfer to Buyer, and Buyer shall not be liable for, any account or other liabilities related to MovilCarga Business before the Closing Date; therefore, Seller shall remain responsible of them (that is to say, of the account and other liabilities existing before the Closing Date).

2.4.3 Leasing Agreement signed with Banco Guipuzcoano

There is a leasing agreement (the Leasing Agreement) in force regarding certain machines signed with Banco Guipuzcoano (it is attached as Annex C of the Assignment of Contracts Agreement). Notwithstanding this, Seller shall assign its contractual position in this contract to Buyer (subject to the corresponding consent from said bank) in the terms explained in point iv).b).1.ii) of Recital II. Seller shall obtain the bank's consent to the referred subrogation. In any case, Seller commits itself to continue paying, under the terms established in the referred Leasing Agreement, the remaining amounts owed until the end of the leasing of the abovementioned Leasing Agreement. For clarification purposes, the Parties agree that Buyer acquires all rights derived from the Leasing Agreement with Banco Guipuzcoano, and Seller remains as the sole responsible Party towards said bank for the obligation of payment of the remaining amounts owed until the end of the leasing derived from the Leasing Agreement.

2.5 Seller shall pay any outstanding Taxes related to MovilCarga Business that are accrued prior to the Closing Date, without prejudice to clause 12.2.

CLAUSE 3. PURCHASE PRICE

In consideration of the transfer of 80% of Seller's MovilCarga Business in the terms herein explained to the Buyer, the aggregate purchase price to be paid by the Buyer (the "**Purchase Price**"), will be comprised of an initial price (the "**Initial Price**") plus, should the circumstances set forth below be met, a deferred and conditional price (the "**Deferred and Conditional Price**"), plus the VAT corresponding to the Purchase Price, which, according to the applicable Tax Regulations in force, is 16% (the "**Transaction VAT**"). For the avoidance of doubt, the Parties agree that the Purchase Price is being paid for the Assets but taking also in consideration the performance by the Seller (together with Buyer, when necessary) of all of the related actions described in Clause 2.2

3.1 Initial Price

The Initial Price is fixed at an aggregate amount of EIGHT MILLION EUROS (€8,000,000). The Initial Price, together with the VAT corresponding to the Base Price (the Transaction Initial VAT), that is to say, FOUR MILLION NINETY-SIX THOUSAND EUROS € 4,096,000, is paid in cash by two certified selfpay bank checks of the Bank of America for the corresponding amounts as of the time of execution of this Agreement. A photocopy of said check/s is attached to this Agreement as **Annex I**.

As of the time of execution of this Agreement, Seller delivers to Buyer the corresponding invoice.

Buyer shall perform all actions necessary (rectifications of the incorporation public deed, submission of further documentation requested by the Mercantile Registry of Madrid, etc.) in order to obtain as soon as possible the registration of Buyer with the Mercantil Registry of Madrid. If, however, Buyer is not duly registered with said Mercantile Registry within four (4) months from the Closing Date, Buyer (i) shall have to fully indemnify Seller of all the damages derived of this situation for Seller and (ii) shall take the necessary actions so that any other Spanish company (either existing or newly created) of Guarantor's group substitutes Buyer so that the Transaction can be executed in the terms of this Agreement.

3.2 Deferred and Conditional Price

3.2.1 General Conditions

The Deferred and Conditional Price shall be divided into two (2) parts, as follows:

3.2.1.1 Part A of the Deferred and Conditional Price

Part A of the Deferred and Conditional Price will be TEN MILLION EUROS (€10,000,000) subject to adjustment as provided in clauses 3.2.3 to 3.2.5 of this Agreement, and will be paid in cash or by wire transfer of immediately available funds according to the following procedure:

(i) Buyer shall be obliged to communicate in writing to Seller within ten (10) business days following the end of any month referred to in clauses 3.2.3 to 3.2.5, the amount of the Part A of the Deferred and Conditional Price it considers must be paid to Seller (according to the rules of calculation referred below). During the following ten (10) days, Seller shall be entitled to verify the amount communicated by Buyer.

(ii) If Seller fully agrees with Buyer, Buyer shall have to pay Part A of the Deferred and Conditional Price to Seller within the ten (10) business days following the reception of Seller's communication. If Buyer does not pay to Seller in the referred term, clause 3.2.7 shall be applicable. If Seller disputes and does not agree with the amount notified by Buyer (because Seller considers the amount should be higher than the one Buyer has notified), then Seller may require Buyer to pay the undisputed amount. In which case, the undisputed amount shall be paid within the ten (10) business days following the reception of Seller's request. If Buyer does not pay to Seller in the referred term, clause 3.2.7 shall be applicable. The disputed amount shall be subject to the independent expert's decision as stated below.

(iii) If Seller does not agree, or partially agrees, with Buyer or it only partially agrees (as indicated in point ii) above), the Parties shall, within the five (5) following business days, mutually agree upon and appoint an independent expert. Such expert shall be instructed to resolve the disagreement as soon as possible, but in any event within 30 days of his/her acceptance as independent expert. The decision of the expert shall be binding upon the Parties. Both parties expressly accept that they will obey the independent expert's decision. If the Parties do not agree on the appointment of the referred independent expert, one of the following auditing firms shall be chosen by lot: Ernst & Young, Deloitte or PriceWaterhouseCoopers. If the chosen firm does not accept, a new draw shall be carried out between the two other firms. The independent expert's fees shall be born equally by each of the Parties. The payment by Buyer to Seller shall be made within the five (5) following business days to the date the independent expert's decision is notified to Buyer. If Buyer does not pay to Seller in the referred term, clause 3.2.7 shall be applicable.

The date Buyer pays to Seller Part A of the Deferred and Conditional Price, shall be referred as the "**Part A Payment Date**".

3.2.1.2 Part B of the Deferred and Conditional Price (the "**Earn Out Payment**")

Part B of the Deferred and Conditional Price will be an amount of SEVEN MILLION SIX HUNDRED THOUSAND EUROS (€7,600,000; hereinafter, the "**Earn Out Payment Standard**"), subject to the conditions and adjustments provided for in this Agreement. Procedures for calculation and payment of the Earn Out Payment are provided in clause 3.3 of this Agreement.

Part A of the Deferred and Conditional Price

3.2.2 General Condition

The obligation of Buyer to pay Part A of the Deferred and Conditional Price will be subject to the condition that the December 2004 Revenues shall be at least equal to the 90% of the June 2004 Revenues.

3.2.3 Fulfillment of Essential Condition

If the condition set forth in clause 3.2.2 is met, then the amount of Part A of the Deferred and Conditional Price payable shall be TEN MILLION EUROS (€10,000,000), provided that if the December 2004 Revenues are less than the June 2004 Revenues, then there shall be a reduction of the amount payable equal to the difference between € 18,000,000 and the amount resulting from the following formula: €18,000,000 multiplied by a fraction, the numerator of which is the amount of the December 2004 Revenues and denominator of which is the amount of the June 2004 Revenues.

As an example: if December 2004 Revenues were 90 and June 2004 Revenues were 100, the reduction would be € 1,800,000 and therefore, Part A of the Deferred and Conditional Price would be € 8,200,000 (90/100= 0.9; € 18,000,000* 0.9= € 16,200,000;

€ 18,000,000-€ 16,200,000= € 1,800,000). The Parties shall determine the amount payable under this clause 3.2.3 and Buyer shall pay to Seller the amount determined according to the terms and procedure provided in clause 3.2.1.1. In case December 2004 Revenues were equal or higher than June 2004 Revenues, the Part A of the Deferred and Conditional Price will be €10,000,000 (that is, under no circumstances, Part A of the Deferred and Conditional Price will be higher than €10,000,000).

3.2.4 Non-fulfillment of the Essential Condition

If the condition set forth in clause 3.2.2 is not met, the payment of Part A of the Deferred and Conditional Price will be postponed until such condition is met, with a maximum period of six months. For clarification purposes, such condition will be tested on a monthly basis for each calendar month up to the month of June 2005 (hereinafter, "**Part A Cut Off Date**"): if the condition set forth in clause 3.2.2 is not met regarding December 2004 Revenues, the amount of revenues, calculated as described for December 2004 Revenues, shall be determined in January 2005 and (i) if such condition is met, Buyer shall pay Seller Part A of the Deferred and Conditional Price (with the corresponding reduction, if any, in accordance with clause 3.2.3) on the date resulting from the procedure provided in clause 3.2.1.1; (ii) if such condition is not met in January, February 2005 Revenues shall be considered; and so on (until June 2005, inclusive). If the condition set forth in clause 3.2.2 is not met by June 2005 Revenues, the Seller shall have no right to any amount of Part A of the Deferred and Conditional Price.

The same principles established in clause 3.2.3 for the calculation of the amount of Part A of the Deferred and Conditional Price shall be applicable when this clause 3.2.4 is applicable. For clarification purposes, if January 2005 Revenues amounted to 95, the reduction would be € 900,000 and therefore, Part A of the Deferred and Conditional Price would be € 9,100,000 (95/100= 0.95; € 18,000,000*0.95= € 17,100,000; € 18,000,000-€ 17,100,000= € 900,000).

3.2.5 Adjustment

Without prejudice of the provisions stated in clauses 3.2.3 and 3.2.4 above, if the amount received by Seller according to the provisions stated in clauses 3.2.3 and/or 3.2.4, is less than € 10,000,000, but the condition set forth in clause 3.2.2 is met, the Revenues for each month following the month in which such condition is met shall be considered, and an additional amount of Part A of the Deferred and Conditional Price shall be paid, up to June 2005, inclusive, under the following terms (hereinafter, the "**Adjustment**"): (i) If the Revenues of any of such additional months are at least equal to 100% of June 2004 Revenues, Buyer shall have to pay to Seller an amount equal to the difference between €10,000,000 and the amount already paid to Seller; (ii) If the condition stated in point (i) is not met, but the Revenues of any of such additional months are higher than the Revenues of the month with respect to which a payment was made (although they are not equal to 100% of June 2004 Revenues), the month whose Revenues are the highest (hereinafter, each of them, an "**Incremental Revenue Month**") shall be also considered and Buyer shall have to pay to Seller an amount equal to the difference between the amount corresponding to the Revenues of the Incremental Revenue Month and the amount already paid to Seller. In order to know which is the Incremental Revenue Month (only applicable to case ii) above) both Parties shall have to wait until June 2005. In both cases, (i) and (ii), Buyer shall pay to Seller the amount determined according to the terms and procedure provided in clause 3.2.1.1.

3.2.6 Criteria for Invoicing

In relation to the provisions stated in clauses 3.2.2 to 3.2.5, All the Parties agree that the invoicing of the months taken into account (indistinctly, December 2004, or, subsidiarily, according to the provisions above, the following months until June 2005) for the comparison of the Revenues (according to the referred clauses) shall follow the invoicing practices Seller has been normally using in the MovilCarga Business prior to this Agreement, providing they are in accordance with Spanish GAAP. In this regard, there shall not be modifications when issuing the corresponding invoices that intend to advance or to postpone any invoicing to a previous or later month. In any event, a representative of Seller, whose name shall be duly indicated to Buyer in advance, shall be entitled to check daily the invoicing system, to ask for and review all the necessary documents for such review and to verify the payments received from the invoicing made. If such representative deems that there is any issue that, under his/her point of view, is not correct or needs to be corrected or modified in any manner, he/she shall be entitled to (i) propose a solution to such issue and/or (ii) if necessary, to convene the Parties to a meeting to resolve on it.

3.2.7 Default in Payment

If Buyer fails to make payment of the amount required to be paid to it under Sections 3.2.3 to 3.2.5, then Seller may give Buyer a payment default notice, specifically referring to this clause 3.2.7. If Buyer fails to make payment of the amount required under clause 3.2.7 for more than five (5) business days following the receipt by Buyer of Seller’s payment default notice, then Seller may, at its discretion,

(i) regarding payment of clauses 3.2.3 and 3.2.4, (a) terminate the sale to Buyer of the Assets formalized under this Agreement, as well as the contribution described in Whereas II, point (iii); recover the ownership of the Assets and the transfer of the Employees; obtain the back assignment of the Contracts, and, in general, to restore to the situation existing before the execution of this Transaction, by applying the corresponding applicable system in force according to Spanish regulations; or (b) to exercise the pledge referred to in clause 4.3; and additionally and without prejudice to the choice between points a) and b) to be made by Seller, the Seller shall be entitled in case (a) to retain as a penalty the Initial Price. Only in the event that the Spanish Tax Authorities returned the VAT The VAT that should be returned to the Buyer, is to be paid by the Seller to the Buyer within ten (10) days following the date where the Seller receives the return of such amount or has offset with VAT to be paid, but, in noevent, later that 12 months from termination. In case (b), as the Transaction is not terminated, Seller shall not return Buyer any VAT amount, and additionally, Seller shall be entitled to receive an amount of 1,000,000 as a penalty. Once the Buyer has made the payment corresponding to the undisputed amount (in accordance with section 3.2.1.1) the aforementioned Seller's option to terminate shall not apply, but the pledge referred to in clause 4.3 shall apply.

(ii) regarding payment of the Adjustment in accordance with clause 3.2.5, Seller may exercise the pledge referred to in clause 4.3.

The provisions established in points (i) and (ii) of this clause 3.2.7, shall be applicable without prejudice of Seller right to claim against the Guarantor, in the terms of clause 4 below.

