UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

OR

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

COMMISSION FILE NUMBER C00-22167

EURONET SERVICES INC.
(Exact name of the registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

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

4601 COLLEGE BOULEVARD
SUITE 300
LEAWOOD, KANSAS 66211
(Address of principal executive offices)

(913) 327-4200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES [X] NO [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of October 31, 2000, the Company had 17,787,824 common shares outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

EURONET SERVICES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. Dollars, except share and per share data)
(Unaudited)

ASSETS	Sept. 30, 2000	Dec. 31, 1999
Current assets:		
Cash and cash equivalents	$ 11,239	$ 15,037
Restricted cash	2,069	10,929
Investment securities	--	750
Trade accounts receivable, net of allowances for doubtful accounts of $332 at September 30, 2000 and $381 at December 31, 1999	8,191	7,888
Costs and estimated earnings in excess of billings on software installation contracts	914	667
Income taxes receivable	--	818
Prepaid expenses and other current assets	3,504	3,695
Total current assets	25,917	39,784
Property, plant, and equipment, net	30,725	36,693
Intangible assets, net	2,594	16,259
Deposits	1,616	1,355
Deferred income taxes	404	460
Other assets, net	2,133	2,293
Total assets	$ 63,389	$ 96,844
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Trade accounts payable	$ 4,033	$ 5,768
Current installments of obligations under capital leases	3,574	4,188
Accrued expenses and other current liabilities	6,622	12,631
Advance payments on contracts	1,384	1,321
Billings in excess of costs and estimated earnings on software installation contracts	2,382	3,030
Total current liabilities	17,995	26,938
Obligations under capital leases, excluding current installments	9,110	6,397
Notes payable	69,911	72,800
Other long-term liabilities	3	202
Total liabilities	97,019	106,337
Stockholders' deficit:		
Common stock, $0.02 par value. Authorized 30,000,000 shares; issued and outstanding 17,780,624 shares at September 30, 2000 and 15,541,956 at December 31, 1999	353	311
Additional paid in capital	80,777	66,969
Treasury stock	(33)	(3)
Employee loans for stock purchases	(672)	(794)
Subscription receivable	(50)	(50)
Accumulated losses	(111,823)	(74,260)
Restricted reserve	782	784
Accumulated other comprehensive loss	(2,964)	(2,450)
Total stockholders' deficit	(33,630)	(9,493)
Total liabilities and stockholders' deficit	$ 63,389	$ 96,844

See accompanying notes to unaudited consolidated financial statements.

EURONET SERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands of U.S. Dollars, except share and per share data)
(Unaudited)

	Nine Months Ended Sept. 30,		Three Months Ended Sept. 30,	
	2000	1999	2000	1999
Revenues:				
ATM network and related revenue	$ 26,773	$ 18,366	$ 9,562	$ 7,036
Software, maintenance and related revenue	12,109	12,350	4,464	4,802
Total revenues	38,882	30,716	14,026	11,838
Operating expenses:				
Direct operating costs	18,707	17,358	5,408	5,960
Salaries and benefits	22,200	18,376	7,814	6,529
Selling, general and administrative	8,333	8,097	3,107	2,404
Depreciation and amortization	8,061	7,184	2,624	2,544
Asset write-down	11,968	-	11,968	-
Total operating expenses	69,269	51,015	30,921	17,437
Operating loss	(30,387)	(20,299)	(16,895)	(5,599)
Other (expense)/income:				
Interest income	926	1,462	187	461
Interest expense	(7,548)	(8,249)	(2,505)	(3,017)
Foreign exchange gain/(loss), net	284	(1,211)	4,202	(1,937)
Total other (expense)/income	(6,338)	(7,998)	1,884	(4,493)
Loss before income taxes and extraordinary item	(36,725)	(28,297)	(15,011)	(10,092)
Income taxes	(838)	--	(767)	--
Loss before extraordinary item	(37,563)	(28,297)	(15,778)	(10,092)
Extraordinary gain on early retirement of debt, net of applicable income taxes	--	1,810	--	149
Net loss	$(37,563)	$(26,487)	$(15,778)	$ (9,943)
Other comprehensive loss:				
Translation adjustment	(514)	(1,470)	(65)	(427)
Comprehensive loss	$(38,077)	$(27,957)	$(15,843)	$(10,370)
Loss per share - basic and diluted:				
Loss before extraordinary item	$(2.36)	$(1.86)	$(0.90)	$(0.66)
Extraordinary gain on early retirement of debt	--	0.12	--	0.01
Net loss	$(2.36)	$(1.74)	$(0.90)	$(0.65)
Weighted average number of shares outstanding	15,947,745	15,220,140	17,541,079	15,263,603

See accompanying notes to unaudited consolidated financial statements.

EURONET SERVICES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. Dollars)
(Unaudited)

	Nine months ended September 30, 2000	Nine months ended September 30, 1999
Cash flows from operating activities:		
Net loss	(37,563)	(26,487)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	8,061	7,184
Asset write-down	11,968	-
Unrealized foreign exchange gains, net	(8,970)	(8,014)
Accretion of discount on notes	6,554	7,179
Gain on extinguishment of debt	-	(1,890)
Decrease in restricted cash	9,872	3,829
Increase in trade accounts receivable	(303)	(2,000)
Decrease/(increase) in prepaid expenses and other current assets	303	(1,789)
(Increase)/decrease in deposits on ATM leases	(261)	785
(Decrease)/increase in trade accounts payable	(1,279)	1,973
Decrease/(increase) in income taxes receivable	874	(1,805)
(Decrease)/increase in billings in excess of costs and estimated earnings on software installation contracts, net	(895)	1,617
(Decrease)/increase in accrued expenses and other liabilities	(4,747)	318
Other	362	279
Net cash used in operating activities	(16,024)	(18,821)
Cash flows from investing activities:		
Fixed asset purchases	(1,363)	(5,416)
Acquisition of subsidiaries	-	(7,840)
Proceeds from sale of fixed assets	923	210
Purchase of investment securities	-	(2,849)
Proceeds from maturity of investment securities	-	2,795
Net cash used in investing activities	(440)	(13,100)
Cash flows from financing activities:		
Cash received from/(loaned to) employees for the purchase of common stock	123	(640)
Proceeds from issuance of shares and other capital contributions	13,819	561
Repurchase of notes payable	-	(3,167)
Repayment of obligations under capital leases	(1,556)	(3,378)
(Repayment of)/proceeds from bank borrowings	(14)	618
Other	-	28
Net cash provided by/(used in) financing activities	12,372	(5,978)
Effects of exchange rate differences on cash	294	142
Net decrease in cash and cash equivalents	(3,798)	(37,757)
Cash and cash equivalents at beginning of period	15,037	55,614
Cash and cash equivalents at end of period	$ 11,239	$ 17,857

See accompanying notes to unaudited consolidated financial statements.

