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, 2003

Commission File Number 000-22167

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

DELAWARE
(State of other jurisdiction of incorporation or organization)

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

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

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

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.02 par value

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, 2003 the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was approximately $287 million. The aggregate market value was determined based on the closing price of the Common Stock on June 30, 2003.

At February 29, 2004, the Registrant had 29,788,836 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 2004, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2003, are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS

OVERVIEW

Euronet Worldwide, Inc. ("Euronet") is an industry leader in processing secure electronic financial transactions. We offer outsourcing and consulting services, integrated electronic funds transfer ("EFT") software, network gateways, and electronic prepaid top-up services to financial institutions, mobile operators and retailers. Euronet operates the largest independent pan-European automated teller machine ("ATM") network and the largest shared ATM network in India. In our EFT Processing Segment, we process transactions for a network of 3,350 ATMs across Europe and in India. We provide comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM management solutions, and electronic recharge services for prepaid mobile airtime. Through our Prepaid Processing Segment, we are one of the largest providers of prepaid processing, or "top-up services," for prepaid mobile phone airtime. We operate a network of point-of-sale ("POS") terminals providing electronic processing of top-up services in the U.K., Australia, Poland, Ireland, New Zealand, Germany, the U.S., Malaysia and Indonesia. Through our Software Solutions Segment, we offer a suite of integrated EFT software solutions for electronic payment and transaction delivery systems. Our principal customers are banks, mobile phone operators and retailers that require electronic financial transaction processing services. Our solutions are used in more than 60 countries around the world. As of December 31, 2003, we had 10 offices in Europe, four in the Asia-Pacific region, two in the U.S. and one in Egypt.

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, Croatia and Romania) and Germany. In December, 1998, we acquired Euronet USA (formerly Arkansas Systems, Inc.), a U.S. company that produces electronic payment systems software for retail banks and is 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 business. 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.

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. As of December 31, 2002, we operated 772 ATMs in the U.K. of which 640 were owned by us. In January 2003, we sold our U.K. subsidiary, but we continue to operate all of its ATMs through a five-year management outsourcing agreement. 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.

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 the purchase of prepaid mobile airtime from ATMs, POS terminals and directly from the mobile handset.

In 2002, we opened a small office in Slovakia to support expanding efforts in Central Europe. We also entered India, one of the largest emerging markets for ATM and card growth potential. In the India market, we are focusing on ATM outsourcing and electronic recharge products for replenishing prepaid mobile airtime. We have also established the largest national shared ATM network in India with several member banks.

Euronet has progressively shifted its strategy from operating Euronet-owned ATMs to managing outsourced ATMs for banks. One step in this shift occurred in January 2003, when 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. This transaction is described in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations.

Additionally, in September 2003 we sold our 272 ATMs in Hungary to an established Hungarian financial institution. In connection with the sale, we entered into a long-term outsourcing agreement and cash sponsorship arrangement with the financial institution.

Also in 2003, Euronet complemented its existing two segments with a third business that focuses on processing transactions for prepaid services, primarily for prepaid mobile airtime, which operates as our Prepaid Processing Segment. In February 2003, we acquired e-pay Ltd ("e-pay"). See Note 4 - Acquisitions. e-pay is an electronic payments processor of prepaid top-up services in the U.K, Australia, Poland, Ireland and New Zealand. Additionally, e-pay owns 40% of the shares of e-pay Malaysia, a separate company that offers electronic top-up in Malaysia and, through a 70% 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 more than 114,000 POS terminals in approximately 46,000 retail locations. With this acquisition, we gained offices in London and Sydney. We maintain e-pay's data center in Basildon, U.K. but established a connection between that center and Euronet's existing data center in Budapest, Hungary.

In the second half of 2003, we expanded the Prepaid Processing Segment with acquisitions in the U.S. and in Germany. In September 2003, we purchased all of the assets and assumed certain liabilities of Austin International Marketing and Investments, Inc. ("AIM"). AIM is a U.S.-based electronic "top-up" company, processing prepaid transactions via POS terminals in 36 states on approximately 2,800 POS terminals. Generally, this business will operate as part of the U.S.-based prepaid service branded as PaySpot. 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 a market share of approximately 60% of electronic top-up transactions. transact currently supports top-up purchases at more than 9,500 of their installed base of over 22,000 POS terminals in approximately 18,500 retail locations. With this acquisition, we acquired an office in Munich. In January 2004, our wholly owned subsidiary, PaySpot, Inc., acquired 100% of the shares of Prepaid Concepts, Inc. ("Precept"). See Note 27 - Subsequent Events to the Consolidated Financial Statements. Precept provides prepaid top-up services in the U.S. and the acquisition of Precept should greatly expand our Prepaid Processing Segment in the U.S. Precept currently processes top-up sales at more than 4,500 POS terminals. With this acquisition, we acquired an additional office in Orange County, California.

As of December 31, 2003, we operated in three principal business segments. The first is the EFT Processing Segment (formerly called the Processing Services Segment), which comprises our proprietary ATM network and outsourced management of ATMs for banks. It includes various new processing services that we provide for banks and mobile phone companies through our ATM network and managed ATMs, such as mobile phone recharge services. Our second principal segment is the Prepaid Processing Segment (new in 2003), which comprises three subsidiaries and is focused on providing prepaid services, primarily prepaid mobile airtime via POS devices at retail locations. Our third principal segment is the Software Solutions Segment, which provides transaction processing software solutions to banks that enable them to operate ATMs and POS terminals, issue credit and debit cards and process financial transactions through various touch points.

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.

The charters for the 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. 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.

MARKET OPPORTUNITY AND 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

Our EFT Processing Segment provides 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, Serbia and Greece), Egypt, Indonesia and India, as well as in developed countries of Western Europe (Germany and the U.K.). 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.

Our ATM network enables cardholders to make cash withdrawals, balance inquiries and other transactions with cards issued by banks. The number of transactions made on our ATMs depends on the number of bankcards issued in the country where the ATMs are located. In the developing markets, the number of cards currently issued per person is substantially lower than in the developed markets, but is increasing rapidly. We believe transaction levels in the developing markets will increase eventually to approximate those of the developed markets as banks bring new customers into the banking system and issue more cards to their existing customers. Therefore, the growth rates that we expect to achieve from transaction-based revenues in developing markets are higher than in developed markets.

In the European markets, ATMs are located primarily at bank branches, as compared to a broader array of sites in the U.S. We believe opportunities are available in these markets to provide ATM access in places where our experience suggests that customers use ATMs more frequently, such as in shopping malls and large retail outlets.

Economic development in the developing markets also influences the growth rates we expect for certain other services we offer. For example, banks seeking to expand and develop their business in developing markets are good potential clients for our existing ATM network, as we can provide their customers' access to ATMs we have already installed in those markets. Likewise, we offer banks outsourced ATM services whereby we will establish a network of ATMs for banks and operate those ATMs for a fixed monthly fee or a combination of a fixed monthly fee and transaction fees.

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 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 that require the banks to pay a monthly and/or transaction-based fee to us. This arrangement substantially reduces the investment a bank needs to make to operate its ATMs and POS terminals. We believe opportunities exist for developing our outsourcing business in all of our markets.

PREPAID PROCESSING SEGMENT

We entered the prepaid processing business through the acquisition of e-pay in February 2003 and began reporting its results in a new segment called the Prepaid Processing Segment beginning in the first quarter of 2003. Subsequent to its acquisition, e-pay expanded its operations into New Zealand, Ireland and Poland. In the second half of 2003, Euronet further expanded the Prepaid Processing Segment with acquisitions of AIM in the U.S. and transact in Germany.

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 surveys (the U.K. telecommunications regulator), by customers' belief that prepaid products better meet their needs and enable them to better control their monthly wireless expenditures. Moreover, the mobile operators 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 code numbers 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.

Scratch cards are the predominant method of crediting mobile phone accounts in most developed markets, but a shift is occurring 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 approximately 10% of all top-ups were performed through e-top-ups in early 2002. By December 2003, we estimate that as much as 55% of all U.K. top-ups were performed through e-top-ups.

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 and the U.S.), we distribute mobile phone time by connecting directly to the mobile operators or by purchasing PINs (personal identification numbers) that enable airtime top-up from third party sources, who have negotiated with the mobile operator. We then distribute the mobile phone time through an electronic network, either through a direct credit from the mobile operator to the mobile phone, or 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.

We maintain contractual relationships with the retailers or networks that operate the POS terminals through which we distribute PINs. Our agreements with major retailers generally are multiyear agreements, whereas agreements with small retailers are terminable on three months notice. In Europe, we generally provide the POS terminals free of charge and incur the expense of installing those terminals in the retail outlets. In the U.S., the retailers generally pay for the POS terminals. In the U.S., we are attempting to achieve leverage in expanding our network by contracting with distributors or networks of POS or ATM terminals (generally referred to as Independent Sales Organizations or ISOs) that are paid a commission for delivering us contracts with retailers in their networks to distribute PINs on their terminals. As a result of our agreements with ISOs in the U.S., our relationships with the retailers are sometimes indirect through the distributor or ISO.

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 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 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.

The Prepaid Processing Segment now supports top-up transactions at more than 126,000 points of sale in 59,000 locations across nine countries.

We believe substantial opportunities exist to provide electronic top-up services to mobile operators. We intend to leverage these opportunities by using the technology and business methods we have developed or acquired.

SOFTWARE SOLUTIONS SEGMENT

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 distribution is largely because our software products, based on the Integrated Transaction Management (“ITM”) core system, are relatively small and inexpensive packages that are appropriate for banks with up to $10 billion in assets with various transaction processing needs. Euronet Software is the preferred transaction-processing software for banks that operate their back office software using the IBM iSeries platform, which is also a relatively inexpensive, expandable hardware platform. Our software offering includes modules for ATM management, POS management, merchant management, debit card and credit card systems, telephone banking, Internet banking and mobile banking. 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 for us.