Part B of Deferred and Conditional Payment

3.3 Earn Out Payment Procedure and Calculation

3.3.1 General Considerations

The Earn Out Payment will be made by Buyer (or, if applicable, by Guarantor, without prejudice of provisions of clause 4) to Seller on or before the 45th day following the second anniversary of the Closing Date (the "**Second Anniversary**"), provided that the Parties have agreed on the amount of the Year 2 EBITDA within 30 days of Second Anniversary as provided in this Clause 3.3.1. If the Parties have not so agreed, the Earn Out Payment shall be delayed by the period of time required to reach an agreement, provided that if the Parties are unable to agree within 45 days of the Second Anniversary, then the provisions of clause 3.3.3 shall apply. Within 20 days after the Second Anniversary, Buyer will prepare and deliver to Seller a calculation of the Year 2 EBITDA. Seller will examine such calculation and will, before the 30th day following the Second Anniversary, provide Buyer with a written statement either agreeing or disagreeing with such calculation, and providing the reasons for any disagreement. Both Parties shall have to take into account the Earn Out Protection Principles established in clause 3.4. If Seller agrees, Buyer shall have to pay the Earn Out Payment within the five (5) business following days from the reception of the written statement. The date on which the Earn Out Payment is required to be made under this paragraph shall be referred to as the "**Earn Out Payment Date**" (that is to say, on the 45th day from the Second Anniversary of the Closing Date, or before such date, if the referred agreement has been reached; or, if the referred agreement is not reached, the date such agreement is finally reached according to clause 3.3.3)

3.3.2 Formula for Earn Out Payment

The amount of the Earn Out Payment shall be calculated by applying the formula set forth in this clause 3.3.2 (the "**Earn Out Payment Formula**"). The amount of the Earn Out Payment will be a function of the Year 2 EBITDA, as follows:

(i) If Year 2 EBITDA is less than €5.5 million, the Earn Out Payment Standard will be reduced by an amount equal to 80% of six times the difference between Year 2 EBITDA and €5.5 million. As an example, if Year 2 EBITDA is equal to €4.5 million, the Earn Out Payment would be reduced by €4.8 million (80% * 6 * 1 million) and would be equal to €2.8 million.

(ii) If Year 2 EBITDA is over €7 million, the Earn Out Payment will be equal to €7.6 million (Earn Out Payment Standard), plus a bonus amount equal to 80% of six times the excess of Year 2 EBITDA over €7 million, up to a maximum payment of 30% of the Base Price. As an example, if Year 2 EBITDA is equal to € 8 million, the Earn Out Payment would be €7.6 million plus € 4.8 million (80%* 6* 1 million). Thus, the Earn Out Payment will be €12.4 million. For clarification, the bonus cap is 30% of the Base Price, i.e., €7.68 million (25.6 *0.3). Therefore, where the limit of the 30% of the Base Price is applicable, the Earn Out Payment will not exceed €15.28 million (€7.6 million plus €7.68 million).

(iii) If Year 2 EBITDA is between €5.5 million and €7 million, then the Earn Out Payment will be €7.6 million (Earn Out Payment Standard).

(iv) The limit of the 30% of the Base Price shall not be applicable if the increase of the Year 2 EBITDA over €7 million is due to or a consequence of an “external increase.” To this effect, an “external increase” shall be deemed as having occurred only when the two (2) following conditions are met: (a) the increase, either regarding EBITDA of Buyer or regarding the EBITDA of the MovilCarga Business, derives from new products or services different from those related to the MovilCarga Business (as currently it is or as it may become in the future due to its normal or natural development) and from those being developed by any of Buyer’s Affiliates; and (b) the increase, either regarding EBITDA of Buyer or regarding the EBITDA of MovilCarga Business, derives from new products or services which have been created or caused, in any manner (and transferred to the Buyer) by the Seller, by any company of Seller’s Group, or by Mr. Noya or any other person belonging to Seller’s Group.

(v) Regarding any other new products or services (except for the bono-bus product referred to below) different from those related to the MovilCarga Business (as currently it is or as it may become in the future due to its normal or natural development) that are commercially launched in the market after the First Anniversary of the Closing Date, Seller shall be entitled to receive from Buyer a “bonus” equal to 80% of six (6) times the EBITDA corresponding to the first calendar year since each of these new products or services is commercialized, one year after of their respective commercialization in the market (this payment is an additional payment to the general Earn Out Payment regarding the MovilCarga Business). The terms of this additional bonus are as follows:

a. The calculation of EBITDA for purposes of the bonus will be equal to three times the amount of EBITDA realized in the third (last quarter) of the 12-month measurement period. EBITDA for this purpose will take into account all expenses of the new product, plus an allocation for investment that has been made or reasonably anticipated to be made for the development of the product.

b. The same terms and conditions as those used for the calculation of the Earn Out Payment for the MovilCarga Business (except the limit of 30% of the Base Price) shall apply in calculating the bonus. In the event of disagreement on the amount to be paid, rules provided in Section 3.3.3.(ii) regarding the independent expert shall apply. For all this purpose, Buyer commits to prepare separate accounts for the new product or service.

c. If the amount of EBITDA earned from the MovilCarga Business is less than Euro 8.6 million, then the EBITDA for the new product shall be reduced by the shortfall, and the bonus shall only be calculated on the remainder, if any.

d. The payment of this separate EBITDA of the other new products or services shall be made by Buyer to Seller within the five (5) business days after their agreement on the amount. In the event of disagreement, rules provided in Section 3.3.3.(ii) regarding the independent expert shall apply.

(vi) Regarding the potential "bono-bus" business that the Seller intends to develop, the Seller accepts that its development will be carried out through the Buyer. The Parties agree that, in consideration to the transfer of the bono-bus business to the Buyer, the Earn out payment formula shall be also applicable to the bono-bus line of business. For purposes of the following, the term "Bono-bus EBITDA" means revenues from the bono-bus business, less a notional amount for direct and SG&A expenses that is equal to the same percentage of bono-bus revenues, as the percentage of the total expenses of the Buyer for the quarter before any measurement date to overall revenues of the Buyer for that quarter. The Earn out payment formula will apply as follows if the bono-bus business is developed by Buyer:

(a) If Year 2 EBITDA exclusive of the Bono-bus EBITDA is less than Euro 8.6 million, then Bono-bus EBITDA will be added to Year 2 EBITDA, and the Earn Out Payment Formula will be applied without reference to the 30% limit indicated in paragraph (d) above.

(b) If Year 2 EBTIDA exclusive of the Bono-bus EBITDA is equal to or greater than Euro 8.6 million, then (i) the Earn Out Payment Formula will be applied to Year 2 EBITDA without adding Bono-bus EBITDA to Year 2 EBITDA, with the 30% limit, and (ii) the Earn Out Payment Formula will be applied to Bono-bus EBITDA and Buyer will make an additional payment to Seller of the amount derived from the application of that formula to such EBITDA.

(c) The provisions of Section (v) above will apply mutatis mutandis to the bono-bus business if it is launched less than 12 months before the Earn Out Payment Date.

(d) In relation to all the above, Buyer commits to prepare separate accounts for the new bono-bus product.

If the Purchase Price as ultimately determined is different from the Base Price (either higher or lower), the amount of VAT shall be accordingly adjusted, and Buyer and Seller shall make any necessary payments or refunds, as the case may be, to the other Party so that the amount finally paid by Buyer to Seller as VAT is equal to 16% of the amount finally paid by Buyer to Seller under this Agreement.

3.3.3 **Disagreement among Parties**

If the Parties do not reach agreement concerning the amount of Year 2 EBITDA within 45 days after the Second Anniversary, then the following shall apply:

(i) if both Parties' figures for Year 2 EBITDA are between €5.5 million and €7 million, the disagreement shall not affect the Earn Out Payment, which shall be €7.6 million (Earn Out Payment Standard). In this case, the Earn Out Payment shall be made within the required period of 45 days from the Second Anniversary (that is to say, and for clarification purposes, on or before such 45th day Buyer shall pay to Seller 50% of €7.6 million in cash and 50% in Euronet Shares (as defined below), as valued as determined below, unless Buyer elects to pay all of the Earn Out Payment in cash. The amounts concerned shall be paid to Seller according to Section 6;

(ii) if either Party or both Parties determine that Year 2 EBITDA is less than €5.5 million or more than €7 million, then Buyer shall pay to Seller, within the term indicated in clause 3.3.1 (on or before the 45th day), at least, the amount of the Earn Out Payment as calculated by Buyer, and the Parties shall, within 10 days following the expiration of such 45-day period, mutually agree upon and appoint an independent expert. Such expert shall be instructed to resolve the disagreement within 20 days following his/her acceptance as independent expert. The decision of the expert shall be binding upon the Parties. Both Parties expressly accept that they will obey the independent expert's decision. The independent expert's fees shall be borne equally by the Parties. The payment, if any, shall be made within the following 5 business days to the date of the independent expert's decision, in cash or by wire transfer of immediately available funds. If the Parties do not agree on the appointment of the referred independent expert, one of the following auditing firms shall be chosen by lot: Ernst & Young, Deloitte or PriceWaterhouseCoopers. If the chosen firm does not accept, a new draw shall be done between the two other firms.

3.3.4 **Possible Adjustment and Compensation of Earn Out Payment**

Seller will be liable for breach of certain of Seller's representations and warranties or indemnification obligations occurring before the Earn Out Payment Date, in accordance with terms of clause 9.1.1.5. The amount of the Earn Out Payment will be subject to adjustment for and offset of Seller's liability, under the following conditions:

(i) Buyer shall under any circumstance notify Seller in writing of any indemnification claim.

(ii) The Earn Out Payment shall be reduced in the amount requested by Buyer as above (but within the limits, regarding quantity and term, provided in this Agreement) if (a) Seller accepts its responsibility and agrees with the amount requested by Buyer or (b) if, although Seller does not accept its responsibility, a Court or Arbitrator issues a final sentence or decision (that is to say, when such sentence cannot be appealed) confirming Seller's responsibility. If neither (a) or (b) above apply, pending the Court proceeding referred to in (b) above, (i) Buyer shall make payment to the Seller of the difference between the amount of the Earn Out Payment (calculated as provided in this clause 3.3.2) and the amount of any indemnification for which notice is given by the Buyer, and (ii) the remainder of the Earn Out Payment (the amount that has been claimed by Buyer), shall be deposited in escrow by Buyer. Buyer shall be responsible to appoint, within seven (7) business days, the Spanish bank or savings bank entity or a Foreign bank or saving bank entity with office opened in Spain to acts as depositary in the escrow. A form of escrow agreement, that shall have to be used in the case herein referred, is attached hereto as **Annex J**.

3.3.5 **Form of Payment**

The Earn Out Payment will be made either in cash (cashiers bank certified check or wire transfer, at Seller's option) or in shares of stock of the Guarantor (or, its successor, as the case may be) which is made available by Guarantor to Buyer (hereinafter, the shares issued to Seller shall be referred to as the "**Euronet Shares**"), at Buyer's option, provided that Seller may require that up to 50% of such amount shall be paid in cash (if Seller makes such request, Buyer and Guarantor shall be obliged to accept the request).

Buyer shall not be entitled to make payment in Euronet Shares if, on the Earn Out Payment Date, there is a suspension of the listing of Euronet Shares on the NASDAQ National Market; therefore, in this case, the payment shall be in cash.

The certificate for Euronet Shares shall be delivered to Seller within five (5) business day following the Earn Out Payment Date.

Any Euronet Shares issued in payment of the Earn Out Payment shall be registered by Guarantor with the SEC within a period of 90 days from their issuance in accordance with the following provisions. Terms and conditions regarding such registration procedure are described in Section 7 below.

On the Earn Out Payment Date, both Parties shall verify the closing trading price of the Euronet Shares. For purposes of payment of the Earn Out Payment, any Euronet Shares shall be valued at the average closing trading price of the Euronet Shares on the NASDAQ National Market for the twenty (20) days before the Earn Out Payment (hereinafter, the "**Average Trading Price**"). In relation to the portion of the Earn Out Payment that is paid, if it is so decided - in Euronet Shares, if the closing trading price of Euronet Shares on the NASDAQ National Market on the 90th day following the Earn Out Payment Date (the "**Value Measurement Date**") is lower than the closing trading price on the Earn Out Payment Date, Buyer shall be required to make an additional payment to Seller in cash or, at Buyer's option, in Euronet Shares valued at the closing trading price on the Value Measurement Date in the amount of the per share price decrease, multiplied by the number of shares issued to Seller on the Earn Out Payment Date. Such additional shares shall either be registered in the Registration Statement already filed with respect to the Euronet Shares, or shall be registered as promptly as possible after issuance. The Euronet Shares plus the additional shares above mentioned, shall be referred to as the "**Total Euronet Shares**". Such payment or delivery of the additional shares shall be made within five (5) business days after the Value Measurement Date.

If, after 90 days from the Earn Out Payment Date, the Euronet Shares are not registered with the SEC, Seller may, at its option, give notice to Buyer that it wishes the Buyer to pay the Seller within 30 days, in cash, an amount equal to the aggregate total value of the Euronet Shares, as determined in accordance with the criteria established above for the Average Trading Price, plus a 5% annual interest of such amount since the Earn Out Payment Date until the day payment is actually made. However, if during the referred period of 30 days, Euronet Shares are finally registered, Buyer shall be entitled to pay the Seller with such Euronet Shares. If after the aforementioned 30 days the Euronet Shares have not been registered, the obligation to pay in cash shall apply and the Seller shall return to the Buyer the certificates for such Euronet Shares.

It is understood that total dilution arising from the issuance by the Guarantor of stock under this Agreement shall not, under any circumstances, exceed 19.99% of the outstanding shares of the Guarantor at any time. In any event, if the Euronet Shares exceed such percentage, the amount not covered with such Euronet Shares shall be paid to Seller immediately by cash.