NOTE 1 - FINANCIAL POSITION AND BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Euronet Services Inc. and subsidiaries have been prepared from the records of Euronet Services Inc. and subsidiaries (collectively, the "Company"), pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, such unaudited consolidated financial statements include all adjustments (consisting only of normal, recurring accruals) necessary to present fairly the financial position of the Company at September 30, 2000, the results of its operations for the three-month and nine-month periods ended September 30, 2000 and 1999 and cash flows for the nine-month periods ended September 30, 2000 and 1999.

The unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements of Euronet Services Inc. and subsidiaries for the year ended December 31, 1999, including the notes thereto, set forth in the Company's Form 10-K.

The results of operations for the three-month and nine-month periods ended September 30, 2000 are not necessarily indicative of the results to be expected for the full year.

The Company generated an operating loss of $30.4 million for the nine months ended September 30, 2000 primarily due to the significant costs associated with the expansion of its ATM network, investment in delivery, support, research and development in its software subsidiary which was acquired in December 1998, as well as a write-down of goodwill and other identifiable intangible assets associated with the Company's Software Solutions Segment (see Note 8). In addition, the Company generated negative cash flows from operations of $16.0 million for the nine months ended September 30, 2000, primarily due to the significant costs associated with the expansion of its ATM network, investment in delivery, support, research and development in its software subsidiary which was acquired in December 1998, and settlement of currency option contracts (see Note 6). Based on the Company's current business plan and financial projections, the Company expects to reduce operating losses and net cash used in operating activities during the remainder of 2000. In the ATM Services Segment, the Company anticipates that increased transaction levels in its ATM network will result in additional revenues without a corresponding increase in expenses. In addition, the Company expects to further expand its ATM outsourcing services and offer new value-added services, which will provide continued revenue growth without significantly increasing direct operating expenses or capital investments. In the Software Solutions Segment, the Company expects to continue its strategic repositioning of its software business from direct software sales to software-only customers to more integrated solutions combining the strengths of the Company's electronic financial transaction network system with its software development strengths.

The Company believes that cash and cash equivalents at September 30, 2000 will provide the Company with sufficient cash resources until it achieves positive cash flow. In addition, the Company entered into an unsecured revolving credit agreement (see Note 7) which provides a facility of up to $4.0 million, and the Company held repurchased notes payable with a face value of 48.4 million Deutsche Marks ($21.7 million) and a fair value at September 30, 2000 of $17.3 million. As of September 30, 2000, the Company had not made any draws against the Credit Agreement. The Company nevertheless has a policy of assessing opportunities for additional debt and equity financing as they arise, and will pursue any such opportunities if the Company considers that they may contribute to fulfilling its financial and strategic business objectives.

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

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

There have been no significant additions to or changes in accounting policies of the Company since December 31, 1999. For a description of these policies, see Note 3 to the Notes to Consolidated Financial Statements for the year ended December 31, 1999.

NOTE 3 - NET LOSS PER SHARE - BASIC AND DILUTED

Net loss per share has been computed by dividing net loss by the weighted average number of common shares outstanding. The effect of potential common stock (stock options and warrants outstanding) is antidilutive. Accordingly, diluted net loss per share does not assume the exercise of stock options and warrants outstanding.

NOTE 4 - BUSINESS SEGMENT INFORMATION

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

As the ATM Services Segment continued to grow throughout 1999, the Company's management began to divide the internal organization of the segment into subsegments. Accordingly, beginning in January 2000, the Company divided the ATM Services Segment into three subsegments: "Central European ATM Operations" (including Hungary, Poland, the Czech Republic, Croatia, Greece and Romania), "Western European ATM Operations" (including Germany, France, and the United Kingdom) and "Other ATM Operations" (including the United States and unallocated processing center costs). Where practical, certain amounts have been reclassified to reflect the change in internal reporting. The Company is unable to present ATM Services Segment assets by subsegment as of September 30, 1999. Prior to January 1, 2000, certain assets that were used to provide support services to the Company as a whole were included in the assets in the balance sheet of the Company's wholly owned Hungarian subsidiary, Euronet Banktechnikai Szolgaltato Kft. ("Bank Tech"). In order to segregate corporate assets from those of the Hungarian operations, these assets were transferred as of December 31, 1999, from Bank Tech to an existing Hungarian shell company, Euronet Adminisztracios Szolgaltato Kft. ("Euronet Corporate Services"), formerly known as SatComNet. Those assets are now shown under the Other ATM Operations Subsegment.

The following tables present the segment results of the Company's operations for the three-month and nine-month periods ended September 30, 2000 and September 30, 1999.

(Unaudited)
(In thousands)

For the three months ended September 30, 2000	ATM Services Central Europe	Western Europe	Other ATM	ATM Total	Software Solutions	Corporate Services	Total
Total revenues	$ 4,886	$ 4,209	$ 467	$ 9,562	$ 4,509	$ -	$ 14,071
Total operating expenses	(4,997)	(4,888)	(614)	(10,499)	(18,293)	(2,174)	(30,966)
Operating loss	(111)	(679)	(147)	(937)	(13,784)	(2,174)	(16,895)
Interest income	19	(39)	154	134	(24)	77	187
Interest expense	(228)	(43)	(1)	(272)	-	(2,233)	(2,505)
Foreign exchange (loss)/gain, net	(649)	(206)	(288)	(1,143)	1	5,344	4,202
Net loss/(profit) before income taxes	$ (969)	$ (967)	$ (282)	$ (2,218)	$(13,807)	$ 1,014	$(15,011)
Segment assets	$ 24,710	$ 17,084	$ 3,104	$ 44,898	$ 6,842	$ 11,649	$ 63,389
Fixed assets	16,643	11,508	1,410	29,561	974	190	30,725
Depreciation and amortization	1,001	705	253	1,959	629	36	2,624

(Unaudited)
(In thousands)

For the Three months ended September 30, 1999	ATM Services Central Europe	Western Europe	Other ATM	ATM Total	Software Solutions	Corporate Services	Total

Total revenues	$ 3,380	$ 3,019	$ 637	$ 7,036	$ 4,847	$ --	$ 11,883
Total operating expenses	(5,615)	(3,982)	(612)	(10,209)	(5,765)	(1,508)	(17,482)
Operating (loss)/income	(2,235)	(963)	25	(3,173)	(918)	(1,508)	(5,599)
Interest income	137	9	7	153	20	288	461
Interest expense	(212)	(21)	(21)	(254)	--	(2,763)	(3,017)