STRATEGY

EFT PROCESSING SEGMENT

The expansion and enhancement of our outsourced management solutions, both in existing markets and new markets, will remain an important business strategy. We also will focus heavily on the development of our outsourced management solutions with fixed fee arrangements. 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.

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. The introduction of value-added services for delivery over our ATM network has resulted in increased transactions and revenues. In the last several years, we developed and entered into a number of agreements for a new

line of services involving the use of our ATM networks and central processing infrastructure to enable mobile phone users the ability to purchase prepaid mobile phone time on ATMs and on mobile phones. We contract with mobile phone providers to facilitate their sale of mobile phone time, and we are paid a commission on each sale, often a percentage of the value of the mobile phone time purchased. In this regard, we also contract with banks to use their ATMs for the distribution of mobile phone time, thereby expanding the distribution networks we can offer to mobile phone operators. We offer these transaction types as a service enhancement to existing clients, or as a "pass-through" service on ATMs that are owned and operated by others.

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.

PREPAID PROCESSING SEGMENT

We plan to expand our prepaid mobile phone top-up business into new and our existing 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 with mobile phone operators and retailers in these markets
- the ability to negotiate acceptable distribution commissions or transaction processing fees
- the continuation of the trend of increased use of electronic prepaid airtime among mobile phone users
- the development of mobile phone networks and the increase in the number of mobile phone users in these markets
- the availability of financing for expansion

SOFTWARE SOLUTIONS SEGMENT

We downsized our Software Solutions Segment in January 2001 to bring expenses in line with revenues, and this segment's improved results have contributed to our overall results in 2002 and 2003. We have made significant progress in reducing software delivery times and adding resources to enhance and expand our software products. Software products are now 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. In addition, during 2001 we entered into agreements under which we used our software in lieu of cash as our initial capital contributions to new transaction processing joint ventures that were created in 2002 (for example, in Serbia). Such contribution permits us to enter new markets without any 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 2003 included improvement of the application functionality for our core debit and credit solutions. 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. These emerging industry standards have been jointly developed by the three major card associations and we believe they will have a significant influence over EFT-related hardware and software decisions throughout the next five years. Our ability to provide support for mandated initiatives such as EMV and Triple DES may provide significant opportunities to sell updated software to our existing customers and may enable Euronet to replace competitors' non-compliant solutions.

In the last three 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.

ACQUISITIONS

In January 2004, we purchased all of the share capital of Precept, a company based in California. The purchase price for the Precept shares was approximately $17.8 million. We paid $4.0 million in cash, issued promissory notes in the original principal amount of $4.0 million and issued 527,180 shares of our Common Stock for the Precept shares. Of the issued shares of our Common Stock, 400,000 shares have been held in escrow and will be released on February 25, 2005, subject to certain performance criteria. Of the $4.0 million in promissory notes, $2.0 million are convertible into shares of our Common Stock. The remaining indebtedness of $2.0 million bears interest at an annual rate of 7%, with

accrued interest payable at maturity in February 2005. We have the option to pay the principal and interest at maturity in shares of our Common Stock, valued at a 10% discount to the average market price for the 20 trading days prior to the maturity date. In addition, at any time prior to the maturity date, the amount outstanding under these notes is convertible into shares of our Common Stock at the option of the holders, at a conversion price of $28.43 per share. We filed a registration statement with the SEC to enable the public resale of the Common Stock issued to the former shareholders of Precept, and that registration statement was declared effective by the SEC in February 2004. For further discussion on Precept, see Note 27 - to the Consolidated Financial Statements "Subsequent Events."

In November 2003, we purchased 100% of the shares of the German company, transact. transact was founded in 1996 and 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 proprietary line of POS terminals, including general packet radio system (GPRS) based products, including POS terminals. transact currently supports mobile phone top-up purchases at more than 9,500 of their installed base of over 22,000 POS terminals in approximately 18,500 retail locations. The purchase price consisted of €15.0 million (approximately $17.8 million as of the acquistion date) in cash and 643,048 shares of Common Stock, plus an additional "earn-out" payment due on January 14, 2005, which is payable pursuant to the terms of a purchase agreement and certain certificates issued to transact's shareholders. The "earn-out" will be calculated based on transact's EBITDA (earnings before interest, taxes, depreciation and amortization as described in the purchase agreement and the certificates) for the third quarter of 2004, together with certain other performance criteria described in the purchase agreement and the certificates. Based upon current projections of the future performance of transact, as to which there can be no assurances, we estimate that the second installment of the purchase price will be between $20.0 and $30.0 million. Subject to certain EBITDA multiples, 50% of the second installment of the purchase price is payable in cash, and the other 50% is payable, at our option, either in cash or in Common Stock valued for these purposes at $10.00 per share. The second installment of the purchase price is subject to reduction or deferred payment based upon a number of factors, including the extent of the total proportion of transact's business in certain defined customer agreements. Our ability to issue shares exceeding approximately 2.5% of our shares of Common Stock outstanding as of November 18, 2003 in order to pay the second installment of the purchase price will be subject to stockholder approval. The transfer of the transact shares to us is staged, with 96% of the shares transferred at closing and the remaining 4% transferred on payment of the second installment of the purchase price. We filed a registration statement with the SEC to enable the public resale of the Common Stock issued to the former shareholders of transact, and that registration statement was declared effective by the SEC in February 2004.

In order to fund the transact acquisition, in November 2003, we privately placed 1,131,363 shares of our Common Stock with Fletcher International, Ltd. ("Fletcher"), an accredited institutional investor, which we refer to as "Fletcher," and received proceeds of $20.0 million. The per share purchase price of $17.68 was based on the volume-weighted average price for our shares of Common Stock on November 19, 2003, plus $2.00 per share. In addition, we granted Fletcher certain "additional investment rights" entitling Fletcher to purchase up to an additional $16.0 million in value of our Common Stock. The shares of our Common Stock subject to the additional investment rights, should Fletcher exercise these 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 may be exercised by Fletcher on one or more occasions commencing March 19, 2004, and for the 15-month period thereafter, which period may be extended under certain circumstances. We may not compel Fletcher to exercise its additional investment rights. We filed a registration statement with the SEC to enable the public resale of the Common Stock issued to Fletcher, and that registration statement was declared effective by the SEC in February 2004.

In September 2003, we acquired the assets of AIM, a U.S.-based top-up company. The assets of AIM were purchased on an "earn-out" basis, with $2.0 million of the purchase price being paid at closing in cash and shares of our Common Stock and the remainder being paid in our Common Stock valued at a 30-day average at time of payment. In the initial payment, we issued 114,374 shares of Common Stock. This stock is restricted through the two-year earn-out period subject to the achievement of certain financial goals with maximum additional consideration of $5.5 million.

In February 2003, we purchased all of the share capital of e-pay Ltd. from its shareholders for approximately $74.9 million, excluding transaction costs. Components of the consideration paid were:

- $29.9 million – cash consideration paid at closing
- $18.0 million – 2,497,504 shares of our Common Stock issued at closing
- $26.9 million as follows:
  - $8.5 million – Deferred purchase price bearing interest at 6% per annum, which was fully prepaid during 2003
  - $7.4 million – 7% Convertible Notes Payable, which was converted into 717,678 shares of common stock on December 10, 2003
  - $11.0 million – 8% Notes payable due February 18, 2005

We filed two registration statements with the SEC to enable the public resale of the Common Stock issued to the former shareholders of e-pay. Those registration statements were declared effective by the SEC in December 2003.

In August 1999, we purchased the remaining 66 2/3% interest in DASH, a U.S. ATM processing services company, for a consideration of $800,000 payable in 24 equal monthly installments commencing on July 1, 1999. We delivered letters of credit to each of the sellers in the amount of the entire unpaid balance of the purchase price of DASH, which have since been cancelled. We then owned 100% interest in DASH. DASH was sold on January 4, 2002 for $6.8 million in cash.

In March 1999, we acquired 252 installed ATMs in Germany and 36 ATMs in inventory from Service Bank GmbH & Co. KG (“Service Bank”). The purchase price for this established ATM network was $6.7 million. Pursuant to the agreement, we received monthly fees based on revenues realized from the ATMs less certain expenses and management fees payable to Service Bank.

In November 1998, we acquired the outstanding Common Stock of Euronet USA for purchase consideration of approximately $17.9 million (including incidental costs of $90,000 and fair value of stock options of $96,000). Euronet USA is the software provider to Euronet’s ATM transaction processing center in Central Europe.

DISPOSITIONS

In January 2003, we sold 100% of the shares of our U.K. subsidiary, Euronet Services (U.K.) Ltd. (“Euronet U.K.”) to Bridgepoint Capital Limited (“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. The Acquisition Agreement provided that the benefits and burdens of ownership of the shares and all employees of Euronet U.K. were transferred to Bridgepoint effective January 1, 2003.

Concurrently 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 the Services Agreement, our Hungarian subsidiary, Euronet Adminisztracios Kft. (“Euronet Hungary”), provides ATM operating, monitoring, and transaction processing services to BMAL through December 2007. The services provided by Euronet Hungary are substantially identical to the services provided to Euronet U.K. prior to its sale to Bridgepoint. We recorded a gain of approximately $18.0 million related to this transaction. Because of the presence of a continued relationship through the 5-year outsourcing agreement, we were precluded under U.S. GAAP from accounting for this transaction as a discontinued operation. Accordingly, we accounted for the gain on the sale as income from continuing operations.

In January 2002, we sold substantially all of the assets of our ATM processing business in the U.S., known as DASH, to FNF (formerly ALLTEL Information Services, Inc.) for $6.8 million in cash. We recorded a pre-tax gain of approximately $4.8 million related to this transaction.