3.3.6 **Payment with Euronet Shares**

In the event that the Buyer elects to pay the Earn Out Payment in Euronet Shares, and without prejudice of the right of Seller to request 50% in cash, the following provisions shall apply:

3.3.6.1 The Guarantor shall:-

(i) subject to receipt of necessary information from the Seller, use its commercially reasonable efforts to prepare and file with the United States Securities and Exchange Commission (the "**SEC**") a registration statement on Form S-3 (or, in the event the Guarantor is not eligible to use Form S-3, such other registration form as may be utilized at such time by Guarantor) (the "**Registration Statement**") to enable the res-ale of the Euronet Shares received by the Seller upon the payment of the Earn Out Payment by the Seller from time to time through the automated quotation system of the NASDAQ National Market or in privately-negotiated transactions;

(ii) use its commercially reasonable efforts, subject to receipt of necessary information from the Seller, to cause the Registration Statement to become effective as soon as possible;

(iii) use its commercially reasonable efforts to prepare and file with the SEC such amendments and supplements to the Registration Statement and the Prospectus used in connection therewith as may be necessary to keep the Registration Statement in force (other than during any Blackout Period (as defined below)) and effective for a period not exceeding, with respect to the Seller's Euronet Shares, the earlier of (A) the second anniversary of the Earn Out Payment Date, (B) the date on which the Seller may sell all Euronet Shares then held by it without restriction by the volume limitations of Rule 144(e) of the United States Securities Act of 1933, as amended (the "Securities Act"), or (C) such time as all Euronet Shares issued to the Seller have been sold pursuant to the Registration Statement;

(iv) cause Buyer to furnish to the Seller with respect to the Euronet Shares registered under the Registration Statement such number of copies of the Registration Statement, of the Prospectus and of such other documents as the Seller may reasonably request, in order to facilitate the public sale or other disposition of all or any of the Euronet Shares by the Seller;

(v) file documents required from the Guarantor for normal blue sky clearance in States specified in writing by the Seller; provided, however, that the Guarantor shall not be required to qualify to do business or consent to service of process in any jurisdiction where it is not now so qualified or has not so consented;

(vi) cause Buyer to bear all expenses in connection with the procedures in sub-paragraphs (i) through (v) of this clause 3.3.6.1 and the registration of the Euronet Shares pursuant to the Registration Statement; and

(vii) advise the Seller, promptly after it shall receive notice or obtain knowledge of the issuance of any stop order by the SEC delaying or suspending the effectiveness of the Registration Statement or of the initiation of any proceeding for that purpose; and it will promptly use its commercially reasonable efforts to prevent the issuance of any stop order or to obtain its withdrawal as soon as reasonably practicable if such stop order should be issued.

3.3.6.2 With a view to making available to the Seller the benefits of Rule 144 of the Securities Act (or its successor rule) ("**Rule 144**") and of any other rule or regulation of the SEC that may at any time permit the Seller to sell Euronet Shares to the public without prior registration, the Guarantor covenants and agrees to: (i) make and keep public information available, as those terms are understood and defined in Rule 144, until the earlier of (A) such date as all of the Seller's Euronet Shares may be re-sold pursuant to Rule 144(k) or any other rule of similar effect or (B) such date as all of the Seller's Euronet Shares are to be resold; (ii) file with the SEC, in a timely manner, all reports and other documents required of the Guarantor under the Securities Act and under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"); and (iii) furnish the Seller, upon the Seller's request, as long as the Seller owns any Euronet Shares, (A) a written statement by the Guarantor that it has complied with the reporting requirements of the Securities Act and the Exchange Act, (B) a copy of the Guarantor's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q, and (C) such other information as may be reasonably requested in order to avail the Seller of any rule or regulation of the SEC that permits the selling of any such Euronet Shares without registration.

3.3.6.3 It shall be a condition precedent to the obligations of the Guarantor to take any action pursuant to this paragraph 7.1 that the Seller shall furnish to the Guarantor such information regarding itself, the Euronet Shares to be sold by the Seller, and the intended method of disposition of such securities as shall be required to effect the registration of the Euronet Shares.

3.3.6.4 Transfer of Euronet Shares After Registration; Suspensions; Blackouts

3.3.6.4.1 Without prejudice of the provision stated in second paragraph of point 6 above, the Seller agrees that it will not effect any sale or other transfer of the Euronet Shares except as contemplated in the Registration Statement referred to in paragraph 3.3.6.1(i) and as described below, and that it will promptly notify the Guarantor of any changes in the information set forth in the Registration Statement regarding the Seller or its respective plan of distribution.

3.3.6.4.2 Except in the event that sub-paragraphs 3.3.6.4.3 or 3.3.6.4.4 below applies, the Guarantor shall: (i) if deemed necessary by the Guarantor, prepare and file from time to time with the SEC a post-effective amendment to the Registration Statement or a supplement to the related Prospectus or a supplement or amendment to any document incorporated therein by reference or file any other required document so that such Registration Statement will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and so that, as thereafter delivered to purchasers of the Euronet Shares being sold thereunder, such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (ii) provide the Seller with copies of any documents filed pursuant to sub-paragraph 3.3.6.4.2(i), inform the Seller that the Guarantor has complied with its obligations in sub-paragraph 3.3.6.4.2(i) (or that, if the Guarantor has filed a post-effective amendment to the Registration Statement which has not yet been declared effective, the Guarantor will notify the Seller to that effect, will use its commercially reasonable efforts to secure the effectiveness of such post-effective amendment as promptly as practicable, and will promptly notify the Seller pursuant to sub-paragraph 3.3.6.4.2(i) hereof where the amendment becomes effective).

3.3.6.4.3 Subject to sub-paragraph 3.3.6.4.5 below, in the event of: (i) any request by the SEC or any other federal or state governmental authority during the period of effectiveness of the Registration Statement for amendments or supplements to the Registration Statement or the related Prospectus or for additional information; (ii) the issuance by the SEC or any other federal or state governmental authority of any stop order, suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose; (iii) the receipt by the Guarantor of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Euronet Shares for sale in any jurisdiction or the initiation of any proceedings for such purpose; or (iv) any occurrance or circumstance which requires the making of any changes in the Registration Statement or Prospectus, or any document incorporated or deemed to be incorporated therein by reference, so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that, in the case of the Prospectus, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; then the Guarantor shall deliver a certificate in writing to the Seller (the “Suspension Notice”) to the effect of the foregoing and, upon receipt of such Suspension Notice, the Seller will suspend offers and sales of Euronet Shares pursuant to the Registration Statement (a "**Suspension**") until the receipt by the Seller of copies of a supplemented or amended Prospectus prepared and filed by the Guarantor, or until it is advised in writing by the Guarantor that the current Prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in any such Prospectus. In the event of any Suspension, the Guarantor will use its commercially reasonable efforts to cause the use of the Prospectus so suspended to be resumed as soon as reasonably practicable after delivery of a Suspension Notice to the Seller.

3.3.6.4.4 Subject to sub-paragraph 3.3.6.4.5 below, if at any time the Guarantor notifies the Seller (as contemplated by sub-paragraph 3.3.6.4.3 above) that the event giving rise to such notice relates to an event involving the Guarantor which occurred subsequent to the later of (i) the effective date of the Registration Statement and (ii) the latest date prior to such notice on which the Guarantor has amended or supplemented the Registration Statement, then the Guarantor shall not be required to use its commercially reasonable efforts to make any changes to the Registration Statement or Prospectus, or any document incorporated or deemed to be incorporated therein by reference, during a period of up to 45 consecutive days as specified in the notice contemplated herein (a "**Blackout Period**") and the Seller shall suspend offers and sales of Registrable Securities pursuant to the Registration Statement during each Blackout Period; provided, however, that in any period of 365 consecutive days the Guarantor shall not be entitled to claim its rights under this subparagraph (d) with respect to more than two Blackout Periods, unless in the good faith's judgment of the Guarantor's Board of Directors, upon advice of counsel, the offer and sale of Euronet Shares would be reasonably likely to cause a violation of the Securities Act or the Exchange Act and result in potential liability of the Guarantor.

3.3.6.4.5 Provided that a Suspension or a Blackout Period is not then in effect, the Seller may sell Euronet Shares under the Registration Statement, provided that the Seller arranges for delivery of a current Prospectus to the transferee of such Euronet Shares. Upon receipt of a request therefor, the Guarantor agrees to provide an adequate number of current Prospectuses to the Seller and to supply copies to any other parties requiring such Prospectuses.

3.3.6.4.5 In the event of a sale of Euronet Shares by Seller, the Seller shall also deliver to the Guarantor's transfer agent, with a copy to the Guarantor, a notice of such sale so that the Euronet Shares may be properly transferred.

3.4 Earn Out Protection

3.4.1 The Buyer acknowledges that the Seller has an interest in receiving the highest possible amount of Earn Out Payment, and, as provided in this clause 3.4, shall not take, direct or indirectly, any action that is intended or has the effect of decreasing revenues or increasing expenses or that is out of the ordinary development of the business, unless such action is taken with the purpose of furthering the proper business interests of Buyer, but with the limits stated in clause 3.4.2 below.

The obligations will apply until the end of the period used for calculating Year 2 EBITDA (the "**Protection Period**"). During the Protection Period, Buyer shall ensure that the principles set forth below are respected in the management of the MovilCarga Business (hereinafter, the "**Earn Out Protection Principles**"):

- the MovilCarga Business will be managed in a prudent manner, consistent with past practices, except as necessary to operate it on a stand alone basis and to achieve successful integration of Buyer into the Euronet Group. With regards to this, provided that (i) this integration is beneficiary for the adequate development of the MovilCarga Business and (ii) provided that the expenses are at reasonably market prices;
- all services rendered by, or commercial relationships with, any entities in the Euronet Group will be priced on market prices;
- Buyer shall not be required to bear any expenses not properly attributed to it in accordance with GAAP, and in particular, the expenses of any other company in the Euronet Group;
- Buyer will not incur SG&A costs at levels that are significantly higher than those of other Euronet Group companies. Seller acknowledges that Buyer will be required to incur expenses relating to accounting, legal and management resources as required to reinforce Buyer's internal controls and procedures in conformity with the U.S. Sarbanes Oxley Act and introduce management reporting resources that are reasonably comparable to those in other Euronet Group companies.

These Earn Out Protection Principles are listed just as examples but not as a close list, provided that eventual new protection principles follow the same spirit that the former ones, and, at least, that respect the following two criteria: (i) to facilitate the adequate development of MovilCarga Business and (ii) at market prices. In this regard, the termination of the Services Agreement with respect to certain services and the subsequent procurement of the services concerned at market rates shall not be considered to be a violation of these Earn Out Protection Principles.

The Parties acknowledge that it shall not be considered a violation of this clause for Buyer or any member of Guarantor's group to develop or acquire new prepaid mobile business in Spain, provided that, together with the Earn Out Protection Principles stated above, the following principles are fulfilled and respected by Buyer and by such member of Guarantor's group:

(1) Guarantor will ensure that the companies involved (the member of Guarantor's group and the company or business acquired) act in a cooperative fashion with each other.

(2) No actions shall be taken that, direct or indirectly, are an attempt to take clients from one company in favour of the other company.

(3) The Buyer and any acquired entities shall have equal treatment regarding human and material resources (technology, etc.).

(4) No restriction shall be placed on the geographical market that the Buyer is entitled to exploit.

(5) No actions may be taken that, direct or indirectly, are an attempt to hire (i) employees of Seller or (ii) any professional working for Seller, away from Buyer in favour of the other company.

(6) No Party may use confidential commercial information obtained by reason of the common control of the company to damage the commercial interests of any other party.

(7) Buyer commits to make its best efforts to sign business contracts regarding the Movilcarga Business with VODAFONE and AMENA. If it is not successful and Buyer acquires a company that has signed any or both of such contracts, Buyer shall, if it has the required legal control of the acquired company and if VODAFONE and /or AMENA agree, cause the acquired company to provide conditions for Buyer to purchase AMENA and/or VODAFONE products that are, at least, as favorable as those offered to the acquired company.

The Parties acknowledge that if the Buyer would want not to respect any of the Earn Out Payment Protection Principles, it will previously notify in writing to the Seller, indicating the potential negative financial impact on the EBITDA, if any. In any case, the negative financial impact derived from not respecting any of the Earn Out Payment Protection Principles shall not be taken into account for purposes of the calculation of the Earn Out Payment. As an example, should Buyer decide to locate Euronet Group employees performing non-Buyer functions in the Premises used by Buyer, the costs associated with such employees will not be taken into account in the determination of the results used in the calculation of the MovilCarga Business for purposes of the Earn Out.

3.4.2 Buyer acknowledges that it shall not, during the Protection Period, without the consent of Seller, make any sale outside the ordinary course of business in one or more related transactions of POS terminals that generate more than 15% of the revenues of the Movilcarga Business. Buyer may make sales of POS Terminals that generate 15% or less of the revenues of the Movilcarga Business without the Seller's consent, but for purposes of calculation of the Earn Out Formula, if the sale of terminals takes place before or during the four-month period during which EBITDA is taken into account in the Earn Out Formula, the MovilCarga Business shall be deemed to have earned an amount of Year 2 EBITDA for each day during such period that falls after such terminals were sold, which is equal to the average daily amount contributed to EBITDA by such terminals during the three calendar months prior to such asset sale. In calculating such contribution, the SG&A expenses of the MovilCarga Business shall be attributed to the POS terminals sold in proportion to the revenues generated by such terminals as compared with the revenues of the MovilCarga Business as a whole. In the event of disagreement between the Parties regarding this clause 3.4.2, the Parties shall, within the five (5) following business days, mutually agree upon and appoint an independent expert. Such expert shall be instructed to resolve the disagreement as soon as possible, and in any event within 30 days of his/her acceptance as independent expert. The decision of the expert shall be binding upon the Parties, and both Parties expressly accept that they will obey the independent expert's decision. If the Parties do not agree on the appointment of the referred independent expert, one of the following auditing firms shall be chosen by lot: ERNST & YOUNG, DELOITTE or PRICEWATERHOUSECOOPERS. If the chosen firm does not accept, a new draw shall be done between the two other firms. The independent expert's fees shall be born equally by each of the Parties.

During the Earn Out Protection Period, Euronet Holding shall not sell any of Buyer's shares that are subject to the pledges provided in clause 4.3, without prejudice of provisions of clause 5, and cannot lose control, direct or indirect, over the Buyer.