	Central Europe	Western Europe	Other ATM	ATM Total	Software Solutions	Corporate Services	Total
Foreign exchange (loss)/gain, net	(185)	15	120	(50)	--	(1,887)	(1,937)
Net (loss)/profit before income taxes	$ (2,495)	$ (960)	$ 131	$ (3,324)	$ (898)	$ (5,870)	$(10,092)
Segment assets	n/a	n/a	n/a	$ 58,967	$ 20,623	$ 20,803	$100,393
Fixed assets	n/a	n/a	n/a	35,369	1,066	159	36,594
Depreciation and amortization	n/a	n/a	n/a	1,968	538	38	2,544

(Unaudited)
(In thousands)

For the Three months ended September 30, 2000	ATM Services						
	Central Europe	Western Europe	Other ATM	ATM Total	Software Solutions	Corporate Services	Total
Total revenues	$ 13,468	$ 11,907	$ 1,398	$ 26,773	$ 12,244	$ --	$ 39,017
Total operating expenses	(15,718)	(14,712)	(1,740)	(32,170)	(31,029)	(6,205)	(69,404)
Operating loss	(2,250)	(2,805)	(342)	(5,397)	(18,785)	(6,205)	(30,387)
Interest income	254	26	186	466	72	388	926
Interest expense	(687)	(122)	(7)	(816)	--	(6,732)	(7,548)
Foreign exchange (loss)/gain, net	(1,435)	(531)	(697)	(2,663)	1	2,946	284
Net loss before income taxes	$ (4,118)	$ (3,432)	$ (860)	$ (8,410)	$(18,712)	$ (9,603)	$(36,725)
Segment assets	$ 24,710	$ 17,084	$ 3,104	$ 44,898	$ 6,842	$ 11,649	$ 63,389
Fixed assets	16,643	11,508	1,410	29,561	974	190	30,725
Depreciation and amortization	2,942	2,200	867	6,009	1,894	158	8,061

(Unaudited)
(In thousands)

For the Three months ended September 30, 2000	ATM Services						
	Central Europe	Western Europe	Other ATM	ATM Total	Software Solutions	Corporate Services	Total
Total revenues	$ 9,002	$ 8,727	$ 637	$ 18,366	$ 12,485	$ --	$ 30,851
Total operating expenses	(16,076)	(12,235)	(1,380)	(29,691)	(16,519)	(4,940)	(51,150)
Operating loss	(7,074)	(3,508)	(743)	(11,325)	(4,034)	(4,940)	(20,299)
Interest income	273	13	11	297	64	1,101	1,462
Interest expense	(751)	(73)	(47)	(871)	--	(7,378)	(8,249)
Foreign exchange (loss)/gain, net	(217)	--	118	(99)	2	(1,114)	(1,211)
Net loss before income taxes	$ (7,769)	$ (3,568)	$ (661)	$(11,998)	$ (3,968)	$(12,331)	$(28,297)
Segment assets	n/a	n/a	n/a	$ 58,967	$ 20,623	$ 20,803	$100,393
Fixed assets	n/a	n/a	n/a	35,369	1,066	159	36,594
Depreciation and amortization	n/a	n/a	n/a	5,418	1,666	100	7,184

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

(in thousands)	For the three months ended Sept. 30, 2000	For the three months ended Sept. 30, 1999	For the nine months ended Sept. 30, 2000	For the nine months ended Sept. 30, 1999
Revenues:				
Total revenues for reportable segments	$14,071	$11,883	$39,017	$30,851
Elimination of inter segment revenues	(45)	(45)	(135)	(135)
Total consolidated revenues	$14,026	$11,838	$38,882	$30,716

Total revenues for the nine months ended September 30, 2000 and September 30, 1999 and long-lived assets as of September 30, 2000 and September 30, 1999 for the Company analyzed by geographical location is as follows:

	Total Revenues		Long-lived Assets	
	Sept. 30, 2000	Sept. 30, 1999	Sept. 30, 2000	Sept. 30, 1999
United States	$12,244	$13,120	$ 1,187	$ 1,138
Germany	7,286	8,116	4,691	7,283
Poland	6,489	4,045	9,186	9,661
Hungary	4,841	4,143	5,915	10,073
Other	8,157	1,427	9,746	8,439
Total	$39,017	$30,851	$30,725	$36,594

Total revenues are attributed to countries based on location of customer for the ATM Services Segment. For revenues generated by the Software Solutions Segment, all revenues are attributed to the United States. Long lived assets consist of property, plant, and equipment, net of accumulated depreciation.

NOTE 5 - PRIVATE PLACEMENT OF COMMON SHARES

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

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

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

NOTE 6 - FORWARD FOREIGN EXCHANGE CONTRACTS

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

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

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

On May 26, 2000, the rate of the Euro was $0.9118 and the Company settled the above option contracts in the amount of $8.3 million resulting in a total net loss on such contracts of $10.3 million inclusive of the cost of the contracts. At September 30, 2000, the Company had not entered into any further option contracts.

NOTE 7 - CREDIT FACILITY

On June 30, 2000 the Company entered into an unsecured revolving credit agreement (the "Credit Agreement"). The Credit Agreement provides a facility of up to $4.0 million from three shareholders of the Company as follows: DST Systems Inc. in the amount of $2.4 million; Hungarian-American Enterprise Fund in the amount of $1.0 million; and Michael J. Brown in the amount of $600,000. The facility may be drawn upon until December 28, 2000, and repayments of any draws are due June 30, 2001. Draws on the facility will accrue interest at 10 percent per annum, payable quarterly. The Company paid a facility fee, in the form of warrants of the Company's stock, of 100,000 warrants issued pro-rata to the lenders with a warrant strike price of $7.00 (90% of the average price of the Company's shares, as quoted on the NASDAQ SmallCap market for 10 trading days prior to the warrant issue date). Additional warrants are issued on similar terms and conditions for each draw on the facility at the rate of 80,000 warrants for each $1.0 million of funds drawn. As of September 30, 2000, the Company had not made any draws against the Credit Agreement.

NOTE 8 - ASSET WRITE-DOWN

On a periodic basis, the Company estimates the future undiscounted cash flows of the business to which goodwill and other identifiable intangible assets relates in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". When such an estimate of the future undiscounted cash flows, net of the carrying amount of tangible net assets, is less than the carrying amount of goodwill and other identifiable intangible assets, impairment is recognized. During the third quarter of 2000, the Company reduced the carrying value of certain assets. The asset write-downs totaled $12.0 million, of which $11.2 million related to goodwill and other identifiable intangible assets associated with the Company's acquisition of Arkansas Systems, Inc. ("Arksys) in December 1998. The remaining $800,000 write-down related to the Company's ATM hardware inventory acquired associated with the Company's acquisition of the SBK ATM network in Germany and the Budapest Bank ATM network in Hungary.