In July 2002, we sold substantially all of the non-current assets and capital lease obligations of our 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. We incurred a loss on disposal of the France business of $0.1 million.

In previous filings, we reported the U.K. and France businesses under the Western European Sub-segment and DASH under the Other Operations Sub-segment. All operating amounts, ATM counts, transaction numbers and statistics reported in this filing exclude France and DASH.

OPERATIONS

EFT PROCESSING SEGMENT

OVERVIEW

The major source of revenue generated by our ATM network is transaction revenue. We receive fixed monthly fees under many of our outsourced management contracts, and this element of revenue has been increasing over the last few years, but remains smaller than the transaction fee element. The transactions processed by our ATM network increased by 45%, from 79.2 million transactions in 2002 to 114.7 million transactions in 2003. Revenue sources of the EFT Processing Segment also include outsourced management revenue, which is revenue from operating ATMs that we do not own, prepaid mobile phone recharge revenue from ATM or mobile phone handsets and advertising revenue. The number of ATMs operated increased from 3,005 at December 31, 2002 to 3,350 ATMs at December 31, 2003. Euronet owns and/or operates ATMs in Hungary, Poland, Germany, Croatia, the Czech Republic, the U.K., Greece, Kosovo, Slovakia, Romania, Egypt and India.

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 the seasonality we experience. In years prior to 2003, we believe our aggressive rollout of ATMs lessened the impact of seasonal variations on our overall transaction levels and revenues and transactions from new ATMs compensated for the reduction in overall transaction levels. For a discussion of EFT Processing Segment results, 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.

ATM TRANSACTION PROCESSING

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.

The card issuer pays us a transaction-processing fee 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

Transaction fees for cash withdrawals vary from market to market but generally range from $0.60 to $2.70 per transaction. Transaction fees for the other three types of transactions are generally substantially less. In EFT Processing Segment revenues, we include transaction fees payable under the electronic recharge solutions that we distribute through our ATMs. 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. Generally, transaction fees vary from $0.40 to $1.80 per prepaid mobile recharge purchase and are shared with the financial institution and the mobile operator. Any or all of these fees may come under pricing pressure in the future.

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 29.7 million in 1999, 43.5 million in 2000, 57.2 million in 2001, 79.2 million in 2002 and 114.7 million in 2003. The number of transactions processed monthly grew from approximately 7.0 million in December 2002 to approximately 11.0 million in December 2003.

A number of factors affect the transaction volumes processed on any given ATM, including the location of the ATM and the amount of time the ATM has been installed at that location. Our experience is that the number of transactions on a newly installed ATM is initially very low. It increases over varying periods ranging from three to 12 months after installation, depending upon the market, as consumers become familiar with the location of the machine. As the ATM network has matured, the number of transactions per ATM has increased. We have an ongoing policy of re-deploying under-performing ATMs to locations that we believe will result in higher transaction volumes. We anticipate that future transaction growth at our ATMs will depend heavily upon increased card issuance in developing markets and continued re-deployment of ATMs to better locations.

We believe that the location of ATMs is one of the most important factors in determining the success of an ATM network. Key target locations for our ATMs include:

- major shopping malls
- busy intersections
- local smaller shopping areas offering grocery stores
- supermarkets and services where people routinely shop
- mass transportation hubs, such as city bus and subway stops, rail and bus stations, airports and gas stations
- tourist and entertainment centers, such as historical sections of cities, cinemas and recreational facilities

Recognizing that convenience and reliability are principal factors in attracting and retaining ATM customers, we are investing in the establishment of advanced ATM machines, such as chip card readers and monitoring systems, as well as redundancies to protect against network interruption. We centrally monitor the performance and cash positions of our ATMs around the clock, and we dispatch local operations and maintenance contractors to service the machines. Satellite or land-based telecommunications lines to our processing centers link our ATMs in all markets except Germany, where we are required to use a German processing company.

OUTSOURCED MANAGEMENT SOLUTIONS

We offer outsourced management services to banks and other organizations using our processing centers' secure 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 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 in addition to fees payable for each transaction. Therefore, the transaction fees under these agreements are generally lower than under card acceptance agreements. The fees payable under our outsourced management agreements in Germany are purely transaction based and include no fixed component.

OTHER PRODUCTS AND SERVICES

Our distribution network 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. As of December 31, 2003, we had contracts with 23 mobile operators to use our electronic recharge solutions in various markets. In Poland, Hungary, Croatia and Indonesia, we have contracts with all of the local mobile operators.

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. Similarly, our Mobile Recharge transaction uses the same workflow, but the transaction occurs with screens directly on the mobile phone. These recharge transactions are similar to the 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 non-POS 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.

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.

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 many 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 and many of our outsourced management agreements, we are required to maintain insurance on the cash in the ATMs. We also maintain insurance against vandalism and theft of the ATMs themselves. Insurance costs for ATM-related risks increased on a per ATM basis in 2003 as compared with 2002, but have decreased in 2004.

Under our card acceptance agreements, the ATM transaction fees we charge vary depending on the type of transaction (which are currently cash withdrawals, balance inquiries, wireless airtime recharge purchases, deposits and transactions not completed because authorization is not given by the relevant card issuer) 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 inflation adjusted. Transaction fees are billed to banks and card organizations with payment terms no longer than one month.

PREPAID PROCESSING SEGMENT

OVERVIEW

In 2003, we entered the prepaid mobile phone business through the acquisition of e-pay, and began reporting the results of this business in a new segment called the Prepaid Processing Segment in the first quarter of 2003. In the second half of 2003, Euronet expanded the Prepaid Processing Segment with acquisitions of AIM in the U.S. and transact in Germany. For a discussion of revenues, operating profits/losses and total assets of the Prepaid Processing Segment during 2003, please see Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations and Note 20 - Business Segment Information to the Consolidated Financial Statements.

During 2003, we expanded our prepaid services to Poland, Ireland and New Zealand. In Poland we are deploying POS terminals into Polish retailers. We had deployed approximately 750 devices by December 2003 and offer top-up services for all the Polish mobile operators. In Ireland we have entered into contractual relationships with all the Irish mobile operators and offer a top-up solution through a significant supermarket chain. In New Zealand we offer services for Vodafone New Zealand via 300 POS terminals. All three of these operations use the technology and processing centers in the U.K.

PREPAID TRANSACTION PROCESSING

We process POS top-up transactions for two types of clients, distributors and retailers, across the nine countries where we currently process POS transactions through retail shops. Both types of client transactions start with a consumer in a merchant shop using an electronic card issued by the mobile phone operator to identify the consumer’s mobile phone number. The consumer uses this card at 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 its 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). Using the electronic connection we maintain with the mobile operator, the purchased amount of airtime will be credited directly to the account of the consumer. The POS device then transmits the selected transaction to our data center.

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 which 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 2003 were 102.1 million. This transaction count includes transactions from e-pay starting in February 2003, from AIM starting in September 2003, and from transact starting in November 2003. As of December 31, 2003, the Prepaid Processing Segment processed approximately 13 million electronic prepaid transactions per month at more than 126,000 terminals located in approximately 59,000 retail locations in the U.K., Australia, Malaysia, Indonesia, New Zealand, Poland, Ireland, Germany and the U.S.

OTHER PRODUCTS AND SERVICES

The convenience offered by electronic purchases is an advantage that can be applied to 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.

RETAILER AND DISTIBUTOR CONTRACTS

We provide our prepaid services over networks installed in retail outlets or, in the case of major retailers, though 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 and the U.S.), we own and maintain the POS terminals. In Germany, the terminals are sold to the retailers or to distributors that service the retailer. In all cases, we have contracts with the retailers. Our agreements with major retailers for the POS business typically have two-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 regarding the installation and operation of the POS terminals have shorter terms and provide that either party can terminate the agreement upon three months' notice and include provisions similar to those with major retailers.

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.

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 10 countries in Europe.

We have invested significant resources in increasing the delivery capacity for our software solutions and expanding customer service. We have made further investments in research and development of a number of new electronic- and mobile-commerce products that should enhance the segment's performance in the future. We established a customer service center in Asia to expand our "follow-the-sun" support initiatives, which represent the Company's commitment to providing same time zone support for our customers worldwide. With the addition of the customer support personnel in Asia, 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 and Note 20 - Business Segment Information to the Consolidated Financial Statements.

SOFTWARE SALES 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, 2003, the revenue backlog was $5.3 million, as compared to December 31, 2002, when the revenue backlog was $4.9 million and at December 31, 2001, when the revenue backlog was $2.5 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.

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, wireless banking products, prepaid mobile phone recharge products and browser-based ATM 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 $4.1 million for 2003, $4.0 million for 2002, and $5.0 million for 2001. Of these amounts, as of December 31, 2003, $1.8 million was capitalized and is included on our balance sheet in other long-term assets, net of accumulated amortization of $2.2 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 23 - Research and Development to the Consolidated Financial Statements for a 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 and long-lived assets by geographic location, please see Note 20 - Business Segment Information to the Consolidated Financial Statements.