3.5 Possible Declaration of Insolvency

If Courts accept a request of declaration of insolvency ("declaración de concurso") of the Buyer and/or the Guarantor made by any third party (including the Seller and the Buyer), the whole of the Deferred and Conditional Price shall be: (i) considered as overdue since the date of the request of the declaration of insolvency; and (ii) converted into a certain amount of € 15,28 million (if Part A of the Deferred and Conditional Price has already been paid) and of € 25,28 million (if Part A of the Deferred and Conditional Price has not yet been paid), unless the Seller decides at any moment to claim the amount calculated according to the provisions of Clause 3.2.

3.6 Protection of the Seller's 20%

If, at the moment Seller sells its 20% (or any other percentage) of the share capital in Buyer, Buyer has debts with any third party and/or with any company of its Group, undertaken to finance the Deferred and Conditional Price, Euronet Holding shall pay in advance to Seller the result of multiplying the amount of said debts by the percentage Seller has in the share capital of Buyer, or at its duscretion (the Buyer's), Euronet Holding shall proceed to carry out a capital increase in the Buyer, in an amount equivalent to such debts aforementioned.

CLAUSE 4. GUARANTEES

4.1 Part B of the Deferred and Conditional Price shall serve as a guarantee for the fulfillment of the Representations and Warranties contained in clause 6, as well as for the fulfillment of any other Seller's commitments or obligations by virtue of this Agreement. Notwithstanding the above, in the event of any non-fulfillment of the said commitments, obligations, Representations and Warranties by the Seller, the Buyer shall be fully indemnified by the Seller in accordance and with the procedure of clause 9.

4.2 Guarantor (or any of the companies that could substitute it in the future), joint and severally with the Buyer, hereby unconditionally guarantees the full and complete performance by Buyer of all its obligations under this Agreement, specially, but not limited to, those consisting of payment of the Deferred and Conditional Payment (Part A and B) and the payment of the eventual indemnification regarding competition issues, according to clause 7.3 and second paragraph of clause 9.4. In the event of any failure of Buyer to perform any of its obligations hereunder, Seller will have the right to claim indistinctly against Buyer or Guarantor. If Seller demands Guarantor directly, Guarantor shall have to fully fulfill and perform any such obligations on behalf of Buyer.

4.3 Immediately after the signature of this Agreement, Euronet Holding is signing a public deed in order to pledge in favor of the Seller a number of its shares in Buyer that represent a 31,25% of the total share capital of Buyer, in order to guarantee the Part A of the Deferred and Conditional Price. Once such Part A of the Deferred and Conditional Price has been paid, the pledge will be immediately released by Seller. Additionally, Euronet Holding (through its signature in this Agreement) commits to grant another pledge also in favor of the Seller over a number of Euronet Holding´s shares in Buyer that represent 23,75% of the total share capital of Buyer (these shares may be the same ones as the first ones), within the ten (10) following business days to the payment of Part A of the Deferred and Conditional Price, in order to guarantee Part B of the Deferred and Conditional Price. Attached to this Agreement as Annex K, is a form of the pledge to guarantee the Part B of the Deferred and Conditional Price. Once Part B of the Deferred and Conditional Price has been paid, the pledge will be immediately released by the Seller.

The exercise of the rights of shareholder over the pledged shares shall belong to, at all times, including during the period they are pledged, Euronet Holding.

Seller acknowledges that the shares concerned may be transferred as part of an internal reorganization of the Guarantor's group to any company which is controlled directly or indirectly by Guarantor, without the approval of Seller, provided that the transferee company acknowledges the existence of the pledge or grants a new pledge on the same terms. In the event any such reorganization occurs, all references above to the "Euronet Holding" shall be deemed to be references to the member of Guarantor's group that actually holds such shares.

CLAUSE 5. PRE-EMPTION RIGHTS; TAG-ALONG RIGHTS AND DRAG ALONG RIGHTS

5.1 The transmission of shares in Buyer between companies of the same group than the Transferring Party (as defined below) shall be free.

The Transferring Party, being Euronet Holding, commits to make the Acquirer (as defined below) be obliged not to modify the By-laws of Buyer by including clauses against those provided in this Agreement.

Notwithstanding the above, if Seller transfers to a third party all or part of its shares in Buyer, the Acquirer will not have any of the rights granted to the Seller by virtue of this Agreement (unless the Acquirer belonging to Seller's Group). For clarification purposes, if Seller sells only part of its shares in Buyer, Seller will maintain all its rights established in the By-laws of Buyer by virtue of this Agreement, proportionally to the remaining shares maintained by the Seller in the Buyer.

5.2 Any transfer of shares of the Buyer shall be governed by this Clause:

5.2.1 Prior notice: in case the Seller or Euronet Holding (the "**Transferring Party**") intends to transfer by any method (the "**Sale**") all or part of its shares in the Buyer to one or more third parties, regardless of who they are (the "**Acquirer**" or the "**Offeror**", indistinctly), the Transferring Party shall notify in advance its intention to the other shareholder (the "**Notified Shareholder**"). This notice shall fully identify the shares to be transferred (the "**Subject Shares**"), the Acquirer, the terms and conditions of the Sale and, in particular, the price or monetary value of the non-monetary consideration. It is agreed that the provisions of this clause 5 shall not apply to a pledge of the shares to secure the repayment of financings obtained by any member of Guarantor's group of companies. In any case, the transmission of such shares subject to pledge shall be governed by this clause 5.

5.2.2 **Pre-emption right of acquisition**: The Notified Shareholder shall have a pre-emption right to acquire (directly or indirectly through any of its Affiliates) the Subject Shares, in the same terms and conditions of the Sale notified by the Transferring Party and offered by the Acquirer. In case of non-monetary consideration, consideration can be replaced by its monetary value. This pre-emption right of acquisition shall have to be used by the Notified Shareholder, if interested in it, within the next thirty (30) business days from the reception of the notification of the Sale by the Transferring Party. The acquisition shall be executed within two (2) calendar months from the prior notice referred to above. Notwithstanding the above, in case Euronet Holding intends to transfer the Subject Shares together with any other business owned by any other Euronet Affiliate, the Seller shall waive its pre-emption right, provided that such transmission is effectively executed.

If the Notified Party has not exercised its pre-emption right of acquisition, the Transferring Party would be entitled to transfer the Subject Shares to the Acquirer on the terms and conditions originally offered within one (1) calendar month from expiry of the term foreseen above for the exercise of the pre-emption rights. After expiration of such one (1) calendar month period, any transfer shall require to start a new transfer procedure under this Clause.

5.2.3 **Tag-along right**: Provided that Euronet Holding intends to accept an offer for the purchase by a third party, or acquisition by any other title, of (i) all its shares in the Buyer or, at least, (ii) a number of shares representing more than the 50% of the share capital in the Buyer (the shares referred to in the two cases indicated in points (i) and (ii) shall be referred as the "**Euronet Holding's Shares**"), the Seller shall have the right to sell or transfer all Seller's shares in Buyer to the Acquirer. After receipt of the above prior notice in writing from Euronet Holding, the Seller shall have seven (7) business days to notify in writing Euronet Holding its decision to exercise its tag-along right on all of its shares (the "**Offered Shares**"). The Seller shall be entitled to (a) request from Euronet Holding to obtain from the Acquirer the undertaking to acquire all Seller's shares in Buyer (Offered Shares) on the same terms and conditions as the Euronet Holding's Shares, or (b) if such undertaking is not obtained, to prohibit the Sale.

5.2.4 **Drag-along Right**: Provided that Euronet Holding receives an offer for the purchase, or acquisition by any other title, of all the shares (100%) of the Buyer, Euronet Holding shall have the right to request from the Seller, who shall have the obligation, to sell or transfer all its shares in Buyer to the Offeror provided that the price per share is, at least, the reasonable value ("valor razonable"). Euronet Holding shall notify the Seller, in writing in advance, of the offer received from the Offeror, including the terms and conditions of the offer and, in particular, full identification of the Offeror and the price or monetary value of the non-monetary consideration. If Seller agrees with the offer, Seller shall be obliged to sell its shares in Buyer. If Seller does not agree with the offer, it shall be necessary to determine the reasonable value of the shares in Buyer. The reasonable value shall be determined by one of the following three big auditing firms: Ernst & Young, Deloitte or PriceWaterhouseCoopers. Both Parties shall decide which of the aforementioned auditing firms will be in charge of the determination of the reasonable value and if they do not agree, such auditing firm shall be choosen by lot from among the three abovementioned. The valuation by the independent expert shall be made within 15 calendar days from his/her acceptance. If the price offered by the Offeror is, at least, equal to or higher than 95% of the reasonable value determined by the independent expert (hereinafter, the reasonable value per share determined by the independent expert shall be referred to as the "**Reasonable Share Price**" and the 95% of the Reasonable Share Price as the "**Minimum Share Price**"), the Seller shall accept the price offered by the Offeror. If the price per share offered by Offeror is lower than the Minimum Share Price, Seller shall not be obliged to sell its shares in Buyer, except if (i) the Offeror pays such Minimum Share Price or (ii) Buyer pays to Seller the difference so that Seller actually receives the Minimum Share Price. If the Offeror, then, is interested in acquiring only (i) all of Euronet Holding's shares in Buyer or (ii) a number of shares representing more than 50% of the share capital of Buyer, Seller shall be entitled to exercise the Tag-along right regulated in clause 5.2.3 above.

5.2.5 If Euronet Holding has exercised its drag-along right in accordance with clause 5.2.4 above, the Seller and Euronet Holding shall transfer their shares to the Offeror on the terms and conditions originally offered, but always respecting the Minimum Share Price regarding Seller's share, within fifteen (15) business days (i) since the exercise of the drag-along right if Seller agrees or (ii) since the notification of the valuation made by the independent expert, if such independent expert had to be appointed.

5.2.6 The Parties agree that the pre-emption right shall prevail (and be applicable prior), in any case, to the tag-along right and to the drag-along right.

5.2.7 Any transfer of participations by compulsory administrative or Court order or resolution, shall be governed by the provisions of Clause, being applicable, mutatis mutandis, the aforementioned pre-emption right.

5.2.8 The transmission of any subscription rights or any other rights which grant the right to subscribe or to acquire participations of the Buyer shall be subject, mutatis mutandis, to the same transfer rules established in this Clause.

5.2.9 Any transfer of shares in Buyer, without consideration, shall be prohibited.

5.2.10 Seller and Euronet Holding, as the two future shareholders of Buyer after the formalization of the Capital Increase Public Deed, commit to include in Buyer's By-laws the pre-emption rights and tag-along rights provided in this clause 5, in the new By-laws approved in the abovementioned Capital Increase Public Deed. All the Parties acknowledge that, in order to avoid problems with the registration of the new By-laws within the Mercantile Registry, the drag-along right will not be included in the By-laws. However, All the Parties acknowledge that the drag-along right shall be fully applicable, prevailing over the By-laws.

CLAUSE 6. SELLER'S REPRESENTATIONS AND WARRANTIES

6.1 General

6.1.1 The Seller hereby declares to the Buyer that each one of the Seller's Representations and Warranties is true, accurate, complete and not misleading as of the date of this Agreement.

The Seller acknowledges that the Buyer is executing this Agreement on the basis of each of the Seller's Representations and Warranties and the Seller's covenants under this Agreement and that these have been one of the principal reasons for the Buyer's decision to enter into this Agreement.

Furthermore, the Seller acknowledges that the Buyer is executing this Agreement on the basis of the simultaneous execution of the Services Agreement as established in Recital II.

6.1.2 The Seller's Representations and Warranties are qualified by the information comprehensively, accurately and specifically stated in the present clause 6 and in the

Annexes attached to this Agreement. No other information of which the Buyer is aware concerning the Seller and/or MovilCarga Business or any due diligence that the Buyer might have performed over the Seller and/or its MovilCarga Business shall prevent or restrict any claim as may be filed by the Buyer on the grounds of breach of any of the Seller's Representations and Warranties. With the exception of the provisions contained in the present clause 6, in the Annexes attached to this Agreement and in the remaining contracts and documents formalized also on the Closing Date as referred to in this Agreement, the Seller may not claim that the Buyer is aware of facts that may result in any of the Seller's Representations and Warranties being untrue, inaccurate, incomplete or misleading as an allegation in their defense against any claims filed on grounds of breach of any of the Seller's Representations and Warranties.

6.1.3 Each of the Seller's Representations and Warranties shall be interpreted independently from each other and (unless otherwise expressly stated in this Agreement) shall not be restricted by any other clause of this Agreement or by any other of Seller's Representations and Warranties.

6.2 Authority and legal capacity

6.2.1 The Seller is lawfully entitled, and has full authority as well as legal capacity for executing this Agreement and for complying with its duties under this Agreement.

6.2.2 The Agreement implies the Seller's valid and legally binding obligation, enforceable in the terms and under the conditions set forth in the Agreement.

6.2.3 The Seller has taken all actions required for executing this Agreement and for completing the transactions provided herein, including without limitation any notices that are to be served, any registration to be made or any Authorization, permission, consent or approval to be secured.

6.2.4 The Seller has taken all actions required in order to be entitled to own and fully dispose of its Assets and to carry on the MovilCarga Business in Spain and in other jurisdictions, including without limitation any notices that are to be served, any registration to be made or any Authorization, permission, consent or approval to be secured, with the only exception being the required consents from third parties relating to the transfer to the Buyer of all the MovilCarga Contracts (as defined in Recital II.(iv).b).1) in the terms explained in the Assignment of Contracts Agreement and in clause 8.5.

6.2.5 The execution of this Agreement does not involve breach of any legal obligation that is binding for the Seller and/or MovilCarga Business.

6.2.6 The Seller is not under any obligation to decrease its capital stock or under any dissolution or liquidation cause, or under any cause that could entail its "*declaración de concurso*", bankruptcy or temporary receivership.