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

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

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

The table below summarizes the Company's intangible assets as of September 30, 2000 and December 31, 1999:

(in thousands)	September 30 2000	December 31 1999
Goodwill	$2,973	$10,641
Developed technology	-	5,700
Assembled workforce	-	1,130
Installed base	-	1,080
Distributor/agent relationships	-	380
Trade name	-	400
	2,973	19,331
Less: accumulated amortization	(379)	(3,072)
Total	$2,594	$16,259

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

NOTE 9 - RECLASSIFICATION

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

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

Euronet is a provider of end-to-end electronic payment solutions and transaction processing for retail banks and other companies. The Company operates an independent automated teller machine ("ATM") network and sells and supports software for electronic payment and transaction delivery systems. Euronet offers electronic payment solutions consisting of ATM network participation and outsourced ATM network management solutions, and comprehensive software solutions to retail banks and other companies around the world.

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

During the year 2000, the Company began offering a new set of solutions to mobile phone companies and banks, including solutions facilitating the purchase of prepaid mobile phone time ("Prepaid Recharge Solutions") and wireless banking ("Wireless Banking Solutions"). The Prepaid Recharge Solutions are offered to mobile phone companies and involve processing transactions initiated by mobile phone users on ATMs (including in particular ATMs owned or operated by the Company), POS terminals, PCs connected to the internet, the mobile phones themselves or other wireless devices. These transactions are routed to Euronet's processing centers, then to card issuers to obtain authorization of a card transaction, and finally to the mobile phone company to open up the prepaid phone time purchased on the mobile phone user's account. The Wireless Banking Solutions are sold to banks and permit individuals to access their bank account information and initiate transactions from wireless devices and permit banks to send messages regarding events occurring on their customers' accounts to the customers' mobile phones. Revenues from these solutions were not significant for three month period ended September 30, but are increasing as contracts are signed with more mobile phone companies. Based on indications of interest from the market, the Company believes this emerging area of its business will grow rapidly.

SEGMENT RESULTS OF OPERATIONS

(Unaudited) (In thousands)	Revenues		Operating Profit/(Loss)	
Three months ended September 30,	2000	1999	2000	1999
ATM Services:				
Central European ATM Operations	$ 4,886	$ 3,380	$ (111)	$ (2,235)
Western European ATM Operations	4,209	3,019	(679)	(963)
Other ATM Operations	467	637	(147)	25
Total ATM Services	9,562	7,036	(937)	(3,173)
Software Solutions	4,509	4,847	(13,784)	(918)
Corporate Services	-	-	(2,174)	(1,508)
Inter segment eliminations	(45)	(45)	-	-
Total	$14,026	$11,838	$(16,895)	$ (5,599)

(Unaudited) (In thousands)	Revenues	Operating Profit/(Loss)

Nine months ended September 30,	2000	1999	2000	1999
ATM Services:				
Central European ATM Operations	$13,468	$ 9,002	$ (2,250)	$ (7,074)
Western European ATM Operations	11,907	8,727	(2,805)	(3,508)
Other ATM Operations	1,398	637	(342)	(743)
Total ATM Services	26,773	18,366	(5,397)	(11,325)
Software Solutions	12,244	12,485	(18,785)	(4,034)
Corporate Services	-	-	(6,205)	(4,940)
Inter segment eliminations	(135)	(135)	-	-
Total	$38,882	$30,716	$(30,387)	$(20,299)

COMPARISON OF OPERATING RESULTS THE THREE MONTHS ENDED SEPTEMBER 30, 2000 AND 1999 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2000 AND 1999

ATM SERVICES SEGMENT

Revenues

Total segment revenues increased by $2.6 million or 37% to $9.6 million for the three months ended September 30, 2000 from $7.0 million for the three months ended September 30, 1999, and by $8.4 million or 46% to $26.8 million for the nine months ended September 30, 2000 from $18.4 million for the nine months ended September 30, 1999. The increase in revenues is due primarily to the significant increase in transaction volume attributable to additional network connections to credit and debit card issuers and an increase in the number of ATMs operated by the Company during these periods.

Revenues for the Central European Subsegment totaled $4.9 million for the three months ended September 30, 2000 as compared to $3.4 million for the three months ended September 30, 1999 and $13.5 million for the nine months ended September 30, 2000 as compared to $9.0 million for the nine months ended September 30, 1999. The increase in revenues is largely the result of an increase in the number of ATMs operated by the Company from 1,167 at September 30, 1999 to 1,359 at September 30, 2000, and increased transaction volumes. Revenues for the Western European Subsegment totaled $4.2 million for the three months ended September 30, 2000 as compared to $3.0 million for the three months ended September 30, 1999 and $11.9 million for the nine months ended September 30, 2000 as compared to $8.7 million for the nine months ended September 30, 1999. The increase in revenues is largely the result of an increase in the number of ATMs operated by the Company from 516 at September 30, 1999 to 763 at September 30, 2000, and increased transaction volumes. Revenues for the Other ATM Operations Subsegment were $467,000 for the three months ended September 30, 2000 as compared to $637,000 for the three months ended September 30, 1999 and $1.4 million for the nine months ended September 30, 2000 as compared to $637,000 for the nine months ended September 30, 1999. The revenues from this segment are the result of the acquisition of the Dash Network located in the United States in August 1999.

In total, the Company had 1,817 ATMs installed as of September 30, 1999, and processed 9.4 million transactions for the three months ended September 30, 1999 and 22.2 million transactions for the nine months ended September 30, 1999. As of September 30, 2000, the Company's ATM network increased by 754 ATMs, or 41%, to a total of 2,571 ATMs, of which 73% are owned by the Company and 27% are owned by banks or other financial institutions but operated by the Company through management agreements. The Company processed 13.8 million transactions for the three months ended September 30, 2000, an increase of 4.4 million transactions, or 47%, over the three months ended September 30, 1999. The Company processed 37.7 million transactions for the nine months ended September 30, 2000, an increase of 15.5 million transactions, or 70%, over the nine months ended September 30, 1999.