TECHNOLOGY AND PROCESSING FACILITIES

HARDWARE

We use ATMs from several manufacturers in our ATM network. We are able to purchase ATMs at contractually defined prices that include quantity discounts. We also have a long-term contract with NCR to provide hardware maintenance and support services for ATMs from multiple manufacturers in five countries (Poland, Hungary, Germany, the Czech Republic and Egypt), which represent 80% of our installed base in Europe. Because we operate one of the largest Pan-European ATM networks, we have substantial negotiating leverage with ATM manufacturers and we believe we have received favorable pricing for hardware and ATM maintenance. The wide range of advanced technology available from Diebold and NCR provides our customers with state-of-the-art electronic features and reliability through sophisticated diagnostics and self-testing routines. Our ATMs are modular and upgradeable so that they can be adapted to provide additional services in response to changing technology and consumer demand. This allows us to modify our ATMs to provide new services without replacing our existing network infrastructure.

e-pay’s POS terminals are primarily acquired from Verifone and Dione PLC. We find the development environment for these products to be well suited to our services. We do not have any long-term supply agreements with any manufacturer, and we negotiate on an ad hoc basis for our terminal requirements. The market for terminals is highly competitive, and we believe this manner of procurement is in our best interests.

transact’s processing capabilities are hardware-independent, enabling their programs to work on most POS terminals. Our preferred hardware vendors for POS terminals are Ingenico, Trintech and Thales. Additionally, transact has designed and developed their own dedicated payment and prepaid terminal that uses PSTN, ISDN and GPRS (wireless) communication protocols. We believe the wireless GPRS capabilities in transact’s POS terminals provide a competitive advantage in the prepaid market by offering a technology that helps in geographical areas where landline phones are poor quality or nonexistent. GPRS also can quickly adapt to different countries’ requirements, so that we can quickly rollout our solutions into new regions. We plan to deploy these GPRS terminals in other countries where we offer prepaid services, such as Poland, and to connect these terminals to our processing center via the Internet, enabling real-time cross-border business. The transact terminals are developed to meet transact requirements by a German engineering company and manufactured in China.

PaySpot’s POS terminals are primarily acquired from Verifone and Lipman USA. We have no long-term supply agreements with any manufacturer, and we negotiate on an ad hoc basis for our terminal requirements. The market for terminals is highly competitive, and we believe this manner of procurement is in our best interests.

TELECOMMUNICATIONS

Strong back office central processing support is a critical factor in the successful operation of an ATM network. Each ATM (other than ATMs in Germany) is connected to a Euronet processing center through satellite or land-based telecommunications depending upon physical location, reliability of the communications supplier and cost. Because we strive to ensure very high levels of reliability for our network, we rely primarily on satellite telecommunications to the processing center in Budapest for most of our ATM connections in Central Europe. Our Budapest processing center is, in most cases, linked by VSAT (very small aperture terminal) telecommunications to the card issuers. The VSAT telecommunications providers generally guarantee uninterrupted service for 99.9% of the time. India's ATMs run on a mix of leased line and VSAT connectivity, which all terminate at the Bombay data center. Issuer connections consist of direct leased lines, with an ISDN component for fail over purposes.

We continually strive to improve the terms of our agreements with our telecommunications providers and have entered into multi-country agreements with lower rates for service. In this regard, new agreements are negotiated periodically with our VSAT suppliers, establishing a lower communication cost per ATM that takes into account transaction volume growth.

Our agreements with our satellite telecommunications providers contain certain assurances with respect to the repair of satellite malfunction to ensure continuous reliable communications for the network. As the reliability of land based telecommunications improves in the emerging markets where we do business, we may rely more heavily on them because they are generally less expensive than satellite telecommunications.

Our e-pay operations center uses Transaction Network Services (TNS) that provides fast, cost-effective data communication services for transaction-oriented applications. TNS proprietary technology has been deployed worldwide. TNS claims to be 99.99% reliable and claims to have processed over 10 billion transactions worldwide in 2002.

e-pay operates two fully live data centers in the U.K. and receives transactional traffic from TNS via multiple fixed private circuits. The circuits between e-pay and TNS are delivered in a diverse routed fashion, which ensures different serving exchanges are used throughout. Inbound traffic is balanced across all available links providing maximum resilience and efficient use of bandwidth. Using this infrastructure e-pay is capable of receiving transactions from Dial POS solutions (PSTN, ISDN B & D Channel), Host to Host, and ATMs in most countries around the world.

In Germany, transact uses its own transaction network connection via PSTN, ISDN, X25, TCP/IP and GPRS, which is connected to the processing center by T-Com dual fiber-channel access to guarantee reliability higher than 99%. Mirrored server systems and firewall-systems provide high-availability and transaction security. In addition to the Munich processing center, transact is in the process of commissioning a separate processing center in Speyer, Germany for backup and standby service.

In the U.S., PaySpot dial transactions are delivered via Primary Rate Interface (PRI) interfaces from national telecommunications providers. The standard interface allows the continual evaluation and ability to migrate to another provider in the highly competitive U.S. telecommunications marketplace.

PROCESSING CENTERS

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 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. The India data center uses its warm backup machine for testing and development. 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.

To protect against power fluctuations or short-term interruptions, both EFT processing centers have full uninterruptible power supply systems with battery backup to service the network in case of a power failure. The processing center's 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. The centers also have a diesel-powered generator available to supply electrical power to the processing center in the event of a prolonged power outage.

Our EFT processing centers have been certified by a number of transaction exchange entities, such as Visa, LINK and Europay/MasterCard. Additionally, our EFT processing centers are connected to 45 host-to-host bank and card organizations.

e-pay's primary prepaid processing center for the Prepaid Processing Segment is located in Basildon, U.K. It is staffed 24 hours a day, seven days a week, and provides the processing for all of our e-top-up services in the U.K., Ireland, Poland, New Zealand and Australia. The operation of e-pay's POS based recharge business involves the maintenance of a central processing computer that maintains the connections to the mobile operators, on the one hand, and POS terminals or retail billing systems on the other. e-pay uses a combination of off-the-shelf and proprietary software to operate the system. e-pay has methods for monitoring the volumes of transactions handled by each retailer and managing merchant settlement risk. The processing center's 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. The center also has a diesel-powered generator available to supply electrical power to the processing center in the event of a prolonged power outage.

transact's processing center for EFT and prepaid transactions is located in Munich, with a backup location being commissioned in Speyer, Germany. The processing center runs 24 hours a day, seven day a week and provides service for EFT payment and prepaid transactions. transact's operations includes the maintenance of different clients' networks, hotline and helpdesk and retail billing for EFT payment and prepaid business, generated via POS terminals, integrated electronic cash registers (ECR) and vending-based solutions. For the prepaid services, transact uses third-party payment-terminals and its own dedicated terminals, fully designed by transact with its own proprietary software connecting via PSTN, ISDN or GPRS communications protocols. transact's proprietary Terminal-Management-System controls the terminal setup, limits and transaction monitoring to control every individual merchant and the settlement risks. All critical servers are stored in a data safe, which also protects vouchers against fraud or damage. To protect against power fluctuations or short-term interruptions, both of transact's processing centers have full uninterruptible power supply systems with battery backup to service the network in case of a power failure. The Munich operations center is also equipped with a 40KV diesel-powered generator in the event of a prolonged power outage.

PaySpot employs processing centers in Leawood, Kansas and Little Rock, Arkansas for the U.S.-based Prepaid Processing Segment. The operation of PaySpot's POS-based recharge business involves the maintenance of a central processing system that maintains the connections to the mobile operators and long-distance carriers and to POS terminals. PaySpot uses a combination of off-the-shelf and proprietary software to operate the system. PaySpot has methods for monitoring the volumes of transactions handled by each retailer and managing merchant settlement risk. Both processing centers have uninterruptible power supply systems with battery backup to protect against power fluctuations or short-term interruptions. 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. The centers also have diesel-powered generators available to supply electrical power to the processing centers in the event of a prolonged power outage.

COMPETITION

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, such as EDS, GTECH, First Data Corporation or Global Payments may also establish ATM networks or offer outsourcing services that compete with us in various markets. Competitive factors in our EFT Processing Segment business 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

Several companies offer electronic recharge services for mobile phone airtime on POS terminals in the markets where we do business. These companies include, but are not necessarily limited to, Alphyra, Paypoint, Omega Logic, Barclays Merchant Services and Anpost in the U.K.; On-Q and Ezipin in Australia; Milo, Kolporter and GTech in Poland; TeleCash Kommunikations-Service, GZS, ADT Jalex, ANTHROS and EVS in Germany; and PRE-Solutions, InComm and Everything Prepaid in the U.S.

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 50% 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 believe we are the leading supplier of electronic financial transaction processing software for the IBM iSeries (formerly AS/400) platform. Other suppliers service the software requirements of large mainframe systems and UNIX-based platforms.

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) wireless banking software systems, and (v) full EFT software. Competitors in this segment include Applied Communications Inc. (ACI), Mosaic Software and Oasis Software International.

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

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 operation of the network are relatively modest and are centered on monitoring activities to ensure service quality and cash reconciliation and control. We also have a customer service department to interface with cardholders to investigate and resolve reported problems in processing transactions.

In our EFT Processing Segment, our rollout of ATMs, our development of new products and individual bank connections and our expansion into new markets creates a need for qualified staff on many levels. We require skilled staff to identify desirable locations for ATMs and negotiate ATM lease agreements. Similarly, in our Prepaid Processing Segment, our rollout of prepaid services, development of new products, and expansion into new markets creates a need for qualified staff on many levels. We require skilled staff to develop and maintain our systems and our operations centers. In addition, ensuring consistency in quality and approach to new markets as well as proper coordination and administration of our expansion requires skilled staff in the areas of technical operations, financial analysis, project management, human resources, communications, marketing and sales. 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. The success of our Software Solutions Segment business in particular depends upon the ability to hire and retain highly qualified computer engineers and programmers.

As of December 31, 2000, we had 478 employees. In the first quarter of 2001, we reduced staffing, primarily in Little Rock and Budapest, in a reorganization of our software business. As a result of this reorganization, we had 384 employees as of December 31, 2001, and 385 employees as of December 31, 2002. Due to our growth, the number of our employees has increased to 548 employees as of December 31, 2003. In January 2003, we sold our U.K. subsidiary and all of the 20 employees of this subsidiary were transferred to the buyer. In February 2003, we acquired e-pay and its 83 employees. In September 2003, we acquired AIM and its 7 employees. In November 2003, we acquired transact and its 35 employees.