6.2.7 The execution of this Agreement does not involve, in any event:

(a) breach of any obligation referred to MovilCarga Business that is binding on the Seller, including without limitation an obligation by virtue of any legislation, regulation, agreement, resolution, decision, order, judgment or arbitration award;

(b) the termination or an alteration of the terms of any agreement, resolution, license, Authorization, or obligation referred to MovilCarga Business to which the Seller is a party or that are binding on the Seller;

(c) creating a Charge on any of the Assets sold and contributed to Buyer by means of this Agreement and the Capital Increase Public Deed. However, Buyer acknowledges the agreement reached regarding the 1,000 new POS machines, explained in clause 2.4.1 of this Agreement.

6.2.8 The Seller has complied in all material respects with all applicable laws, regulations, orders or other requirements of any governmental, regulatory or administrative authority or agency referred to MovilCarga Business, and with its by-laws, and with all agreements, contracts or other instruments to which it is a party or by which it is bound in relation to MovilCarga Business.

6.2.9 The Seller has secured all the necessary Authorizations required for the execution of this Agreement and the implementation of the Transactions contemplated hereby, and has complied with the terms and conditions thereof.

6.2.10 All Authorizations required for the development of the MovilCarga Business are in force and have been granted without any conditions or subject only to conditions that have been fulfilled.

6.2.11 It is not and will not be necessary to incur any expenses to assure compliance with or secure any Authorizations, or to keep them in force.

6.2.12 There are no events or circumstances that indicate that any of the Authorizations would or could be withdrawn, suspended, cancelled, changed, or not be renewed.

6.2.13 None of the Authorizations has been granted personally to the Seller or is subject to a condition to be fulfilled personally by the Seller.

6.3 Assets

6.3.1 With the exception of the leasing agreement with with Banco Guipuzcoano, referred to in clause 2.4.3, all of the Assets sold and contributed to Buyer by means of this Agreement and the Capital Increase Public Deed are owned by the Seller and are duly reflected in the list of Assets provided in Annex A. There is no Charge or individual person or corporate person has claimed to be entitled to own any of the Assets

6.3.2 All of the Assets are in good working condition and maintenance of said Assets has been adequate, except for reasonable wear and tear, and all of the Assets are fit and suitable for the purpose for which they are used and have been regularly and properly maintained.

The Assets sold and contributed to Buyer by means of this Agreement and the Capital Increase Public Deed, are all assets necessary to operate the MovilCarga Business on a stand-alone basis.

However, the Assets do not include accounts receivable as provided in this Agreement.

6.3.3 The Assets, when coupled with the services described under the Services Agreement, are sufficient to properly carry out and operate the MovilCarga Business without any significant increase in allocation of resources to the MovilCarga Business or any significant increase in the SG&A as compared to those included in the Projections.

6.3.4 With the exception of the leasing agreement with Banco Guipuzcoano, referred to in clause 2.4.3, there is no agreement or obligation, except for this Agreement, that calls for the transferring or disposing of Assets or for granting to any person a right, conditional or otherwise, to demand that such Assets be transferred or disposed of.

6.4 Fees and commissions

6.4.1 The Seller is not liable to pay or under any obligation to pay any fees or commission to any broker, agent, consultant, intermediary or representative in respect of the transactions provided for in this Agreement, for which the Buyer could become liable or be required to pay.

6.4.2 Seller has not reached any agreement by virtue of which Buyer is liable to pay, or under an obligation to pay, any fees or commission to any broker, agent, consultant, intermediary or representative in respect of the transactions provided in this Agreement, or of any of the transactions provided herein. For clarification purposes, this section does not refer to any payment related to Business Contracts for the operation of MovilCarga Business.

6.5 Information|

6.5.1 All information provided by or on behalf of the Seller to the Buyer or the Buyer’s advisors, before or during the negotiations leading up to this Agreement, is true, accurate, complete and not misleading.

6.5.2 The information provided by the Seller in this Agreement is true, accurate and complete.

6.5.3 All facts concerning the Seller, the Assets, and MovilCarga Business that could be material to the Buyer have been duly reported to the Buyer. In the event there is any controversy as to whether the Seller notified the existence of a material event to the Buyer, the burden of proof as to the existence of such communication to the Buyer lies on the Seller.

6.6 Financial Information, Projections and changes since the Financial Information Date

6.6.1 The Financial Information has been drawn up on a consistent basis, in accordance with the laws of Spain and with the accounting principles and practices generally accepted in Spain, including the principle of prudent valuation (“principio de prudencia valorativa”).

6.6.2 Seller’s Financial Information is up-to-date ((a) the P&L until September 30, 2004, and (b) the List until the Closing Date), and has been drawn up in a complete and accurate way in accordance with the laws of Spain as well as with the accounting principles and practices generally accepted in Spain.

6.6.3 With the exception of the matter of the 1,000 new POS´s machines, the deposits and the Prepaid Total Amounts referred to in clauses 2.4.1 and 2.4.2, the Seller expressly represents that no liability or debt of Seller, whether or not relating to the MovilCarga Business, is hereby (or by any other related document) transferred to Buyer or should be assumed by Buyer pursuant to this Agreement (or by any other related document). For clarification purposes, the liabilities derived from the deposits and the Prepaid Total Amount, which are transferred to the Buyer hereby, are limited to the amount stated in clause 2.4.2 and in the terms thereof, as applicable.

6.6.4 The List provides, among some other information, for a complete and accurate relation of all customer accounts receivable and suppliers accounts payable of MovilCarga Business as of the Financial Information Date. The receivables of MovilCarga Business arose in the ordinary course of business, can be expected to be collectible without any substantial problems and within reasonable time; and are carried at values determined in accordance with Spanish GAAP.

6.6.5 The Projections attached as Annex F have been prepared in good faith and represent the Seller’s current estimate of the projected financial results of the MovilCarga Business following the assumption of the MovilCarga Business by the Buyer. Seller represents that, at the time of execution of this Agreement, it has no actual knowledge of any condition, situation or development relating to the MovilCarga Business or the market for PINs generally in Spain that Seller believes would prevent MovilCarga from realizing the results included in the Projections. Seller represents that the Projections were made at KPMG's request, on the assumption that a contract with VODAFONE and AMENA was entered into. On the other hand, Seller represents that in the sector of the Movilcarga Business such projections are not likely to be valid for more than one year and that, in any case, they can be affected by developments in the market.

6.6.6 Since the Financial Information Date established in the P&L (that is to say, since September 30, 2004), (i) Seller has continued doing business in the ordinary course to keep MovilCarga Business as a going concern and there has been no change in the accounting policies and valuation criteria used by the Seller; and (ii) no material adverse changes have taken place in the Seller's financial or commercial situation or prospects related to MovilCarga Business.

6.7 Taxes

6.7.1 The Seller has paid or has created reserves or provisions in its financial statements fully covering all Taxes accrued and payable related to the MovilCarga Business.

6.7.2 Except as already disclosed to Buyer, the Seller has submitted or will submit timely and correct Tax returns, documents or other information and, in particular, those related to the MovilCarga Business, including those related to the transmission of MovilCarga Business to the Buyer. The Seller has kept all the books and records and has kept all vouchers that the Seller is required to fill in, deliver, file, carry or keep with regard to Taxes.

6.7.3 The Seller has applied all withholding Taxes and accounted for all payment obligations relating to withholding Taxes and, in particular, those related to MovilCarga Business, and has complied with the applicable Tax laws and regulations related to MovilCarga Business in due time and form.

6.7.4 Except for the tax audit related to the VAT of the general activity of Seller and not specifically of the MovilCarga Business in which the Seller is currently involved, the Seller is not involved in any administrative, contentious or arbitration claim or proceedings in relation to Taxes related to the MovilCarga Business, and the Seller is not aware or has received any notice of any facts indicating that an administrative authority intends to examine any of Seller's Taxes and, in particular, those related to the MovilCarga Business. If there was any contingency before the Closing Date derived from the VAT tax audit indicated in this paragraph, and, as a consequence thereof, the Buyer had to make any payment to the Spanish Tax Authorities, Seller shall indemnify Buyer with the limits, during the terms and according to the procedure provided in this Agreement (in particular, clause 9).

6.8 Industrial and Intellectual Property

6.8.1 The Industrial and Intellectual Property Rights are:

(a) owned by the Seller, or held by the Seller under the necessary licenses;

(b) valid and enforceable, without anything having been done or omitted which could result in the rights ceasing to be valid and enforceable;

(c) free of Charge and from any restriction on their use; and

(d) no person has filed any claims in respect of the ownership, validity, enforceability, right or any other title to said rights.

6.8.2 The only Industrial and Intellectual Property Rights registered to Seller's name related to MovilCarga Business, for which the Seller has filed a registration application is, exclusively, the Industrial Drawing ("Dibujo Industrial") number 27.076(8), of March 26, 2002. This registered Industrial and Intellectual Property Rights is:

(a) free of Charge and from any restriction on its use;

(b) in full force and effect, there being no fees pending;

(c) effectively used for the products or services for which it has been registered; and

(d) all the Industrial and Intellectual Property needed for Buyer to carry on the MovilCarga Business as Seller has been doing prior to the date of this Agreement.

Seller applied, on April 2, 2004, for the registration as Community Trademark - "*Marca Comunitaria*", Classes 9, 35 and 38 of the "Movilcarga" trademark. This trademark shall be transferred by Seller to Buyer under this Agreement.

6.8.3 The Seller is not aware of any third party having infringed or infringing Seller's Industrial and Intellectual Property Rights in connection with the MovilCarga Business.

6.8.4 The Seller has not infringed and is not infringing in the operation of the MovilCarga Business any third party's Industrial and Intellectual Property Right.

6.8.5 The Seller is not liable to pay any price, fee, royalty or any other amount to third parties in relation to any Industrial and Intellectual Property Right related to the MovilCarga Business. Additionally, the Buyer shall not be liable to pay any price, fee, royalty or other amount to the Seller or third parties in relation to any Industrial and Intellectual Property Right related to the MovilCarga Business, with the exception of the amounts agreed in the Software License Agreement for the maintenance of the Software.

6.9 Insurance

6.9.1 Insurable Assets are currently insured under the Insurance Contract entered into between Seller and Allianz, Compañía de Seguros y Reaseguros, S.A., number 018086758, on May 19, 2004. A copy of this contract is attached to this Agreement as Annex L.

6.9.2 All current insurance and indemnity policies in respect of the MovilCarga Business (the “Policies”) are valid and enforceable. The Seller has not taken any action or omitted anything that would result in any of the Policies being void or voidable.

6.9.3 There are no claims outstanding under any of the Policies, no events have taken place and no circumstances have arisen which provide grounds, for filing a claim under any of the Policies or for restricting the Buyer’s rights under said Policies.

6.10 Real property and lease

6.10.1 The MovilCarga Business does not include any real estate property.

6.10.2 The premises required or convenient for carrying out the MovilCarga Business are described in the Lease Agreement referred to in Recital II, and the Buyer will be able to perform the MovilCarga Business under the terms and conditions contained in the Lease Agreement. Except from that expressly stated in the Lease Agreement, the Buyer shall not be liable to pay any price, fee, royalty or other amount to the Seller or third parties in relation to the Lease Agreement.

6.10.3 No person other than the Buyer will occupy or use the Premises (as they are described in clause 1.1.2.26 and in the Lease Agreement), or has any right to occupy or use the Premises.

6.10.4 The Premises carries with it, and shall continue to do so as long as it is used by the Buyer, all the rights and easements needed for using it as it is currently used and those required or convenient for carry on MovilCarga Business in a proper manner.

6.10.5 There is not any fact that may have a materially adverse impact on the use of the Premises by the Buyer.

6.10.6 The Premises and all items ancillary thereto are in good condition, except for reasonable wear and tear, and fit and suitable for the purpose for which they are used and have been regularly and properly maintained.

6.10.7 The Lease Agreement is in compliance with all State, Autonomous Communities or local laws and applicable regulations, including, but not limited to, laws and regulations relating to construction, environment, urban planning, zoning or building. In particular, Buyer has obtained all necessary licenses, permits, authorizations or consents required for the carrying out of its activities on the Premises.

6.10.8 The Premises is not polluted in any way which might give rise to any claim of third parties or to claims under any applicable law or regulation.

6.11 Litigation

The Seller is not involved, and has not been involved, in any litigation or Court or arbitration or administrative proceedings, and no litigation, Court or arbitration or administrative proceedings have been threatened against the Seller regarding MovilCarga Business, and the Seller is not aware of any facts or developments whatsoever that could give rise to such litigation or Court or arbitration or administrative proceedings. However, Seller has submitted different monitory proceedings against overdue clients.

6.12 Agreements

6.12.1 No party with whom Seller has entered into a contract, agreement, obligation or contractual relationship (in writing or verbal) has served any notice whatsoever to the effect that such party intends to terminate or extinguish said contract, agreement obligation or contractual relationship (in writing or verbal).

6.12.2 The Seller is not currently breaching any contract, agreement, obligation or contractual relationship (in writing or verbal) related to MovilCarga Business. The Seller is not aware of any fact or circumstances which due to the lapse of time or upon a request or notice from a third party would implicate that neither the Seller nor the Buyer is in breach of any binding contract, agreement obligation or contractual relationship (in writing or verbal).

6.12.3 All and any Seller’s contracts, agreements, obligations or contractual relationships (in writing or verbal) related to the MovilCarga Business, transferred to the Buyer by virtue of this Agreement:

(a) have been entered into under market conditions

(b) are within the scope of MovilCarga Business;

(c) are valid, binding and enforceable in accordance with their terms and in full force and effect;|

(d) do not violate any applicable law or regulation with regard to which non-compliance could have a material adverse effect;

(e) are not of a loss-making nature, that is, known to be likely to affect their completion or performance;

(f) not contain termination provisions which are not reasonable or customary for the type of transactions and activities to which they are related.