Of total segment revenue, approximately 86% is attributable to those ATMs owned by the Company for the three months ended September 30, 2000 and 92% for the three months ended September 30, 1999. Of total transactions processed, approximately 77% is attributable to those ATMs owned by the Company for the three months ended September 30, 2000 and 77% for the three months ended September 30, 1999. In addition, of total segment revenue approximately 86% is attributable to those ATMs owned by the Company for the nine months ended September 30, 2000 and 95% for the nine months ended September 30, 1999. Of total transactions processed, approximately 77% is attributable to those ATMs owned by the Company for the nine months ended September 30, 2000 and 83% for the nine months ended September 30, 1999. The Company believes the shift from a largely proprietary, Euronet-owned ATM network to a more balanced mix between proprietary ATMs and customer-owned ATMs is an extremely positive development and will provide higher marginal returns on investments.

Transaction fees payable under the Prepaid Recharge Solutions and Wireless Banking Solutions are included in ATM Services Segment Revenues.

Operating Expenses

Total segment operating expenses increased to $10.5 million for the three months ended September 30, 2000 from $10.2 million for the three months ended September 30, 1999 and to $32.2 million for the nine months ended September 30, 2000 from $29.7 million for the nine months ended September 30, 1999. The increases are due primarily to costs associated with the installation of additional ATMs and expansion of the Company's operations during the periods.

The Company recorded an $800,000 write-down of certain ATM hardware assets associated with the purchase of the Budapest Bank ATM network in May 2000 and the Service Bank ATM network in March 1999 (see Note 8). In addition, the Company recorded a one-time gain in its Central European Subsegment of $1.2 million. The gain is related to a change in Hungarian law that eliminates a major portion of the Company's liability for import taxes on ATM hardware to the Hungarian government. The gain is included as an element of direct operating costs.

Direct operating costs in the ATM Services Segment consist primarily of: ATM installation costs, ATM site rental costs, costs associated with maintaining ATMs, ATM telecommunication costs, interest on network cash and cash delivery and security services to ATMs. Such costs decreased to $5.3 million for the three months ended September 30, 2000 from $5.6 million for the three months ended September 30, 1999 and increased to $18.3 million for the nine months ended September 30, 2000 from $16.7 million for the nine months ended September 30, 1999. In addition, intercompany allocations were made to charge the ATM operations with transaction switching and bank connection fees associated with the operations central processing center in Budapest. These allocations totaled $1.0 million for the three months ended September 30, 2000 and $800,000 for the three months ended September 30, 1999 and $3.0 million for the nine months ended September 30, 2000 and $2.2 million for the nine months ended September 30, 1999. The components of direct operating costs for the three months and nine months ended September 30, 2000 and 1999 were:

(Unaudited) (in thousands)	Three months ended September 30, 2000	Three months ended September 30, 1999	Nine months ended September 30, 2000	Nine months ended September 30, 1999
ATM communication	$ 955	$ 981	$ 3,041	$ 3,021
ATM cash filling and interest on network cash	1,798	1,278	5,468	4,115
ATM maintenance	1,008	873	2,941	2,257
ATM site rental	547	617	1,655	1,942
ATM installation	70	315	567	643
Transaction processing and ATM monitoring	1,363	1,033	3,898	2,951
Other	697	431	1,876	1,725
Gain on import-duty	(1,166)	-	(1,166)	-
Total direct operating costs	$ 5,272	$5,638	$18,280	$16,654

Segment salaries and benefits were $1.8 million for the three months ended September 30, 2000 as compared to $1.8 million for the three months ended September 30, 1999 and increased to $5.5 million for the nine months ended September 30, 2000 from $5.4 million for the nine months ended September 30, 1999. The largely flat year-on-year expenses reflect the Company's efforts to control costs, and indicate the Company's current staffing in both Central and Western Europe are sufficient to maintain current operational activities.

Selling, general and administrative costs allocated to the ATM Services Segment decreased to $700,000 for the three months ended September 30, 2000 from $800,000 for the three months ended September 30, 1999 and to $1.6 million for the nine months ended September 30, 2000 from $2.2 million for the nine months ended September 30, 1999. The cost decreases for the three months and nine months ended September 30, 2000, result largely from increases in the allocation of costs from the Budapest processing center to the direct operating costs of the ATM network, due to an increase in the number of ATMs operated by the Company, as discussed above.

Depreciation and amortization charges were $2.0 million for the three months ended September 30, 2000 as compared to $2.0 million for the three months ended September 30, 1999 and increased to $6.0 million for the nine months ended September 30, 2000 from $5.4 million for the nine months ended September 30, 1999. The increases are due primarily to the increase in the number of owned ATMs as discussed previously.

Operating Loss

The total ATM Services Segment operating loss decreased to $937,000 for three months ended September 30, 2000 from $3.2 million for the three months ended September 30, 1999 and to $5.4 million for the nine months ended September 30, 2000 from $11.3 million for the nine months ended September 30, 1999, as a result of the factors discussed above. The Central European ATM Operations Subsegment recorded an operating loss of $111,000 for the three months ended September 30, 2000 compared to a loss of $2.2 million for the three months ended September 30, 1999 and a loss of $2.3 million for the nine months ended September 30, 2000 from $7.1 million for the nine months ended September 30, 1999, as a result of the factors discussed above. The Western European ATM Operations Subsegment operating loss decreased to $679,000 for three months ended September 30, 2000 compared to $963,000 for the three months ended September 30, 1999 and to $2.8 million for the nine months ended September 30, 2000 from $3.5 million for the nine months ended September 30, 1999, as a result of the factors discussed above. The Other ATM Operations Subsegment incurred an operating loss of $147,000 for the three months ended September 30, 2000 compared to an operating profit of $25,000 for the three months ended September 30, 1999 and an operating loss of $342,000 for the nine months ended September 30, 2000, down from $743,000 for the nine months ended September 30, 1999, as a result of the factors discussed above.

SOFTWARE SOLUTIONS SEGMENT

Revenues

Total segment revenues decreased by $300,000 or 7% to $4.5 million for the three months ended September 30, 2000 from $4.8 million for the three months ended September 30, 1999, and by $300,000 or 2% to $12.2 million for the nine months ended September 30, 2000 from $12.5 million for the nine months ended September 30, 1999.

Software Solutions Segment revenues are grouped into four broad categories: software license fees, professional service fees, maintenance fees and hardware sales. Software license fees are the initial fees charged by the Company for the licensing of its proprietary application software to customers. Professional service fees are charged for customization, installation and consulting services provided to customers. Software maintenance fees are the ongoing fees charged to customers for the maintenance of the software products. Hardware sales revenues are derived from the sale or brokerage of computer products and are reported net of cost of sales. The table below shows the components of segment revenues for the three months ended September 30, 2000 and 1999 and for the nine months ended September 30, 2000 and 1999:

(Unaudited) (in thousands)	Three months ended September 30, 2000	Three months ended September 30, 1999	Nine months ended September 30, 2000	Nine months ended September 30, 1999
Software license fees	$1,314	$ 424	$ 3,294	$ 1,593
Professional service fees	2,035	3,271	4,978	7,469
Maintenance fees	988	1,015	3,534	3,302
Hardware sales	172	137	438	121
Total segment revenues	$4,509	$4,847	$12,244	$12,485

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

The decreases in Professional service fees from 1999 to 2000 can be attributed to the Company's reduction of its software sales backlog in the second and third quarters of 2000.