Our corporate headquarters is located in Leawood, Kansas. Our processing centers are located in Budapest, London, Munich, Mumbai, Jakarta and Kansas City. We have offices in 15 countries and we believe that our relations with our employees are good. Currently, no union represents any of our employees. We have never experienced any work stoppages or strikes by our workforce.

GOVERNMENT REGULATION

We have received advice from banking supervisory authorities or local counsel in certain markets in which we do business to the effect that our business activities in those markets do not constitute “financial activities” subject to licensing. 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, that 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, 2004 are as follows:

NAME	AGE	SERVED SINCE	POSITION HELD
Michael J. Brown	47	July 1994	Chairman and Chief Executive Officer
Daniel R. Henry	38	July 1994	Director, President and Chief Operating Officer
Jeffrey B. Newman	49	December 1996	Executive Vice President - General Counsel
Rick L. Weller	46	November 2002	Executive Vice President - Chief Financial Officer
Miro I. Bergman	41	March 1997	Executive Vice President – Managing Director EMEA
James P. Jerome	46	October 1999	Executive Vice President – Managing Director -Software Division
Paul S. Althasen	39	March 2003	Director, Executive Vice President -Joint Managing Director e-pay
John A. Gardiner	40	March 2003	Executive Vice President - Joint Managing Director e-pay

Michael J. Brown is one of the founders of our company and has served as its Chief Executive Officer since 1994. In 1979 Mr. Brown founded Innovative Software, a computer software company that was merged with Informix in 1988. Mr. Brown served as President and Chief Operating Officer of Informix from February 1988 to January 1989. He served as President of the Workstation Products Division of Informix from January 1989 until April 1990. In 1993, Mr. Brown was a founding investor of Visual Tools, Inc. Sybase Software acquired Visual Tools, Inc. in February 1996. Mr. Brown received a B.S. in Electrical Engineering from the University of Missouri-Columbia in 1979 and a M.S. in Molecular and Cellular Biology at the University of Missouri-Kansas City in 1996. Mr. Brown has been a Director of Euronet since its incorporation in December 1996 and he previously served on the boards of Euronet's predecessor companies. Mr. Brown's term will expire in July 2004. Mr. Brown is married to the sister of Mr. Henry's wife.

Daniel R. Henry founded our predecessor company with Michael Brown in 1994 and serves as Chief Operating Officer. In September 2001 he was also appointed President. Mr. Henry is responsible for all of our operations, including the U.S. and overseas. He is also responsible for our expansion into other countries and the development of new markets. Prior to joining us, Mr. Henry was a commercial real estate broker for five years in the Kansas City metropolitan area where he specialized in the development and leasing of premiere office properties. Mr. Henry received a B.S. in Business Administration from the University of Missouri-Columbia in 1988. Mr. Henry has been a Director of Euronet since its incorporation in December 1996 and he previously served on the boards of our predecessor companies. His term as Director will expire in May 2006. Mr. Henry is married to the sister of Mr. Brown's wife.

Jeffrey B. Newman serves as Executive Vice President and General Counsel. He joined Euronet in December 1996 as Vice President and General Counsel. Prior to this, he practiced law in Paris with the law firm of Salans Hertzfeld & Heilbronn and then with the Washington, D.C. based law firm of Arent Fox Kintner Plotkin & Kahn, PLLC, of which he was a partner from 1993 until joining Euronet in December 1996. He established the Budapest office of Arent Fox Kintner Plotkin & Kahn, PLLC in 1991. He is a member of the District of Columbia and Paris bars. He received a B.A. in Political Science and French from Ohio University and law degrees from Ohio State University and the University of Paris.

Rick L. Weller joined us in November 2002 as Executive Vice President and Chief Financial Officer. From January 2002 to October 2002 he was the sole proprietor of Pivotal Associates, a business development firm. From November 1999 to December 2001, Mr. Weller held the position of Chief Operating Officer of ionex telecommunications, inc., a local exchange company. From April 1999 to November 1999, Mr. Weller was a founder and Chief Financial Officer of Compass Partners, a venture that lead to the formation of ionex telecommunications, inc. From January 1999 to March 1999 he was Chief Financial Officer of USA Global Link, an international long distance company. Mr. Weller served as Chief Financial Officer of Intek Information, Inc., an outsource service provider from 1997 to December 1998. From January 1990 to September 1997, he held various positions at Sprint Communications Inc., including Vice President Finance for the Consumer Services Long Distance Group, Assistant Vice President Finance for Sprint's Business Services Long Distance Group and Assistant Vice President for Sprint's Corporate-wide Internal Audit Group. Prior to joining Sprint, Mr. Weller served as Senior Manager in the Financial Service Industry Practice of Price Waterhouse, an international public accounting firm. He is a certified public accountant and received his bachelor's degree from Central Missouri State University.

Miro I. Bergman joined us in 1997 as country manager for the Czech Republic. He subsequently became an area director responsible for our operations in Central Europe, and is now the Managing Director for the entire Europe, Middle East, and Africa region. Prior to joining us, Mr. Bergman was with First Bank System from 1992 to 1996 as vice president in charge of the bank's off-premise ATM business of over 1,200 ATMs. He also served as vice president of new Visa Co-Brand card program initiatives. From 1988 to 1992, Mr. Bergman worked for Citicorp-Diners Club in various card management and marketing positions. Mr. Bergman received a bachelor's degree in business administration from the University of New York at Albany and an M.B.A. from Cornell University.

James P. Jerome currently serves as Executive Vice President and Managing Director of our software division. He joined us in October 1999, managing the delivery of products and services until he was appointed Managing Director Software in 2001. From 1994-1999, he served in various capacities with the Electronic Banking Services division of BISYS, Inc. From 1992 to 1994 he was a senior account executive, responsible for commercial banks and west-coast clients, and from 1990 to 1992 he was conversion manager for the Houston Regional Service Center. Prior to that, Mr. Jerome was a senior systems analyst at First City National Bank in Austin, Texas. Mr. Jerome served in various profitability systems capacities with Republic Bank of Houston from 1982 to 1983. His industry affiliations include serving as a director on the Electronic Funds Transfer Association Board, the Base24 User Group, and as a board member of the Exchange Network Advisory Council. He received his degree in business administration from the State University of New York in 1979.

Paul S. Althasen currently serves as Executive Vice President and Joint Managing Director of e-pay. He joined Euronet in February 2003 following Euronet's acquisition of e-pay. Mr. Althasen was elected a Director of Euronet in May 2003 and his term will expire in May 2006. He is a co-founder and former CEO of e-pay, where he was responsible for the strategic direction of that company since its formation in 1999. From 1989 to 1999, Mr. Althasen was a co-founder and Managing Director of MPC Mobile Phone Center, a franchised retailer of cellular phones in the U.K. Previously, Mr. Althasen worked for Chemical Bank in London where he traded financial securities. Mr. Althasen has a B.A. (Honors) degree in business studies from the City of London Polytechnic.

John A. Gardiner currently serves as Executive Vice President and Joint Managing Director of e-pay. He joined Euronet in February 2003 following Euronet's acquisition of e-pay. Mr. Gardiner co-founded e-pay in 1999 and was formerly Managing Director of e-pay where he has been responsible for the creation and evolution of the company and its Asia Pacific operations in

Australia and Malaysia. Mr. Gardiner had previously worked for 11 years in the wireless communications industry, initially as Managing Director of Twinchoice Ltd, one of the U.K.'s largest cellular accessory companies, and later as Chief Executive of Banner Telecom Group PLC, a U.K. based cellular distribution company.

ITEM 2. PROPERTIES

Our executive offices are located in Leawood, Kansas, U.S.A. Our processing centers are located in Budapest, Basildon, U.K., Munich, Mumbai, Jakarta and Leawood, Kansas. As of December 31, 2003, 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. All of our offices are leased. Our office leases provide for initial terms of 24 to 84 months.

ITEM 3. LEGAL PROCEEDINGS

Other than routine matters, we are not currently involved in any material legal proceedings.

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

Not applicable.

PART II

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

MARKET INFORMATION

From March 1997 to November 1999, the 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 closing prices for our Common Stock for the quarters ended:

	2003		2002	
For the three months ended	**High**	**Low**	**High**	**Low**
December 31	$18.40	$11.74	$ 7.98	$ 4.59
September 30	$13.15	$ 8.50	$13.71	$ 4.61
June 30	$12.90	$ 7.85	$18.30	$11.34
March 31	$ 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, 2003, there were approximately 126 record holders of our Common Stock.

PRIVATE PLACEMENTS AND ISSUANCES OF EQUITY

During the most recent three years, we have issued the following securities, which were not registered at the time of issuance under the Securities Act of 1933 (the "Act"):

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 these shares, 400,000 are being held in escrow until February 2005 subject to certain performance criteria. Of the $4.0 million in promissory notes, $2.0 million are convertible into shares of Common Stock based upon a conversion price of $28.43 per share. 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. The purchase price consisted of 15.0 million euros, of which approximately $17.8 million was paid in cash, plus an additional “earn-out” payment due in January 2005. The “earn-out” will be calculated based on transact’s EBITDA for the third quarter of 2004, together with certain other performance criteria described in the purchase agreement and the related certificates. Based upon current projections of the future performance of transact, as to which there can be no assurances, we estimate that the second installment of the purchase price will be between $20.0 million and $30.0 million. Subject to certain EBITDA multiples, 50% of the second installment of the purchase price is payable in cash, and the other 50% is payable, at our option, either in cash or in Common Stock valued for these purposes at $10.00 per share. Our ability to issue shares exceeding approximately 2.5% of our outstanding shares of Common Stock as of November 18, 2003 to pay the second installment of the purchase price will be subject to stockholder approval. 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 November 2003, we issued 1,131,363 shares of our Common Stock to Fletcher International, Ltd. (“Fletcher”), an accredited institutional investor, to assist with financing the cash portion of the transact acquisition. The consideration paid for these shares was $20.0 million, or $17.68 per share. Under the securities purchase agreement, we also granted Fletcher “additional investment rights” entitling Fletcher to purchase up to an additional $16.0 million in value of our Common Stock between March 19, 2004 and June 19, 2005. This period may be extended under certain circumstances. The purchase price for these shares will be based on 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. Based on representations from Fletcher that it 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. We filed a registration statement with the SEC to enable the public resale of the Common Stock issued to Fletcher, and the SEC declared that registration statement effective in February 2004.