6.12.4 Annexes 1, 2 and 3 of the Assignment of Contracts Agreement contain a list of all current contracts, agreements, or contractual relationships (in writing or verbal) of the Seller with third parties related to the MovilCarga Business

6.12.5 In relation with the MovilCarga Business, the Seller has not entered into

(a) any agency or distribution agreements, except as for those indicated in the Assignment of Contracts Agreement;

(b) any agreements which restrict or affect the MovilCarga Business or Buyer's right, ability or capacity to compete with any person;

(c) any agreement for the acquisition of the business or assets of any person, irrespective of the structure of the acquisition, or any similar type of agreement under which the Buyer may have any continuing obligation of indemnification to a third party against any type of liability, whether known, unknown, fixed, contingent or otherwise;

(d) any agreement which cannot be readily fulfilled or performed on time without undue or unusual expenditure of money or effort; nor,

(e) any agreement by which the Buyer may be obliged to contribute funds, except as for those required to carry on the MovilCarga Business;

(f) any agreement by which Buyer may be obliged to contribute financial support.

6.12.6 The partner of the Seller is not a client or supplier of the MovilCarga Business, or owner, partner, shareholder, director, agent, representative or employee of a client or supplier who trades with or supplies MovilCarga Business.

6.12.7 The Seller has been verbally informed by Caja Madrid that it is ready to accept Buyer's subrogation in Seller's position in the leasing agreement related to the first 500 POS machines referred to in clause 2.4.1 above. Additionally, Seller has been verbally informed by Caja Madrid that, after the Closing Date, Caja Madrid will enter into a new leasing agreement with Buyer regarding the other remaining 500 POS machines referred to in last paragraph of clause 2.4.1 above.

6.13 Employees

6.13.1 The only Collective Bargaining Agreement applicable to MovilCarga Business (and therefore, to the Buyer) is the Collective Agreement of the General Trading ("Comercio en General") of Huesca Province published on the Huesca Province Official Gazette dated January 14, 2003.

In addition to the referred Collective Bargaining Agreement, there is a Collective Agreement ("pacto de mejora") regarding "bank holidays" ("puentes vacacionales") by virtue of which once a year employees can take a long weekend or bank holiday registering it as "working day" instead of as "calendar day" (that is to say, by virtue of the referred Collective Agreement, employees have 31 calendar days of vacation, that represents one day more than those established in the Collective Bargaining Agreement.

Additionally, the salaries are over the minimum standards stated under the applicable Collective Bargaining Agreement.

6.13.2 No employee or trade union or any body or individual representing them is entitled to take part in Buyer's management bodies or to be informed or consulted concerning the MovilCarga Business, except in the cases required under applicable employment legislation.

6.13.3 Annex B contains the total number of Seller's employees allocated to the MovilCarga Business (and, therefore, transferred to the Buyer as part of MovilCarga Business); for each employee allocated to MovilCarga Business, his or her full name, Identity Tax Number, department, category, post, date of employment, type of contract, annual salary, incentives, days of vacations, type of working day, labour working day (including, when applicable, on Saturdays, and the corresponding compensation), last increase, required notice period to terminate the relevant employement contract.

6.13.4 The notification and communication obligations to the employees allocated to the MovilCarga Business (and, therefore, transferred to the Buyer as a part of the MovilCarga Business), stated under section 44 of the Worker's Statute Act has been duly made. It is also stated that it is not necessary the Employees' consent to their transmission from Seller to Buyer, according to section 44 of the Worker´s Statute Act in accordance with Directive on TUPE regulation [PENDING EMPLOYMENT DEPARTMENT] 1991/1984 because the current labor conditions of the Employees are not modified as a consequence of their allocation to the Buyer.

6.13.5 The Seller is not involved in any dispute or claims with employees allocated to the MovilCarga Business (and, therefore, transferred to the Buyer as part of the MovilCarga Business), with any trade unions, or with any individual or body representing them, and the Seller is not aware of any fact or circumstances that could give rise to such dispute, and the Seller has not had any collective dispute regarding its employees allocated to MovilCarga Business (and, therefore, transferred to the Buyer as part of the MovilCarga Business) in the last four (4) years.

6.13.6 The Seller has complied with the applicable legislation, collective bargaining agreements, regulations or contracts relating to the Seller's employees allocated to MovilCarga Business (and, therefore, transferred to the Buyer as part of MovilCarga Business), and have drawn up, delivered or filed in due time and form all returns, documents or any other information with respect to this matter, have kept all books and records and kept all vouchers which the Seller is required to draw up, deliver, file, or keep, and has duly made all payments with respect to employees allocated to the MovilCarga Business (and, therefore, transferred to the Buyer as part of the MovilCarga Business) as required by the applicable laws and regulations including without limitation legal salary increases and those that referred to Social Security and to employment laws and regulations.

6.13.7 The Seller does not owe to any present or former employee allocated to MovilCarga Business (and, therefore, transferred to the Buyer as part of MovilCarga Business) any sums except for the salary payments and vacations that have being accrued but are not yet payable.

6.13.8 The Seller has not entered into senior executive employment contracts ("contratos de alta dirección") as regulated in Royal Decree 1382/1985, of August 1.

6.13.9 The Seller has not entered into any employment contracts containing post-contractual non-competition clauses.

6.13.10 No current or former employee, executive, officer or director of the Seller is entitled to any kind of termination indemnity or severance payment exceeding that established as a minimum by any applicable law, regulation or collective bargaining agreement.

6.13.11 In relation to the MovilCarga Business, the Seller has not entered into any consultancy agreement.

6.14 Pensions and other benefits

There is no agreement for paying, or paying contributions towards, any pension benefits, subsidies, lump sums or similar benefits on the retirement, death, or termination of employment (voluntarily or otherwise), or during periods of sickness or disability, to any employee or former employee of the Seller in relation to the MovilCarga Business, or to any persons depending on such employees.

6.15 No Illegal Payments

Neither the Seller nor any of its respective officers, employees or agents, has directly or indirectly given or agreed to give any gift, contribution, payment or similar benefit to any supplier, customer, employee of any Governmental authority or other person who was, is or may be in a position to help or hinder the MovilCarga Business:

(a) which could subject the Buyer to any material damage or penalty; or

(b) the non-continuation of which in the future could have a material adverse effect in on the MovilCarga Business or the Buyer.

6.16 Market share

Seller represents that its market share regarding (i) the MovilCarga Business, (ii) the on-line business and (iii) the off-line business, in Spain is between 8% and 9% of the national MovilCarga Business market in each case, and that the volume of sales in Spain regarding the MovilCarga Business corresponding to the last fiscal year amounted to, approximately, Euro 133,231,132; regarding the on-line business to, approximately, Euro 78,177,021, and regarding the off-line business to, approximately, Euro 55,054,111.

6.17 Liabilities

According to the current information Seller has at present, and except for the provisions established in clauses 2.4.1 and 2.4.2, the Seller is not aware of any liabilities related to the MovilCarga Business prior to the Closing Date, that are being transferred to the Buyer under this Agreement.

CLAUSE 7. BUYER’S AND GURANTOR´S REPRESENTATIONS AND WARRANTIES

7.1 General

7.1.1 The Buyer and the Guarantor hereby declare to the Seller that each one of the Buyer’s and the Guarantor´s Representations and Warranties is true, accurate, complete and not misleading as of the date of this Agreement.

7.1.2 The Buyer and the Guarantor acknowledge that the Seller is executing this Agreement on the basis of each of the Buyer’s and the Guarantor´s Representations and Warranties.

7.1.3 Each of the Buyer’s and the Guarantor’s Representations and Warranties shall be interpreted independently from each other and (unless otherwise expressly stated in this Agreement) shall not be restricted by any other clause of this Agreement or by any other of Buyer’s or Guarantor’s Representations and Warranties.

7.2 Authority and legal capacity

7.2.1 The Buyer is a company duly incorporated and existing according to the laws of Spain. The Guarantor is a company duly incorporated and existing according to the laws of Delaware (USA).

7.2.2 The Buyer and the Guarantor are legally entitled, have full authority and legal capacity for executing this Agreement and for performing all of the Buyer’s and the Guarantor’s obligations, as applicable, derived from this Agreement.

7.2.3 The Agreement contains the Buyer's and the Guarantor's valid and legally binding obligation, which is enforceable in the terms and under the conditions of the Agreement.

7.2.4 The Buyer and the Guarantor have taken all actions required for executing this Agreement and for completing the Transaction provided for herein, including without limitation any notices to be served, or any Authorizations, permissions, consents or approvals to be secured.

7.2.5 The execution of this Agreement does not involve breach of any legal obligation that is binding on the Buyer or the Guarantor.

7.3 Competition

7.3.1 From a competition regulation point of view, Buyer and Guarantor represent that neither Buyer nor any of the companies of its Group now carry out any relevant business in Spain (not only regarding MovilCarga Business -the recharge of mobiles- but also regarding any other kind of business).

7.3.2 Buyer and Guarantor represent that, taking into account the information provided by the Seller in clause 6.16, in their opinion, the Transaction is not affected by article 14 of the Spanish Competition Law ("Ley de Defensa de la Competencia"), as it does not incur in any of the cases thereof provided; therefore Buyer considers that it is not obliged to notify this Transaction to the Competition Service.

CLAUSE 8. COVENANTS

8.1 Seller understands that Buyer shall be entitled to protect and preserve the market value of the MovilCarga Business to the extent permitted by law and that Buyer would not have entered into this Agreement absent the provisions of this clause and, therefore, Seller and Mr. Noya shall not provoke, and shall refrain from, provoking that any third party to, directly or indirectly, do any of the following in Spain: i) engage in any activity or business which may be considered as directly or indirectly competing with the MovilCarga Business (as currently it is or as it may become due to its normal or natural development until the Earn Out Payment Date); ii) sell or distribute electronic products through networks of devices; iii) engage in any activity which may in any way be materially detrimental to the activities of the MovilCarga Business (collectively, "Competitive Activities"). Buyer shall have to prove that Seller has incurred in any of these Competitive Activities.

The aforementioned non-compete obligations shall remain in force, as from the Closing Date and until:

a) the third anniversary of the Earn Out Payment Date, regarding those activities or businesses considered as directly or indirectly competing with the MovilCarga Business (as currently it is, or as it may become due to its normal or natural development until the Earn Out Payment Date), and the selling or distributing of electronic products through networks of devices, which have been also carried out or developed by the Buyer at any moment prior to the Earn Out Payment.

b) the first anniversary of the Earn Out Payment Date, regarding those activities or businesses considered as directly or indirectly competing with the MovilCarga Business (as currently it is, or as it may become due to its normal or natural development until the Earn Out Payment Date), and the selling or distributing of electronic products through networks of devices, which have never been carried out or developed by the Buyer at any time prior to the Earn Out Payment.

8.2 The Parties acknowledge that Seller and any of the companies of its Group, have and shall have the right to use and develop, in the widest terms, the technology regarding MovilCarga Business in all the other countries of the world other than Spain.

On the other hand, the Parties acknowledge that Seller shall be able to sell products not restricted by clause 8.1 (like, for example, telephones) to clients, current or future, related to the MovilCarga Business.

8.3 Seller will stop, from the date of this Agreement and regarding Spain, including the name MovilCarga and any other brand related to the MovilCarga Business in Seller's letterhead and shall refrain from adopting any action which may imply Seller operates in the MovilCarga Business or in business areas similar to the MovilCarga Business.

8.4 Seller shall not engage the employees of Buyer unless Buyer approves such engagement, which approval shall be in writing.

8.5 The Seller acknowledges that some of the Business Contracts that are going to be transferred to Buyer by the Seller by means of the Assignment Contracts Agreement (and for lack of the corresponding consents) simultaneously with this Agreement, are in written form, but that others have been orally agreed but not in writing. Notwithstanding the above, in order to collect the corresponding consents from the other parties to the MovilCarga Contracts, until the aforementioned consents are obtained, the Seller shall transfer to Buyer any amount received by any third parties in relation with to the MovilCarga Contracts and/or the MovilCarga Business (as provided in clause 2.3. The Seller shall also deliver to Buyer, as soon as possible, any communication, purchase order, claim, or whatever any other document or information related relating to the MovilCarga Contracts and/or the MovilCarga Business until the corresponding third parties authorize/consent to the transfer to Buyer of the relevant Contract. Until the aforementioned consents are obtained, Buyer shall be responsible for the compliance with the MovilCarga Contracts. Likewise, the Seller shall deliver to the Buyer all the existing agreements with third parties in written form as well as all documents that Buyer should keep as supporting evidence for the contractual relationships (including oral agreements with third parties) and books and records that Buyer is required to carry by law.

8.6 The Seller shall cooperate with Buyer in obtaining from the corresponding third parties consents to the transfer of all of the MovilCarga Contracts. To this effect, and regarding the Business Contracts the Seller and Buyer shall jointly send a letter (together with the first invoice to be issued according to the invoicing system in force, -hereinafter, the “First Invoice”, according to clause 2.3.6-) to each counterpart to the Business Contracts, informing that the MovilCarga Business is currently owned by Buyer and that any payment, credit, document, information, etc. related to the MovilCarga Business, shall be addressed directly to Buyer. In this regard, attached to this Agreement as Annex M, there is a form letter to be sent, within the following days, by Seller and Buyer to each other party to the Business Contracts, including all Retailers. All letters addressed to Retailers shall indicate that its corresponding Retailer Agreement is being assigned to Buyer and that the payment by the Retailer of the First Invoice or any other future invoice of Buyer following the receipt of the letter shall be considered to be tacit approval of such assignment to Buyer.

8.7 Seller shall cooperate with Buyer in obtaining (i) any permit, license or governmental or other authorization required under any applicable law or regulation with respect to the MovilCarga Business or the conduct thereof by Buyer, and (ii) any third party consents to the assignment or transfer to Buyer of any Movilcarga Contract, permits, licenses or authorizations or applications held by Seller in connection with MovilCarga Business.

8.8 The Seller shall provide to Buyer, as soon as possible, with all information and documentation related to MovilCarga Business that Seller may have in its possession or that the Seller may receive or have access to.

8.9 Seller acknowledges that the covenants contained in this clause are fair and reasonable in light of the price stated in clause 3 and are necessary in order to protect Buyer’s investment in the MovilCarga Business and that any breach by Seller of such covenants will result in irreparable injury to the Buyer.