Software Sales Backlog

The Company defines "software sales backlog" as fees specified in contracts which have been executed by the Company and for which the Company expects recognition of the related revenue within one year. At September 30, 2000 the revenue backlog was $3.7 million compared to $2.6 million at September 30, 1999. The increase in backlog can be attributed to the Company's efforts towards improving delivery, balanced with increasing software sales. It is management's intention to continue to focus on expediting delivery and implementation of software in an effort to reduce backlog while continuing sales growth.

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

Operating Expenses

Software Solutions Segment operating expenses consist primarily of salaries and benefits, selling, general and administrative, and depreciation and amortization. In addition, the Company recorded a $11.2 million one-time write-down of goodwill and other identifiable intangible assets associated with the Company's purchase of Arksys in December 1998 (see Note 8). Total segment operating expenses increased to $18.3 million for the three months ended September 30, 2000 from $5.8 million for the three months ended September 30, 1999 and $31.0 million for the nine months ended September 30, 2000 from $16.5 million for the nine months ended September 30, 1999.

The Company has made planned increases in staff in order to increase sales, accelerate development of certain software enhancements and reduce delivery times for software. These staff increases have resulted in a significant increase in salaries and benefits, which has contributed to the net losses of the Software Solutions Segment for the three-month and nine -month periods ended September 30, 2000 and 1999.

The Company has an ongoing commitment to the development, maintenance and enhancement of its products and services. As a result of this commitment the Company has invested substantial amounts in research and development. In particular, the Company has invested and will continue to invest in new software products that will serve as the underlying application software that permits additional features and transactions on the Company's ATM network. In addition, the Company continues to invest in the on-going development of products that were recently introduced to the market. The Company's research and development costs incurred for computer products to be sold, leased or otherwise marketed increased to $2.1 million for the three months ended September 30, 2000 from $1.0 million for the three months ended September 30, 1999 and to $5.7 million for the nine months ended September 30, 2000 from $2.4 million for the nine months ended September 30, 1999.

Operating Loss

The Software Solutions Segment operating loss increased to $13.8 million for the three months ended September 30, 2000 from $918,000 for the three months ended September 30, 1999 and to $18.8 million for the nine months ended September 30, 2000 from $4.0 million for the nine months ended September 30, 1999, as a result of the factors discussed above.

CORPORATE SERVICES SEGMENT

Operating Expenses

Operating expenses for the Corporate Services Segment increased to $2.2 million for the three months ended September 30, 2000 from $1.5 million for the three months ended September 30, 1999 and to $6.2 million for the nine months ended September 30, 2000 from $4.9 million for the nine months ended September 30, 1999. The Company's expansion of its network infrastructure, and increases in corporate and administrative capabilities are the primary reasons for these increased expenditures.

NON-OPERATING RESULTS

Interest Income

Interest income decreased to $187,000 for the three months ended September 30, 2000 from $461,000 for the three months ended September 30, 1999 and to $926,000 for the nine months ended September 30, 2000 from $1.5 million for the nine months ended September 30, 1999. The decrease is the result of the decrease in investment securities and cash.

Interest Expense

Interest expense decreased to $2.5 million for the three months ended September 30, 2000 from $3.0 million for the three months ended September 30, 1999 and decreased to $7.5 million for the nine months ended September 30, 2000 from $8.2 million for the nine months ended September 30, 1999. The decrease for the three and nine months ended September 30, 2000 is the result of the Company's bond repurchases in 1999 and a reduction in the U.S. dollar equivalent of interest on foreign currency debt due to devaluation of the respective foreign currencies.

Foreign Exchange Gain/Loss

The Company had a net foreign exchange gain of $4.2 million for the three months ended September 30, 2000, compared to a loss of $1.9 million for the three months ended September 30, 1999 and a net foreign exchange gain of $284,000 for the nine months ended September 30, 2000 compared to a loss of $1.2 million for the nine months ended September 30, 1999. Exchange gains and losses that result from re-measurement of certain Company assets and liabilities are recorded in determining net loss. A portion of the assets and liabilities of the Company are denominated in Euros, including capital lease obligations, notes payable (including the Notes issued in the Company's public bond offering), and cash and cash equivalents. It is the Company's policy to attempt to match local currency receivables and payables. The foreign currency denominated assets and liabilities gives rise to foreign exchange gains and losses as a result of U.S. dollar to local currency exchange movements.

From the time of issuance of its Deutsche Mark (Euro) denominated 12 3/8% senior discount notes (the "Senior Discount Notes") in June 1998 until May 31, 2000, the Company hedged its exposure resulting from foreign currency fluctuations that could affect the U.S. Dollar equivalent of the amounts payable under such notes. On May 26, 1999, the Company entered into several foreign exchange option contracts governed by an ISDA Master Agreement with Merrill Lynch International Bank Limited ("ML"). Under such contracts, if as of May 26, 2000 (the settlement date under such contracts), the Euro weakened against the dollar and fell below $1.0550 to the Euro (the "Floor Rate") the Company would be required to make a cash payment to ML on May 31, 2000 in an amount that depended on the Dollar/Euro exchange rate on such settlement date. At the same time, if the Euro strengthened against the U.S. Dollar and rose above $1.0835 to the Euro (the "Ceiling Rate") the Company would have received a cash payment from ML on May 31, 2000 in an amount that depended on the Dollar/Euro exchange rate on the settlement date. In the week of March 13, 2000, the Company entered into additional put option contracts to limit the cash impact of the original put option contracts sold on May 26, 1999, should the Euro close below $0.95 on May 26, 2000.

On May 26, 2000, the rate of the Euro was $0.9118 and the Company settled the above option contracts in the amount of $8.3 million resulting in a total net loss on such contracts of $10.3 million inclusive of the cost of the contracts. Of the total amount, $0 was recorded in the three-month period ended September 30, 2000 and $6.2 million was recorded in the nine-month period ended September 30, 2000. At September 30, 2000, the Company had not entered into any further option contracts.