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 transfer of 160,000 of these shares is restricted through March 2005 subject to performance of certain financial goals. 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. Additional shares of Common Stock may be issued pursuant to an earn-out, up to a maximum of $5.5 million.

In February 2003, we issued 2,497,504 shares of our Common Stock to the former shareholders of e-pay as partial consideration for all of the shares of e-pay. The portion of the purchase price allocated to these shares was $19.0 million. Because the offer and sale of our Common Stock was made in an “offshore transaction” as contemplated by Regulation S under the Act, these transactions were exempt from registration pursuant to the exemption provided by Regulation S of the Act. However, in accordance with our obligations under the e-pay purchase agreement, we filed two registration statements with the SEC to enable the public resale of the Common Stock received by the former shareholders of e-pay, which were declared effective by the SEC in November and December 2003.

In December 2003, we issued 717,678 shares of Common Stock to the holders of $8.1 million in convertible promissory notes paid as partial consideration for the acquisition of e-pay described above. Accrued but unpaid interest was paid in cash.

In February 2002, we issued 625,000 shares of our Common Stock to seven investors for $20.00 in cash per share. Because each purchaser represented that it was an “accredited investor” as contemplated by Regulation D under the Act, the issuance of these shares was exempt from registration under the Act pursuant to exemptions under Section 4(2) and Regulation D of the Act. The aggregate amount of proceeds to us from the private placement was $12.5 million. Net proceeds after $0.8 million in commission fees, legal fees, and Nasdaq registration and filing fees were approximately $11.7 million.

During May 2002, in a single transaction, we exchanged 2,500 units (principal amount of 1.3 million euros) of our 12 $^{3}/_{8}$% Senior Discount Notes (the “Senior Discount Notes”) for 75,000 shares of Common Stock.

During June 2002, in a single transaction, we exchanged $0.8 million of our Senior Discount Notes for 56,483 shares of Common Stock.

During 2001, in 16 separate transactions, we exchanged 97,700 units (principal amount of 50.0 million euros) of our Senior Discount Notes and 293,100 warrants for 3,238,650 shares of Common Stock.

During March 2001, we exchanged 8,750 units (principal face amount of 4.5 euros) of our Senior Discount Notes for two new Senior Discount Notes having an aggregate face amount of $3.0 million (the “New Notes”).

During 2001, in a single transaction, we exchanged bonds with face amount $2.1 million of our Senior Discount Notes for 104,750 shares of Common Stock.

All of these exchanges of Senior Discount Notes for Common Stock were exempt from registration in accordance with Section 3(a)(9) of the Act as the Senior Discount Notes exchanged were the subject of a public offering and registered securities. No commission or other remuneration was paid in connection with these exchanges and all persons acquiring Common Stock were existing holders of the Senior Discount Notes. The Senior Discount Notes that were acquired by the Company in the above exchanges have been retired.

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, 2003.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants 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	5,766,566	$ 7.59	109,809
Equity compensation plans not approved by security holders	—	—	—
Total	5,766,566	$ 7.59	109,809

ITEM 6. SELECTED FINANCIAL DATA

SELECTED CONSOLIDATED 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 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 should not be relied upon as an indication of future performance. These significant transactions include the sale of our U.K. subsidiary and the acquisitions of e-pay, transact and AIM after December 31, 2002. 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,				
	2003	2002	2001	2000	1999
	(in thousands, except for summary network data)				
Consolidated Balance Sheet Data:					
Assets					
Cash and cash equivalents	$ 19,245	$ 12,021	$ 8,820	$ 6,760	$ 14,598
Restricted cash	58,280	4,401	1,877	2,103	10,929
Investment securities	—	—	—	750	3,149
Trade accounts receivable, net	75,648	8,380	8,862	9,199	7,712
Other current assets	14,781	15,064	15,135	10,287	10,568
Total current assets	167,954	39,866	34,694	29,099	46,956
Property, plant and equipment, net	20,658	21,394	21,398	26,304	29,933
Goodwill	88,512	1,834	1,551	2,060	15,595
Intangible assets	22,772	—	—	—	—
Other assets, net	3,877	3,465	3,748	3,427	4,360
Total assets	$ 303,773	$ 66,559	$ 61,391	$ 60,890	$ 96,844
Liabilities and stockholders' equity/(deficit):					
Total current liabilities	$ 151,926	$ 19,769	$ 24,753	$ 20,756	$ 27,814
Obligations under capital leases, excluding current installments	3,240	4,301	6,179	7,744	5,521
Notes payable	55,792	36,318	38,146	77,191	72,800
Non-current deferred income tax liability	7,828	—	—	—	—
Other long-term liabilities	3,118	—	—	—	202
Total liabilities	221,904	60,388	69,078	105,691	106,337
Total stockholders' equity/(deficit)	81,869	6,171	(7,687)	(44,801)	(9,493)
Total liabilities and stockholders' equity/(deficit)	$ 303,773	$ 66,559	$ 61,391	$ 60,890	$ 96,844
Summary network data:					
Number of operational ATMs at end of period	3,350	3,005	2,400	2,081	1,776
ATM processing transactions during the period	114,711,440	79,193,580	57,185,231	43,531,830	29,661,329
Number of operational prepaid processing terminals at end of period	126,284	—	—	—	—
Prepaid processing transactions during the period	102,133,511	—	—	—	—

	Year Ended December 31,				
	2003	2002	2001	2000	1999
	(in thousands, except for share and per share data)				
Consolidated Statements of Operations Data:					
Revenues:					
EFT Processing	$ 52,752	$ 53,918	$ 45,941	$ 34,201	$ 25,367
Prepaid Processing	136,185	—	—	—	—
Software and related revenue	15,470	17,130	15,042	15,827	14,969
Total	204,407	71,048	60,983	50,028	40,336
Operating expenses:					
Direct operating costs	133,977	29,609	26,469	24,162	22,491
Salaries and benefits	33,577	25,282	24,091	28,318	23,512
Selling, general and administrative	11,474	6,917	7,688	11,047	10,192
Depreciation and amortization	12,062	9,659	8,785	9,988	10,005
Asset write-down	—	—	—	11,968	—
Share compensation expense	—	—	—	—	127
Total operating expenses	191,090	71,467	67,033	85,483	66,327
Operating income/(loss)	13,317	(419)	(6,050)	(35,455)	(25,991)
Other income/expenses:					
Interest income	1,257	247	278	1,073	1,939
Interest expense	(7,216)	(6,253)	(9,386)	(10,760)	(10,875)
Loss on facility sublease	—	(249)	—	—	—
Gain on sale assets	18,045	—	—	—	—
Equity in income/(loss) from consolidated subsidiaries	518	(183)	—	—	—
Gain/(loss) on early retirement of debt	—	(955)	9,677	—	2,760
Foreign exchange gain/(loss), net	(9,690)	(4,233)	5,425	(3,243)	(2,086)
Total other income/(expense)	2,914	(11,626)	5,994	(12,930)	(8,262)
Income/(loss) from continuing operations before income taxes and minority interest	16,231	(12,045)	(56)	(48,385)	(34,253)
Income tax benefit/(expense)	(4,246)	2,312	807	(1,181)	4,244
Income/(loss) from continuing operations before minority interest	11,985	(9,733)	751	(49,566)	(30,009)
Minority interest	—	100	—	—	—
Income/(loss) from continuing operations	11,985	(9,633)	751	(49,566)	(30,009)
Discontinued operations:					
Income/(loss) from operations of discontinued U.S. and France components	(201)	5,054	(123)	22	(844)
Income tax expense/(benefit)	—	(1,935)	42	(7)	(62)
Income/(loss) from discontinued operations	(201)	3,119	(81)	15	(906)
Net income/(loss)	11,784	(6,514)	670	(49,551)	(30,915)
Translation adjustment	2,876	769	(406)	—	(2,515)
Comprehensive income/(loss)	$ 14,660	$ (5,745)	$ 264	$ (49,551)	$ (33,430)
Income/(loss) per share - basic:					
Income/(loss) from continuing operations	$ 0.45	$ (0.42)	$ 0.04	$ (3.00)	$ (1.97)
Income/(loss) from discontinued operations	—	0.14	(0.01)	—	(0.06)
Net income/(loss)	$ 0.45	$ (0.28)	$ 0.03	$ (3.00)	$ (2.03)
Basic weighted average shares outstanding	26,463,831	23,156,129	19,719,253	16,499,699	15,252,030
Income/(loss) per share – diluted:					
Income/(loss) from continuing operations	$ 0.41	$ (0.42)	$ 0.03	$ (3.00)	$ (1.97)
Income/(loss) from discontinued operations	—	0.14	—	—	(0.06)
Net income/(loss)	$ 0.41	$ (0.28)	$ 0.03	$ (3.00)	$ (2.03)

Diluted weighted average shares outstanding	28,933,484	23,156,129	22,413,408	16,499,699	15,252,030

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

Company Overview

Euronet Worldwide offers outsourcing and consulting services, integrated 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 126,000 POS terminals across 59,000 retailers in Europe, Asia Pacific and the U.S. With corporate headquarters in Leawood, Kansas, USA, and 17 offices worldwide, Euronet serves clients in more than 60 countries.