CLAUSE 9. INDEMNITY

9.1 **Indemnification by Seller**

9.1.1 Subject to the procedures and limitations provided in this Agreement, the Seller undertakes to indemnify the Buyer for any loss, liability or damage, whether present or future, caused to the Buyer, and arising out of:

9.1.1.1 any misrepresentation or the breach of any warranty made by the Seller in this Agreement, or any breach of any provision under this Agreement;

9.1.1.2 any legal claims or actions raised by third parties (including, inter alia, private third parties, Public Administration, Tax Authorities, Social Security, etc.) in relation to Seller’s MovilCarga Business (as prior owner of the MovilCarga Business) activities prior to the Closing Date. The indemnification obligation provided in this Section shall apply, without limitation, to any claim by the Telecommunications Market Commission that the MovilCarga Business in an “electronic communications service” under conditions requiring that notification be made to such commission.

9.1.1.3 any judgment or resolution from any administrative, labor, Tax, civil or criminal authority declaring the existence of labor relationships or labor conditions of Buyer's employees other than those set forth in Annex B, which were in force prior to the Closing Date;

9.1.1.4 any non-compliance by the Seller (as prior owner of the MovilCarga Business) with any laws or regulations governing Social Security or non-punctual or incorrect payments or filings or information disclosures taking place prior to the Closing Date;

9.1.1.5 any of Seller's acts or omissions regarding MovilCarga Business prior to the Closing Date.

The Parties agree that the obligation of Seller to indemnify hereunder shall be limited to claims arising from actions that occurred before the Closing Date for which notice is given by the Buyer to the Seller in the term from the Closing Date until the Earn Out Payment Date, provided that, with respect to any claims arising from taxes of any kind (including VAT), Buyer's notice of indemnification may be made at any time prior the expiration of the statute of limitations for the claim.

9.1.2 All the Parties acknowledge that (i) the Seller's indemnification obligations before the Buyer under this Agreement shall be limited to one hundred percent (100%) of the amount of the loss, liability or damage (the "Loss"), caused to Buyer, in the terms of this clause 9, as a consequence of each contingency, provided that Seller, or any other company belonging to Seller's Group has the 20% of the capital stock of Buyer; (ii) and shall be subject to the procedure established in clause 9.2. If Seller sells its 20% of the capital stock of Buyer, Seller shall be obliged, if the Loss exists, to pay, if it comes to it, eighty (80%) percent of the referred amount directly to Euronet Holding or to the company of Buyer's group that Buyer expressly appoints in writing, instead of the one hundred percent (100%) of the referred amount to the Buyer.

9.1.3 Notwithstanding the provisions of clauses 9.1.1 and 9.1.2. the amount of indemnification payable by Seller under this Agreement shall be limited as follows:

(a) The total amount of the potential indemnification payable by Seller to Buyer shall not exceed 100% of the amount already paid until that moment by Buyer to Seller as price of the transmission of the Assets under this Agreement (as an example, if Buyer had only paid to Seller the Initial Price, the amount of the potential indemnification shall be limited to € 8 million); provided that such limitation shall not apply in the event of any (i) intentional misrepresentation or breach of this Agreement by Seller, or (ii) of willful or criminal misconduct by Seller. The existence of any of these two events shall be duly proved by Buyer.

(b) Seller shall not be liable to indemnify for any claims when the amount thereof is less than €5,000 (hereinafter, "**Claims Less than € 5,000"**);

(c) Seller shall not be liable to indemnify for any claims until the aggregate amount of such claims exceeds €50,000 (Claims Less than € 5,000 shall not be taken into account to calculate the amount of € 50,000). Once such limit is met, Seller shall be liable to indemnify Buyer for the full amount of such claims (subject to the exclusion of claims set forth in clause 9.1.3(b).

9.2 Procedure for indemnification, in the event of third party's claims

9.2.1 In the event that a situation arises that, in the opinion of the Buyer, could give rise to an indemnity obligation by the Seller due to any third party's claims including without limitation claims by any governmental authority, the following actions shall be taken:

(a) The Buyer shall notify to the Seller of the relevant circumstances and the possible liability derived there from, as soon as it becomes aware of the existence of such claim. In any case in which the claim is based upon a formal proceeding of which Buyer has received notice, the notice to the Seller is to be received by the Seller within five (5) business days from the Buyer receiving such written notice of the claim and, in any event, before half of the remaining period for responding or filing an appeal has elapsed, rounding up if an uneven number. In the rest of the cases, the notice to the Seller is to be received by the Seller within ten (10) business days from the Buyer receiving such oral or written notice of the claim. The failure to give the notices provided in this paragraph in a timely fashion shall not cut off the Buyer´s ability to make any claim it may otherwise have under this Clause 9, unless the failure has caused prejudice to the ability of the Seller to defend itself against a claim.

Within five (5) business days from receipt of the notice set forth above or sooner if the circumstances of the event from which the indemnity obligation could derive so require in order to avoid any harm to the interests of the Buyer, the Seller shall take one of the following actions:

(i) To notify the Buyer to proceed with the payment or fulfillment of the required obligations, in which case, it must make available to it, simultaneously to the notification, the amount of money required to make the payment, or the necessary means to fulfill the obligation.

(ii) To notify the Buyer that Seller considers it has not to pay any amount or fulfill any obligation, according to this Agreement.

(iii) To notify the Buyer that Seller wants to oppose the payment or the fulfillment of the obligation.

(b) In the event that the circumstance giving rise to the liability is a final (not subject to be appealed) Court judgment or any other kind of final Court, administrative or arbitral decision, the Seller will not be entitled to choose between the alternatives set forth above, but rather will be obliged to pay to the Buyer the amounts that the latter has paid or must pay, within the five business day period set forth above.

(c) In the case established in paragraph 9.2.1 (a) (ii) above, Buyer shall have to pay to the third party, if and when a final judicial, administrative or arbitral decision confirms the claim, and regarding the dispute between Seller and Buyer about whether Seller is or not responsible the third ´s claim, clause 16.2 shall be applicable. For clarification purposes, if on the Earn Out Payment Date there is any pending claim against the Buyer, the amount of such claim shall be subject to the escrow account system referred to in section 3.4.5 (b).

(d) Under any circumstances, Seller's notice shall not affect the ability of Buyer to offset as provided in clause 9.3 below and in paragraph 5 of clause 3.3.4.

(e) In the event that the Seller chooses to oppose the payment or the fulfillment of the obligation, according to paragraph 9.2.1 (a) (iii) above, the Seller will designate the legal team to intervene, directly or indirectly, in such defense, subscribing directly with such legal team the required services agreements or otherwise, the Buyer undertaking to grant said legal team the necessary faculties and means and information necessary to undertake such task. Buyer shall provide Seller with all the relevant information regarding the claim and shall collaborate with Seller as it reasonably requests it in order to permit an adequate defense.

Buyer shall bear all expenses Seller may incur as a consequence of defending Buyer against the claim made. If Seller losses the defense, without prejudice of paragraph (g) below, Buyer shall be entitled to recover from Seller all the amounts previously paid by it as expenses, within the 15 following business days to the judicial, administrative or arbitral resolution, as the case may be.

(f) In the specific case that tax-related actions intended to clarify the tax situation of Buyer are initiated, which affect Seller's tax periods closed prior to the Closing Date, or any taxes derived from Seller's acts or omissions prior to the Closing Date, Buyer shall notify Seller, within five (5) business days following this fact being known (upon its receipt of the notice of initiation of such action), and Seller shall designate the legal team to take charge of the defense of Buyer's interests before the Tax Authorities, and the Buyer, if they so wish shall designate a team of advisors to collaborate with those designated by the Seller in the defense of Buyer's interests, in which case any decisions shall be taken by mutual agreement, Buyer undertaking to grant such powers and provide such documentation and means necessary for the development of its role.

(g) Seller shall be obliged to indemnify the Buyer according to this Agreement, when the Buyer has to pay to the third party due to the claim of such third party. In this sense, it is understood that Buyer has to pay to the third party when a final judicial, administrative or arbitral decision (that is to say not subject to be appealed) has been adopted in favour of such third party. However, if the arbitration procedure of clause 16.2 is still pending regarding such claim (that is to say, it is not decided yet whether Seller is or not responsible for such claim), Seller shall only have to pay to Buyer if the final arbitration award confirms Seller´s responsibility for such claim. Until then, the escrow account system shall apply, provided that the claim aroused before and is pending on the Earn Out Payment Date.

9.2.2 In the event that the Seller had not paid the amounts claimed from it by the Buyer, within the time periods established in this Agreement, these amounts shall accrue a 5% annual interest, as from the date on which they should have been paid, according to the all the provisions established in this clause 9.

9.3 Set-off against Part B of the Deferred and Conditional Price

The Parties hereby agree that the Buyer may offset against Part B of the Deferred and Conditional Price any and all claims that the Buyer may have against the Seller according to clause 9.1 and 9.2 above (that is to say, when such claims are (i) accepted by Seller, or (ii) confirmed by a final judicial, administrative or arbitral decision). In case of any claim neither accepted by the Seller nor confirmed by a final judicial, administrative or arbitral decision before the Earn Out Payment Date: (i) Buyer shall make payment on the Earn Out Payment Date to the Seller of the difference between the amount of the Earn Out Payment (calculated as provided in clause 3.3.2) and the amount of any indemnification request for which notice is given by the Buyer, and (ii) the remainder of the Earn Out Payment (the amount that has been claimed by Buyer), shall be deposited in escrow by Buyer. Such amount shall be governed by the rules of the escrow agreed between the Parties according to the form attached to this Agreement as Annex J; that is to say such amount shall be delivered back to the Buyer or delivered to the Seller; depending on contents of the final judicial, administrative or arbitral decision.

9.4 Indemnification by Buyer and by Guarantor

The Buyer and the Guarantor hereby undertake to indemnify the Seller following the execution of this Agreement for any resulting loss, liability or damage caused to the Seller as a consequence of any misrepresentation or the breach of any warranty under clause 7 above, or any breach of any provision under this Agreement.

Particularly, and without prejudice of the general provision established in the first paragraph of this clause, Buyer and Guarantor shall indemnify Seller for any loss, liability or damage, direct or indirect, derived from any resolution issued by the Competition Service not authorizing the Transaction or subjecting it to any condition, as a consequence of non-fulfillment (total or partial) or any of the obligations of the Spanish Competition Law. Buyer and Guarantor shall do whatever actions as necessary to duly indemnify Seller accordingly.

The indemnification obligation established in the previous paragraph shall not be applicable in the event that the failure to obtain the authorization of the Transaction (or any condition to it) is due to inaccurate information provided by Seller in clause 6.16.

9.5 Notice

Any payment which the Seller or the Buyer must make under this clause 9 shall be claimed by the Seller or the Buyer, as applicable, by means of a written notice sent to the address designated in clause 15 containing a brief explanation of the claim.

CLAUSE 10. CONFIDENTIAL INFORMATION

10.1 Each the Seller and the Buyer have disclosed and deliver to the other Party certain information about its properties, employees, finances, businesses and operations and the MovilCarga Business (such party when disclosing such information being the **"Disclosing Party"** and such party when receiving such information being the **"Receiving Party"**). All such information furnished directly or indirectly by the Disclosing Party or its Representatives (as defined below), whether furnished before or after the Closing Date, whether oral or written, and regardless of the manner in which it is furnished, is referred to in this Agreement as **"Proprietary Information."** Proprietary Information does not include, however, information which the Receiving Party demonstrates (a) is or becomes generally available to the public other than as a result of a disclosure directly or indirectly by the Receiving Party or its Representatives, (b) was available to the Receiving Party on a non-confidential basis prior to its disclosure by the Disclosing Party or its Representatives or (c) becomes available to the Receiving Party on a non-confidential basis from a person other than the Disclosing Party or its Representatives who is not otherwise bound by a confidentiality agreement with the Disclosing Party or any of its Representatives and is otherwise not under an obligation to the Disclosing Party or any of its Representatives not to transmit the information to the Receiving Party. As used in this Agreement, the term "Representative" means, as to any corporate entity, such corporate entity's affiliates and its and their directors, officers, employees, agents, advisors (including, without limitation, financial and tax advisors, internal o external lawyers, counsel and accountants) and controlling persons. As used in this Agreement, the term "person" shall be broadly interpreted to include, without limitation, any corporation, company, partnership, joint venture, trust, other entity or individual.

10.2 Subject to the immediately succeeding paragraph, unless otherwise agreed to in writing by the Disclosing Party, the Receiving Party agrees (a) except as required by law, to keep all Proprietary Information confidential and not to disclose or reveal any Proprietary Information to any person other than its Representatives who are actively and directly participating in the MovilCarga Business or who otherwise need to know the Proprietary Information for the purpose of the Agreement (all of whom shall be specifically informed of the confidential nature of such Proprietary Information and that by receiving such information they are agreeing to be bound by the terms of this Agreement relating to the confidential treatment of such Proprietary Information) and to cause those persons to observe the terms of this Agreement, (b) not to use Proprietary Information for any purpose other than in connection with the Agreement or the development of the MovilCarga Business and (c) except as required by applicable law or regulation or pursuant to a listing agreement with any national securities exchange or the National Association of Securities Dealers, Inc., not to disclose to any person (other than its Representatives who are actively and directly participating in the Agreement or who otherwise need to know for the purpose of developing the MovilCarga Business and, in any such case, to whom it is instructed to observe the terms of this Agreement) the fact that the Proprietary Information exists or has been made available, the fact that the Receiving Party is considering the Agreement, the fact that the Receiving Party is subject to any of the restrictions set forth in this Agreement, the fact that discussions or negotiations have taken place concerning the Agreement or involving the Disclosing Party, or any term, condition or other fact relating to the Agreement and the MovilCarga Business. The Receiving Party will be responsible for any breach of the terms of this clause of the Agreement by the Receiving Party or any of its Representatives. Seller acknowledges that the Guarantor is a company listed on the NASDAQ National Market and as such is required to make certain disclosures regarding this Agreement and MovilCarga Business with, or as required by, the U.S. Securities and Exchange Commission (SEC) and the NASDAQ; Seller therefore, accepts these disclosures by Guarantor provided that, in the reasonable opinion of Guarantor, they are required in order for Guarantor to be in compliance with its disclosure responsibilities under US securities laws in force. No provision of this clause 10 or this Agreement shall limit or in any way restrict the ability of the Guarantor to make any such disclosures.