Extraordinary Gain

In September 1999 the Company recorded an extraordinary gain of $149,000 (net of income taxes of $0) following its repurchase of a portion of its DEM denominated senior discount 12 3/8% notes. The gain represents the difference between the allocated carrying value of the face value of the debt repurchased of $461,000 less the consideration paid of $297,000, offset by the write-off of allocated unamortized deferred financing costs of $15,000.

In June 1999 the Company recorded an extraordinary gain of $1.5 million (net of income taxes of $0) following its repurchase of a portion of its DEM denominated senior discount 12 3/8% notes. The gain represents the difference between the allocated carrying value of the face value of the debt repurchased of $4.2 million less the consideration paid of $2.5 million, offset by the write-off of allocated unamortized deferred financing costs of $149,000.

In February 1999 the Company recorded an extraordinary gain of $154,000 (net of income taxes of $80,000), following its repurchase of a portion of its DEM denominated senior discount 12 3/8% notes. The gain represents the difference between the allocated carrying value of the face value of the debt repurchased of $629,000 less the consideration paid of $373,000, offset by the write-off of allocated unamortized deferred financing costs of $22,000.

The three transactions above result in a combined extraordinary gain of $1.8 million for the nine months ended September 30, 1999. There were no extraordinary gains or losses for the nine months ended September 30, 2000. The Company has not retired the bonds repurchased.

Net Loss

The Company's net loss increased to $15.8 million during the three months ended September 30, 2000 from $9.9 million for the three months ended September 30, 1999 and $37.6 for the nine months ended September 30, 2000 from $26.5 for the nine months ended September 30, 1999, as a result of the factors discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Since its inception, the Company has sustained negative cash flows from operations and has financed its operations and capital expenditures primarily through the proceeds from the 1998 issue of Deutsche Mark denominated notes payable, the Company's 1997 public equity offering, equipment lease financing and private placements of equity securities. The net proceeds of such transactions, together with revenues from operations and interest income have been used to fund aggregate net losses since inception of approximately $111.8 million, investments in property, plant and equipment of approximately $48.9 million and acquisitions of $24.6 million.

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

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

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

The Company leases the majority of its ATMs under capital lease arrangements that expire between 2000 and 2004. The leases bear interest between 8% and 12% per annum. As of September 30, 2000 the Company owed $12.7 million under such capital lease arrangements.

At September 30, 2000 the Company had cash and cash equivalents of $11.2 million and working capital of $7.9 million. The Company had $2.1 million of restricted cash held as security with respect to cash provided by banks participating in Euronet's ATM network and as deposits with customs officials. In addition to the assets held on the balance sheet at September 30, 2000 the Company held repurchased notes payable with a face value of 48.4 million Deutsche Marks ($21.7 million) and a fair value at September 30, 2000 of $17.3 million.

Furthermore, on June 30, 2000 the Company entered into an unsecured revolving credit agreement (the "Credit Agreement"). The Credit Agreement provides a facility of up to $4.0 million from three shareholders as follows: DST Systems in the amount of $2.4 million; Hungarian-American Enterprise Fund in the amount of $1.0 million; and Michael J. Brown in the amount of $600,000. The facility may be drawn upon until September 30, 2000, and repayments of any draws are due June 30, 2001. Draws on the facility will accrue interest at 10 percent per annum, payable quarterly. In addition, the facility has a fee of 100,000 warrants issued pro- rata to the lenders with a warrant strike price at the average share price, as quoted on NASDAQ for 10 trading days prior to the warrant issue date, less 10 percent. Additional warrants are issued on similar terms and conditions for each draw on the facility at the rate of 80,000 warrants

for each $1.0 million of funds drawn. As of September 30, 2000, the Company had not made any draws against the Credit Agreement.

The Company expects that its capital requirements will continue in the future but will not be as great as they were in the past, as the Company intends to continue to promote its outsourcing capabilities and re-deploy under-performing ATMs currently operating in the network. This strategy should reduce the Company's reliance on capital expenditures in the future as the business continues to grow. Fixed asset purchases and capital lease payments for the remainder of 2000 are expected to be approximately $1.4 million in the Company's existing markets, notably Western and Central Europe. Acquisitions of related ATM business and investments in new markets in furtherance of the Company's strategy may require additional capital expenditures.

Based on the Company's current business plan and financial projections, the Company expects to continue to reduce operating losses and net cash used in operating activities for the remainder of 2000. In the ATM Services Segment, the Company anticipates that increased transaction levels in its ATM network will result in additional revenues without a corresponding increase in expenses. In addition, the Company expects to further expand its ATM outsourcing services and offer new value-added services, which will provide continued revenue growth without significantly increasing direct operating expenses or capital investments. In the Software Solutions Segment, the Company expects increased revenues resulting from sales of new products and services to the existing and expanded customer base resulting from the continued integration of the Company's sales and customer service organizations. The Company believes that the net proceeds from the private placements of common shares described above and cash and cash equivalents will provide the Company with sufficient cash resources until it achieves positive cash flow from operations. As a result, the Company believes it has sufficient liquidity resources to meet current and future cash requirements. The Company nevertheless has a policy of assessing opportunities for additional debt and equity financing as they arise, and will pursue any such opportunities if the Company considers that they may contribute to fulfilling its financial and strategic business objectives.

BALANCE SHEET ITEMS

Cash and Cash Equivalents

The decrease of cash and cash equivalents to $11.2 million at September 30, 2000 from $15.0 million at December 31, 1999 is due primarily to the net effects of working capital movements and operating losses for the nine months ended September 30, 2000. In addition, the Company recorded net proceeds of $13.1 million from private placements of the Company's stock as discussed in Note 5 of the Notes to the Unaudited Consolidated Financial Statements.

Restricted Cash

Restricted cash decreased to $2.1 million at September 30, 2000 from $10.9 million at December 31, 1999. Restricted cash represents funds held as security with respect to cash provided by banks participating in the Company's ATM network and as deposits with customs officials. The decrease resulted primarily from the settlement of the Merrill Lynch option contracts using restricted cash as discussed above, and a release of restricted cash resulting from the posting of a surety bond with the Hungarian banking institution that supplies cash to the Company's ATM network.

Trade Accounts Receivable

Trade accounts receivable increased slightly to $8.2 million at September 30, 2000 from $7.9 million at December 31, 1999 due primarily to increased software sales in the current year and ATM transaction revenues.

Property, Plant and Equipment

Net property, plant and equipment decreased to $30.7 million at September 30, 2000 from $36.7 million at December 31, 1999. This decrease is due primarily to recognizing fixed asset depreciation in excess of fixed asset additions, and the write-off of $800,000 in ATM hardware (see Note 8).