Economic Factors, Industry Factors and Risks

Our company faces certain economic and industry-wide factors that could materially affect our business. As an international company, economic, political, technology infrastructure and legal issues in every country in which we operate could have a positive or negative impact, and therefore are also 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, 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 major customers
- Changes in laws and regulations affecting our business

These risks and other risks are described in Exhibit 99.1 to this Form 10-K and our other filings with the SEC, which are incorporated herein by reference.

Lines of Business, Geographic Locations and Principal Products and Services

We operate in three principal business segments:

- In our EFT Processing Segment, we process transactions for a network of 3,350 ATMs across Europe and in India. We provide comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM 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 126,000 POS terminals providing electronic processing of prepaid mobile phone airtime top-up services in the U.K., Australia, Poland, Ireland, New Zealand, Germany, the U.S., Malaysia and Indonesia.
- Through our Software Solutions Segment, we offer a suite of integrated electronic financial transaction (EFT) software solutions for electronic payment and transaction delivery systems.

As of December 31, 2003, we had 10 principal offices in Europe, four in the Asia-Pacific region, two in the U.S. and one in Egypt. Our executive offices are located in Leawood, Kansas, U.S.

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 revenue is described further below.

EFT Processing Segment - Of total segment revenue, for the year ended December 31, 2003 approximately 51% was derived from ATMs we owned (excluding those leased by us in connection with outsourcing agreements) as of December 31, 2003. We believe our strategy to 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

Transaction fees for cash withdrawals vary from market to market but generally range from $0.60 to $2.70 per transaction. Transaction fees for the other three types of transactions are generally substantially less. We include in EFT Processing Segment revenues transaction fees payable under the electronic recharge solutions 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. Generally, transaction fees vary from $0.40 to $1.80 per prepaid mobile recharge purchase and are shared with the financial institution and the mobile operator. Any or all of these fees may come under pricing pressure in the future.

Customer-owned ATMs operated under 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 e-pay, transact and AIM together with the significant growth rates experienced at each of these businesses. During 2003, e-pay was still establishing contractual relationships with many large and small retailers to distribute mobile top-up services through POS terminals. Revenues have grown rapidly over the past year as the level of business at the retailers concerned has ramped up to full realization. Growth in the business is also attributable to the conversion by mobile operators from prepaid top-up using scratch card solutions to electronic processing solutions. 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 of the 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, not all of these reductions are absorbed by us. Therefore, 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 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.

Software Solutions Segment – The revenues from the Software Solutions Segment are grouped into four broad categories:

- Software license fees are the initial fees we charge to license our proprietary application software to customers
- We charge professional service fees for providing customization, installation and consulting services to our customers
- Software maintenance fees are the ongoing fees we charge for maintenance of our customers' software products
- Hardware sales revenues are derived from the sale of computer products

Opportunities, Challenges and Risks

Our expansion plans and opportunities are focused on three primary areas: (i) our prepaid mobile phone airtime top-up processing services; (ii) outsourced ATM management contracts; 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 increase 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
- 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. Banks are very deliberate in negotiating these agreements. The process of negotiating and entering into outsourcing agreements typically takes nine to 12 months or longer. Banks evaluate a wide range of matters when deciding to choose an outsource vender. Generally, this decision is subject to extensive management analysis and approvals. In addition, the process is further complicated 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 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 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 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
- the availability of financing for expansion

We expect to spend between $6.0 million and $8.0 million on fixed asset purchases to implement our expansion plans and necessary upgrades or modifications of our processing system in 2004. We expect to use cash on hand, cash flows from operations and, potentially, lease financing to fund these expenditures. Additionally, in connection with a major ATM outsourcing agreement signed in the fall of 2003, we plan to purchase approximately 725 ATMs from a bank. Simultaneously, we will sell the same ATMs to an affiliate of that bank, lease back those ATMs and pass the lease costs through to the bank in accordance with the outsourcing agreement. We estimate that the value of the acquired / sold ATMs will amount to approximately $8.0 million.

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 manage effectively our rapid expansion may 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. 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 2003 Annual Results

Recurring and Non-Recurring Items

The following is a summary of certain significant recurring and non-recurring items and a reference to their location in this Management's Discussion and Analysis. This summary is provided to assist the reader in locating the detailed discussion on these matters.

Description of Item	Management's Discussion and Analysis Page Reference
Gain on sale of U.K. ATM network	Page 30
Non-recurring contract termination fee	Page 31
Gain on sale of Hungary ATMs	Page 32
Acquisition of e-pay	Page 34
Acquisition of transact	Page 35
Interest expense	Page 39
Foreign exchange loss/gain	Page 40
Income tax	Page 40

The following description of our operating results compares the fiscal year ended December 31, 2003 with prior periods.

Our 2003 annual consolidated revenues were $204.4 million for 2003, an increase of 188% over 2002 revenues of $71.0 million, reflecting the acquisitions of e-pay, transact and AIM in 2003. In 2002 revenues also increased by 16% as compared to 2001 revenues of $61.0 million, reflecting the increase in numbers of transactions and ATM's operated year over year in our EFT Processing Segment. Operating income was $13.3 million for 2003 compared to an operating loss of $0.4 million for 2002 and to an operating loss of $6.1 million for 2001. Net income for 2003 was $11.8 million, or $0.41 per share, compared to a net loss of $6.5 million, or a $0.28 per share loss, for 2002, and to a net income of $0.7 million, or a $0.03 per share, for 2001. Net income for the year 2003 included a gain on the sale of our 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 and income from discontinued operations of $3.1 million. Net income for the year 2001 included a gain from the early extinguishment of debt of $9.7 million and foreign exchange translation gains of $5.4 million.

The **EFT Processing Segment** 2003 revenues were $52.9 million, a decrease of $1.0 million, or 2%, over 2002 revenues of $53.9 million. In 2002 revenues increased by $8.0 million, or 17%, over 2001 revenues of $45.9 million. Operating income for the year 2003 was $6.6 million compared to $4.8 million for 2002 and $2.3 million for 2001. The decrease in revenue of $1.0 million for 2003 was attributable to the January 2003 sale of the U.K. ATM network, which was nearly offset by growth in the EFT Processing Segment. If the effects of the U.K. ATM network sale and related outsourcing agreement were excluded from 2002, 2003's revenues and operating income increased by $11.7 million, or 29%, and $2.5 million, respectively. If the effects of the U.K. ATM network sale and related outsourcing agreement were excluded from 2001, 2002's revenues and operating income increased by $3.9 million, or 10%, and $1.4 million, respectively. The increase in 2003 over 2002 operating income was largely attributable to a 45% increase in transactions processed, an 11% increase in ATMs under management and expense control management, which more than offset the $0.7 million in 2002 operating income related to the U.K. ATM network operations sold in January 2003. The increase in 2002 over 2001 operating income is primarily due to a 38% increase in transactions processed and a 25% increase in ATM's operated.

The EFT Processing Segment processed 114.7 million transactions for the full year 2003 compared to 79.2 million transactions in 2002, and 57.2 million transactions in 2001. The segment completed the year with 3,350 ATMs owned and/or operated as compared to 3,005 ATMs at the end of 2002 and 2,400 ATMs at the end of 2001.

The **Prepaid Processing Segment,** established in February 2003 with the acquisition of e-pay, reported 2003 revenues of $136.2 million and operating income of $11.9 million, including $2.2 million in revenues from transact, a German prepaid processor, which was acquired in November 2003, and $1.9 million in revenues from the Company's entry into the U.S. prepaid market, which was principally initiated with the September 2003 acquisition of AIM.

The Prepaid Processing Segment processed 102.1 million electronic prepaid transactions at approximately 126,000 POS terminals located in approximately 59,000 retail locations in the U.K., Australia, Malaysia, Indonesia, New Zealand, Poland, Ireland, Germany and the U.S.

The **Software Solutions Segment** 2003 revenues were $15.7 million, a decrease of 10% compared to 2002 revenues of $17.4 million. The 2002 revenues were 14% greater than 2001 revenues of $15.2 million. The 2002 revenues included approximately $3.8 million of license and maintenance fees related to a significant licensing agreement signed in January 2002 compared to $0.7 million in revenue from that same agreement in 2003 and nil in 2001.

The **Corporate and Other Segment** had $6.7 million of expenses for 2003 compared to $5.6 million for 2002 and $6.5 million for 2001. The 2003 increase over 2002 was largely attributable to the achievement of performance bonuses in 2003, which were not achieved in 2002, increased insurance costs and the full year effects of certain employee additions in the second half of 2002. The decrease in 2002 as compared to 2001, was largely the result of cost cutting measures implemented in 2001, as well as the reclassification of certain costs to the processing segment to better reflect the actual job responsibilities being performed. All segments included, transactions processed in 2003 were 216.8 million compared to 79.2 million processed in 2002, a 174% increase and to 57.2 million in 2001, a 38% increase over 2002.

The **Company's** unrestricted cash on hand was $19.2 million as of December 31, 2003 as compared to $12.0 million at the end of 2002. Euronet's total indebtedness was $65.0 million as of December 31, 2003 compared to $44.4 million at the end of 2002. This increase was the net result of $31.9 million in additional borrowings, mostly related to the e-pay acquisition, increases of $10.9 million for foreign exchange rate translations driven by the U.S. dollar weakening against the euro and GBP, offset in part by repayments of $22.2 million.

The Company's total assets as of December 31, 2003 were $303.8 million, compared to $66.5 million as of December 31, 2002. The increase in total assets was largely the result of investments made in the acquisitions of e-pay and transact, together with an increase in restricted cash and accounts receivable related to the Prepaid Processing Segment. Stockholders' equity was $81.9 million at December 31, 2003 compared to $6.2 million at the end of 2002. The increase in stockholders' equity was primarily the result of the gain on the sale of the U.K. ATM network and the issuance of Common Stock in connection with the acquisitions of e-pay and transact.

Significant Transactions. During the last two years, we have entered into certain significant transactions that have significantly impacted, and will in the future significantly impact, our financial results. These transactions are described below.