10.3 In the event that the Receiving Party is requested pursuant to, or required by, applicable law, regulation or by legal process to disclose any Proprietary Information or any other information concerning the Disclosing Party or the Agreement or the MovilCarga Business, the Receiving Party agrees that it will provide the Disclosing Party with prompt notice of such request or requirement in order to enable the Disclosing Party to seek an appropriate protective order or other remedy, to consult with the Receiving Party with respect to the Disclosing Party taking steps to resist or narrow the scope of such request or legal process or to waive compliance, in whole or in part, with the terms of this clause of the Agreement. In the event that no such protective order or remedy is obtained, or that the Disclosing Party waives compliance with the terms of this clause of the Agreement, the Receiving Party will furnish only that portion of any Proprietary Information which the Receiving Party is advised by counsel is legally required and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded regarding any Proprietary Information.

10.4 Without prejudice to the rights and remedies otherwise available to each of the Parties hereto, each such Party shall be entitled to equitable relief by way of specific performance, injunction or otherwise if the other Party or any of its Representatives breach or threaten to breach any of the provisions of this clause of the Agreement.

CLAUSE 11. ANNOUNCEMENTS

Seller and Buyer agree that no publicity, release or announcement concerning the execution of this Agreement, any of the provisions of this Agreement or the transactions contemplated hereby shall be issued without the advance approval in writing of the form and content of same by Buyer or Seller, as applicable.

CLAUSE 12. COSTS

12.1 Except where otherwise provided in this Agreement, each Party shall pay its own costs of negotiating, drawing up, executing and performing this Agreement on its part.

12.2 Any costs or taxes derived from this Agreement shall be allocated to the Parties according pursuant to Spanish legislation.

12.3 Any Notarial and register costs, if any, derived from the formalization of this Agreement, of the Capital Increase Public Deed referred in this Agreement or of the formalization of any of the complementary documents referred herein shall be born by both Parties, at 50%.

CLAUSE 13. TRANSFER OF RIGHTS AND DUTIES

None of the Parties (All the Parties) hereto may assign or transfer any of its rights or duties under this Agreement without the prior express consent in writing of the other Party.

CLAUSE 14. GENERAL PROVISIONS

14.1 No amendment to this Agreement, including this clause, shall be valid unless it is made in writing and executed by or on behalf of each Party.

14.2 No omission or delay in exercising a right or action under this Agreement involves a waiver of said right or action or a waiver of any other rights or actions. The fact that any right or action under this Agreement is exercised individually or in part shall not prevent the same right or action, or any other right or action, from being exercised subsequently.

14.3 The Buyer's rights and actions contained in this Agreement are cumulative and do not exclude any rights or actions provided by law.

14.4 This Agreement is the sole agreement made between the Parties on the subject matter of the Agreement and supersedes all prior agreements regarding the same matter, including without limitation, the Binding Offer as amended.

14.5 The headings of clauses, annexes, sections and appendices of this Agreement are included solely for the sake of convenience and for reference purposes, and are part of this Agreement.

14.6 Should any competent jurisdiction or arbitration tribunal declares that any provision of this Agreement is void, invalid or unenforceable, the Parties hereto undertake to negotiate in good faith the amendment of such provision solely insofar as it is necessary for the Agreement and the said provision to be lawful, valid and enforceable, reflecting in the most practical way and as closely as possible the original intent of the Parties. In any case, the fact that any provision of this Agreement is void, invalid or unenforceable shall in no way affect the lawfulness, validity or enforceability of all other provisions of the Agreement.

14.7 This Agreement has been entered into in two versions, a Spanish language version and a English language version. In the event of any dispute concerning the interpretation of this Agreement, the Spanish version shall prevail.

14.8 All the Parties agree that the complete and adequate implementation of this Transaction may require to carry out many administrative actions and, therefore acknowledge that it may be necessary certain time after the Closing Date (a month more or less) to duly execute all of them.

CLAUSE 15. NOTICES

15.1 The addresses of the Parties hereto for the purposes of any notice or communication to be made under this Agreement are the following:

If to Seller:	MEFLUR, S.L.	
	Address:	Monzón (Huesca), Polígono Industrial Paules, C/ Eugenio de Usandizaga, P47A
	Attention:	Mr. Bernabé-Simón Noya Mur
	Fax:	34 976 46 89 50
With a copy to:	Mr. Bernabé-Simón Noya Mur	
If to Buyer:	EURONET MEFLUR MOVILCARGA, S.L.	
	Address:	C/ Velazquez 110 (Madrid 28006), Spain
	Attention:	Thierry-Marc Michel
	Fax:	34 91 590 25 90
With a copy to:		EURONET
	Address:	2nd Floor Kelting House, Southernhay, Basildon, Essex SS14 UN, United Kingdom
	Attention:	Jeff Newman
	Fax:	00 33 1268 242 224
If to Guarantor:	EURONET WORLDWIDE, INC.	
	Address:	4601 College Boulevard, Leawood, Kansas
	Attention:	Michael J. Brown
	Fax:	00331268242224

With a copy to:		EURONET
	Address:	2nd Floor Kelting House, Southernhay, Basildon, Essex SS14 UN, United Kingdom
	Attention:	Jeff Newman
	Fax:	00 33 1268 242 224
If to Euronet Holding:	Euronet Spanish Holdco, S.L.	
	Address:	C/ Velazquez 110 (Madrid 28006), Spain
	Attention:	Thierry-Marc Michel
	Fax:	34 91 590 25 90
With a copy to:		EURONET
	Address:	2nd Floor Kelting House, Southernhay, Basildon, Essex SS14 UN, United Kingdom
	Attention:	Jeff Newman
	Fax:	00 33 1268 242 224
If to Mr. Noya:	Mr. Bernabé-Simón Noya Mur	
	Address:	Avda. Lérida, 5, 5º D
	Attention:	Mr. Bernabé-Simón Noya Mur
	Fax:	34 976 46 89 50

or to such other address as the person to whom notice is to be given may have previously furnished to the other in writing in the manner set forth above

15.2 All notices or other communications relating to this Agreement shall be made in writing in English or in Spanish, and are considered to be validly delivered to the relevant Party at the address mentioned in this Agreement or at such other address as such Party may specify through a notice served on the other Party as provided in this clause:|

(i) if delivered personally;

(ii) if delivered through a Notary Public, who attests to the fact that the notice has been delivered; or

(iii) if sent by courier, certified mail or fax, when proof of transmittal or receipt can be shown.

CLAUSE 16. APPLICABLE LAW AND ARBITRATION

16.1 This Agreement shall be governed by and interpreted according to Spanish law.

16.2 All the Parties hereby agree that every litigation, disagreement, question or claim arising from the execution or interpretation of the current Agreement or, directly or indirectly, related to it (except for the ones referred to the calculation of EBITDA, where clause 3.3.3. (ii), shall be applicable, and when an specific independent expert or auditor is appointed in this Agreement), will be definitively settled by Law Arbitration (*"Arbitraje de Derecho"*) by one (1) arbitrator within the framework of the Court of Arbitration of Madrid, of the Official Chamber of Commerce and Industry of Madrid, to which the administration of the arbitration and the designation of the arbitrator according to its Rules and Statutes are hereby commended.

Equally, All the Parties expressly state their compromise to comply with the arbitration award that shall be pronounced.

Euronet Worldwide, Inc. Subsidiaries

As of December 31, 2004, Euronet's wholly owned subsidiaries were:

- 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 USA Inc. (formerly Arkansas Systems, Inc.) ("Euronet USA") incorporated in Arkansas, United States of America
- Euronet Holding N.V., incorporated in the Netherlands Antilles (in liquidation)
- EFT Services Hellas EPE, incorporated in Greece
- Euronet Services Slovakia, spol. s r.o., incorporated in Slovakia
- Euronet Corporate Services Beograd, d.o.o., incorporated in Serbia-Montenegro
- e-pay Limited, incorporated in England and Wales
- e-pay Holdings Limited, incorporated in England and Wales
- e-pay Australia Pty Ltd, incorporated in New South Wales, Australia
- e-pay Australia Holdings Pty Ltd, incorporated in Victoria, Australia
- e-pay New Zealand Pty Ltd, incorporated in New Zealand
- Transact Elektronische Zahlungssysteme GmbH, incorporated in Germany
- Delta Euronet Gmbh, incorporated in Germany
- Cashnet Holding B.V., incorporated in the Netherlands (in liquidation)
- PaySpot, Inc., incorporated in Delaware, United States
- Euronet Spanish Holdings. S.L., incorporated in Spain
- Euronet e-pay Spain S.L., incorporated in Spain
- Prepaid Concepts, Inc., incorporated in California, U.S.A.
- Call Processing, Inc., incorporated in Texas, U.S.A.

As of December 31, 2004, Euronet also had shareholdings in the following companies that are not wholly owned:

- Euronet Sigma Nusantara, incorporated in Indonesia, of which 87.5% of the shares are owned by EFT Services Holdings B.V.
- CashNet Telecommunications Egypt SAE ("CashNet"), an Egyptian company limited by shares, of which 7% of the shares are owned by EFT Services Holdings B.V.
- Europlanet a.d. ("Europlanet"), incorporated in the Federal Republic of Serbia, of which 36% of the shares are owned by Euronet's wholly-owned subsidiary EFT Services Holdings B.V.
- e-pay Malaysia Sdn Bhd, incorporated in Malaysia, of which e-pay Limited owns 40% of the share capital.
- Euronet Services Private Limited, incorporated in India, of which 94.3% is owned by EFT Services Holdings B.V. and 0.5% is owned by Euronet Worldwide, Inc.

- ATX, Ltd. (“ATX”), incorporated in England and Wales, of which 10% is owned by Euronet Worldwide, Inc.
- Euronet Services LLC incorporated in Russia, of which 95% is owned by EFT Services Holdings B.V.
- Euronet Meflur Movilcarga S.L. incorporated in Spain, of which 80% is owned by Euronet Spanish Holdings S.L.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Euronet Worldwide, Inc.

We consent to the incorporation by reference in the Registration Statements (Form S-3, No. 333-56915; Form S-3, No. 333-84046; Form S-3, No. 333-105478; Form S-3, No. 333-111361; Form S-3MEF, No. 333-111363; Form S-3, No. 333-116931; Form S-3, No. 333-116934; Form S-3, No. 333-117948; Form S-3, No. 333-122297; Form S-4, No. 333-116938; Form S-8, No. 333-24539; Form S-8, No. 333-83555; Form S-8, No. 333-44890; Form S-8, No. 333-64634; Form S-8, No. 333-71766; Form S-8, No. 333-98013; Form S-8, No. 333-102875; and Form S-8, No. 333-116920) of Euronet Worldwide, and in the related Prospectuses, of our report dated March 15, 2005 with respect to the consolidated balance sheet of Euronet Worldwide, Inc. and subsidiaries (the Company) as of December 31, 2004 and 2003, and the related consolidated statements of operations, comprehensive income (loss), cash flows, and shareholders' equity for the years ended December 31, 2004 and 2003, and our report dated March 15, 2005, with respect to management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, which reports appear in the December 31, 2004 annual report on Form 10-K of Euronet Worldwide, Inc.

/s/ KPMG LLP

KPMG LLP

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

Euronet Worldwide, Inc.

We consent to the incorporation by reference in the Registration Statements (Form S-3, No. 333-56915; Form S-3, No. 333-84046; Form S-3, No. 333-105478; Form S-3, No. 333-111361; Form S-3MEF, No. 333-111363; Form S-3, No. 333-116931; Form S-3, No. 333-116934; Form S-3, No. 333-117948; Form S-3, No. 333-122297; Form S-4, No. 333-116938; Form S-8, No. 333-24539; Form S-8, No. 333-83555; Form S-8, No. 333-44890; Form S-8, No. 333-64634; Form S-8, No. 333-71766; Form S-8, No. 333-98013; Form S-8, No. 333-102875; and Form S-8, No. 333-116920) of Euronet Worldwide, Inc., and in the related Prospectuses, of our report dated February 7, 2003 with respect to the consolidated statements of operations, comprehensive loss, cash flows, and shareholders' equity (deficit) for Euronet Worldwide, Inc. for the year ended December 31, 2002, which report appears in the December 31, 2004 annual report on Form 10-K of Euronet Worldwide, Inc.

/s/ KPMG Audyt Sp. z o. o.

Warsaw, Poland
March 15, 2005

EXHIBIT 31.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER

I, Michael J. Brown, Chairman and Chief Executive Officer, certify that:

1) I have reviewed this annual report on Form 10-K of Euronet Worldwide, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: March 14, 2005

/s/ MICHAEL J. BROWN

Michael J. Brown
Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS OF CHIEF FINANCIAL OFFICER

I, Rick L. Weller, Chief Financial Officer and Principal Accounting Officer, certify that:

1) I have reviewed this annual report on Form 10-K of Euronet Worldwide, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15e and 15d-15e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting, which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial data; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

Date: March 14, 2005

/s/ RICK L. WELLER

Rick L. Weller
Chief Financial Officer and Chief Accounting Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Euronet Worldwide, Inc. (the “Company”) for the period ended December 31, 2004 filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL J. BROWN

Michael J. Brown
Chief Executive Officer

March 14, 2005

In connection with the Annual Report on Form 10-K of Euronet Worldwide, Inc. (the “Company”) for the period ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICK L. WELLER

Rick L. Weller
Chief Financial Officer and Chief Accounting Officer

March 14, 2005