Intangible Assets

Net intangible assets decreased to $2.6 million at September 30, 2000 from $16.3 million at December 31, 1999. This decrease is due primarily to the $11.2 million write-down of goodwill and other identifiable intangible assets associated with the Software Solutions Segment (see Note 8). In addition, the decrease is the result of amortization of purchased intangibles acquired in the Arksys acquisition in 1998, and the SBK and Dash acquisitions in 1999.

Current liabilities

Current liabilities decreased to $18.0 million at September 30, 2000 from $26.9 million at December 31, 1999. This decrease is due primarily to decreases in accrued expenses, billings in excess of costs and estimated earnings on software installation costs and settlement of the Merrill Lynch option contracts.

Notes Payable

Notes payable decreased to $69.9 million at September 30, 2000 from $72.8 million at December 31, 1999. This is the result of several transactions as follows:

Balance at December 31, 1999	$72.8
Unrealized foreign exchange gain (DEM vs. USD)	(9.5)
Accretion of bond interest	6.6
Balance at September 30, 2000	$69.9

Capital Leases

Total capital lease obligations including current installments increased to $12.7 million at September 30, 2000 from $10.6 million at December 31, 1999. This increase is due primarily to additional capital leases resulting from the Company's purchase of Budapest Bank's ATM network, consisting of 147 ATMs on May 1, 2000.

Total Stockholders' Deficit

Total stockholders' deficit increased to a deficit of $33.6 million at September 30, 2000 from $9.5 million at December 31, 1999. This is due to the net loss for the nine months ended September 30, 2000 of $37.6 million, offset by $13.1 million received in the private placement described in Note 5 of the Notes to the Unaudited Consolidated Financial Statements and an increase in the accumulated comprehensive loss of $500,000.

Impact of New Accounting Pronouncements Not Yet Adopted

SFAS 133

In June 1998, the FASB issued SFAS No. 133 - Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 133, as amended by FASB Statement No. 137 and 138, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge in one of three categories described in the pronouncement. The accounting for changes in the fair value of a derivative (that is, gains and losses) depends on the intended use of the derivative and the resulting designation. Under SFAS 133, an entity that elects to apply hedge accounting is required to establish at the inception of the hedge the method it will use for assessing the effectiveness of the hedge derivative and the measurement approach for determining the ineffective aspect of the hedge. Those methods must be consistent with the entity's approach to managing risk. SFAS 133 applies to all entities and, as amended, is effective for all fiscal quarters of fiscal years beginning after June 15, 1999.

Initial application should be as of the beginning of an entity's fiscal quarter; on that date, hedging relationships must be designated and documented pursuant to the provisions of SFAS 133. Earlier application of all of the provisions is encouraged but is permitted only as of the beginning of any fiscal quarter that begins after issuance of SFAS 133. Additionally, SFAS 133 should not be applied retroactively to financial statements of prior periods. Management believes that the adoption of SFAS 133 will not have a material impact on the Company's consolidated financial statements.

SAB 101

The Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101), on December 3, 1999. SAB 101 provides additional guidance on the application of existing generally accepted accounting principles to revenue recognition in financial statements. The Company does not expect the guidance of SAB 101 to have a material effect on its financial statements.

FIN 44

The Financial Accounting Standards Board (FASB) issued Interpretation No. 44, Accounting for Certain Transactions Involving Stock Compensation (FIN No. 44), in March 2000. This interpretation clarifies the application of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, with respect to certain issues in accounting for employee stock compensation and is generally effective as of July 1, 2000. The Company does not expect FIN 44 to have a material effect on its financial statements.

SFAS 140

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

Forward-Looking Statements

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

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Exchange Exposure

For the nine months ended September 30, 2000 29% of the Company's revenues were generated in Poland and Hungary, as compared to 27% in 1999, 73% in 1998 and 99% in 1997. The nine-month 2000 and 1999 figures have been substantially reduced with the additional revenues from the Company's expanded ATM network in Germany, the UK and the US. In Hungary the majority of revenues received are denominated in Hungarian forint and in Poland, the majority of revenues are denominated in Polish zloty. However the majority of these foreign currency denominated contracts are linked either to inflation or the retail price index. While it remains the case that a significant portion of the Company's expenditures are made in or are denominated in U.S. Dollars, the Company is also striving to achieve more of its expenses in local currencies to match its revenues.

The Company estimates that a further 10% depreciation in foreign exchange rates of the Deutsche Mark, Hungarian forint, and Polish zloty against the U.S. dollar, would have the combined effect of a $6.4 million decrease in the reported net loss. This was estimated using 10% of the Company's net losses after adjusting for unusual impairment and other items including U.S. dollar denominated or indexed expenses. The Company believes that this quantitative measure has inherent limitations. It does not take into account any governmental actions or changes in either customer purchasing patterns or the Company's financing or operating strategies.

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

Inflation and Functional Currencies

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

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

Interest Rate Risk

The fair market value of the Company's long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The estimated fair value of the Company's notes payable at September 30, 2000 was $57.0 million compared to a carrying value of $69.9 million. A 1% increase from prevailing interest rates at September 30, 2000 would result in a decrease in fair value of notes payable by approximately $2.6 million. Fair values were determined from quoted market prices and from investment bankers considering credit ratings and the remaining term to maturity.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES

On July 13, 2000 the Company entered into subscription agreements for the sale of 877,946 new common shares of the Company. These agreements were signed with accredited investors in transactions exempt from registration pursuant to the exemptions provided in Section 4(2) and Regulation D of the Act. Closing with respect to such sales took place on July 14, 2000 and August 29, 2000. The purchase price of each share was $6.97. The aggregate amount of proceeds to the Company from this private placement was $6.1 million.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSIONS OF MATTERS TO VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

Dr. Andrez Olechowski resigned from the Board of Directors of the Company to run for election as President of Poland. Mr. Olechowski's last board meeting was May 12, 2000.

Mr. Nicolas Callinan resigned from the Board of Directors of the Company effective September 6, 2000. This resignation was in keeping with the policy of his employer, Advent International, regarding employees serving on boards of companies in which Advent-managed funds have invested and which have become listed on a stock exchange. Mr. Callinan has explicitly stated that his resignation was not motivated by any disagreement regarding the Company's operations, policies or practices.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 13, 2000 By: /s/ MICHAEL J. BROWN

Michael J. Brown
Chief Executive Officer

November 13, 2000 By: /s/ RICHARD P. HALKA

Richard P. Halka
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION OF DOCUMENT
27	Financial Data Schedule

5
1,000
3-MOS
DEC-31-2000
JUL-01-2000
SEP-30-2000
11,239
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(0.90)