Acquisitions. During 2003, we purchased all of the outstanding share capital of e-pay and transact, and substantially all of the assets of AIM. In addition, following the end of our fiscal year ended December 31, 2003, we acquired all of the outstanding share capital of Precept. For additional information about these acquisitions, please see Item 1. Business - Acquisitions, Note 4 — Acquisitions and Note 27 — Subsequent Events 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 Item 1. Business - Dispositions and Note 25 — Discontinued Operations to the Consolidated Financial Statements.

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).

BUSINESS SEGMENT INFORMATION

Summary

As of December 31, 2003, 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 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 and PaySpot, 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 them. 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, 2003, 2002 AND 2001

	Revenues			Operating Income/(Loss)		
	2003	2002	2001	2003	2002	2001
		(in thousands)			(in thousands)	
EFT Processing	$ 52,900	$ 53,918	$ 45,942	$ 6,647	$ 4,809	$ 2,346
Prepaid Processing	136,185	—	—	11,929	—	—
Software Solutions	15,745	17,410	15,221	1,437	434	(1,875)
Corporate Services	—	—	—	(6,657)	(5,621)	(6,521)
Inter-segment eliminations	(423)	(280)	(180)	(39)	(41)	—
Total	$ 204,407	$ 71,048	$ 60,983	$ 13,317	$ (419)	$ (6,050)

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001 - BY BUSINESS SEGMENT

EFT PROCESSING SEGMENT

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 that subsidiary were transferred to the buyer. The results of operations of the U.K. ATM network operations 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 years ended December 31, 2002 and 2001, we have provided a "pro forma" schedule below that adjusts the 2002 and 2001 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 those periods. 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.

		Pro Forma Segment Results Year Ended December 31,					
		2002			2001		
(in thousands)	Results for the year ended December 31, 2003	Entire Segment	U.K. Processing	Adjusted without U.K. Processing	Entire Segment	U.K. Processing	Adjusted without U.K. Processing
Total revenues	$ 52,900	$ 53,918	$ 12,736	$ 41,182	$ 45,942	$ 8,662	$ 37,280
Direct operating cost	23,732	28,866	8,830	20,036	26,380	6,012	20,368
Salaries and benefits	13,488	11,198	1,591	9,607	8,400	1,168	7,232
Selling, general and administrative	1,826	414	(222)	636	921	773	148
Depreciation and amortization	7,207	8,631	1,887	6,744	7,895	1,146	6,749
Total operating expenses	46,253	49,109	12,086	37,023	43,596	9,099	34,497
Operating income/(loss)	$ 6,647	$ 4,809	$ 650	$ 4,159	$ 2,346	$ (437)	$ 2,783

Revenues

In our EFT Processing Segment, we generate substantially all our revenue from fees on transactions generated from ATMs we own and from management fees from ATMs we operate on an outsourced basis.

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

The fees are dependent upon the mix of the following service types:

- ATM processing and/or monitoring
- POS terminal driving
- site selection and lease negotiation
- cash fill forecasting and/or reconciliation
- first and/or second line maintenance
- insurance
- communications
- installation
- ATM leasing

Our outsourcing services are generally billed on the basis of a fixed monthly fee per ATM plus a fee per transaction. The recurring monthly fees per ATM vary significantly depending on the range of services contracted with the customer.

Transaction fees for cash withdrawals from ATMs we own vary from market to market but generally range from $0.60 to $2.70 per transaction. Fees for the other three types of transactions are generally substantially less. We include in EFT Processing Segment revenues from transaction fees payable under the electronic recharge solutions 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. Generally, transaction fees vary from $0.40 to $1.80 per prepaid mobile recharge purchase and are shared with the financial institution and the mobile operator. Any or all of these fees may come under pricing pressure in the future.

Total segment revenues decreased 2% or $1.0 million to $52.9 million for the year ended December 31, 2003 from $53.9 million for the year ended December 31, 2002 primarily due to the sale of the U.K. ATM network. Total segment revenues increased by $8.0 million or 17.4% to $53.9 million for 2002 compared to $45.9 million for 2001, primarily due to increased transactions and ATMs operated.

As shown in the pro forma segment results, if 2002 and 2001 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 and 10% for the year ended December 31, 2002 over the year ended December 31, 2001.

Certain new ATM driving contracts and network participation agreements were implemented in the final nine months of 2002 and throughout 2003 that contributed to transaction and revenue growth. However, included in revenues for the year ended December 31, 2003 are approximately $0.8 million in one-time revenues for a contract that was terminated before implementation. Increases in ATMs under management and transactions are the primary reasons for the increase in revenues as further quantified below.

We operated 3,350 ATMs as of December 31, 2003, 3,005 as of December 31, 2002 and 2,400 as of December 31, 2001, representing increases of 11% for 2003 and 25% for 2002. We processed 114.7 million, 79.2 million and 57.2 million transactions for the years ended December 31, 2003, 2002 and 2001, respectively, representing increases of 45% in 2003 and 38% in 2002. The increase in transaction growth was greater than the increase in ATM growth and revenue growth due to an increase in the number of ATMs that we operate under ATM management outsourcing agreements relative to ATMs we owned during these periods, and an increase in the number of ATM network participation arrangements and ATM-based prepaid telecommunication recharge transactions. The revenues generated from ATM management outsourcing agreements often have a substantial recurring monthly fixed fee as compared to a per transaction fee for our owned ATMs. As a result of this relative reduction in transaction based component of fee structures, transactions on these machines increased faster than the revenues.

On December 31, 2003, we owned 25% of the ATMs we operate (excluding those leased by us in connection with outsourcing agreements), while the remaining 75% were operated under ATM management outsourcing agreements. On December 31, 2002, we owned 67% of the ATMs we managed, including our U.K. ATM network. 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; 60% for the year ended December 31, 2002; and 59% for the year ended December 31, 2001, as adjusted for the sale of the U.K. ATM network and related outsourcing agreement. We believe our strategy to shift from a largely proprietary, Euronet-owned ATM network to a more balanced mix between proprietary ATMs and ATMs operated under outsourcing agreements will provide higher marginal returns on investments. 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 a deployed ATM. Additionally, in many instances operating costs are the responsibility of the owner and, therefore, recurring operating expenses per ATM are lower.

In the Czech Republic, beginning in November 2002 a new, 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 new fee is $1.00 and for Europay cards the

new fee is €1.20. Prior to these changes, we were 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 2001 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. We are actively monitoring this trend and will take appropriate action, including deinstallation of any under-performing ATMs, as conditions and further trends warrant to protect deployment margins.

Operating Expenses

For the year ended December 31, 2003, total segment operating expenses decreased 6%, or $2.8 million, to $46.3 million from $49.1 million for the year ended December 31, 2002. For the year ended December 31, 2002, total segment operating expenses increased 14%, or $6.0 million, from $43.6 million for the year ended December 31, 2001. The primary reason for the 2003 decrease was the sale and resulting elimination of the U.K. ATM network expenses in January 2003. The primary reason for the 2002 increase was additional salaries to support our operational growth during the period. However, as a percentage of revenues, operating expenses decreased from 95% of revenues in 2001 to 91% of revenues in 2002 to 87% in 2003, reflecting operational efficiency improvements.

As shown in the EFT Processing Pro Forma Segment Results table, if the 2002 U.K. ATM operating expenses are excluded from the comparative figures due to the sale of the U.K. ATM network in January 2003, operating expenses increased 25%, or $9.2 million, for the year ended December 31, 2003 over the year ended December 31, 2002. The increase in operating expenses is primarily the result of additional expense to support increases in transactions of 35.5 million, or 45%, and increases in ATMs of 345, or 11%. 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.

The following discussion and analysis for the EFT Processing Segment operating expenses and income again compares certain direct operating costs, salaries, selling, general and administrative costs as well as depreciation costs and performance ratios for 2003 to 2002 and 2001 excluding the U.K. processing business expenses. We sold the U.K. ATM network in January 2003 and thus there are no comparable expenses for the years ended 2002 and 2001. We believe this presentation provides a more comparable cost structure for analysis of the changes between the periods.

	Direct Operating Costs Year Ended December 31,						
	2003	2002			2001		
(in thousands)	Entire Segment	Entire Segment	U.K. Processing	Adjusted without U.K. Processing	Entire Segment	U.K. Processing	Adjusted without U.K. Processing
ATM communication	$ 3,122	$ 4,171	$ 1,099	$ 3,072	$ 4,456	$ 1,015	$ 3,441
ATM cash filling and interest on network cash	5,287	7,335	2,572	4,763	7,375	1,859	5,516
ATM maintenance	3,685	4,529	1,120	3,409	4,129	753	3,376
ATM site rental	2,929	3,879	1,428	2,451	2,486	263	2,223
ATM installation	742	575	248	327	238	43	195
Transaction processing and ATM monitoring	6,730	6,442	1,205	5,237	6,180	1,654	4,526
All other	1,237	1,935	1,158	777	1,516	425	1,091
Total direct operating expenses	$ 23,732	$ 28,866	$ 8,830	$ 20,036	$ 26,380	$ 6,012	$ 20,368

Direct operating costs decreased from 55% to 49% to 45% of revenues for the years ended December 31, 2001, 2002 and 2003, respectively. On a per-ATM basis, direct operating costs were $9,091, $7,414 and $7,468 for December 31, 2001, 2002 and 2003, respectively. This decrease of 18% and increase of 1% for the years ended December 31, 2003 and 2002, respectively, over prior years 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, in September 2003, the Company completed the sale of its 272 Hungarian ATMs. In connection with the sale, the Company entered into a long-term outsourcing agreement and cash sponsorship arrangement with the purchaser. The sale was made to a large financial institution in Hungary and resulted in a pre-tax gain of approximately $0.8 million that has been offset within direct operating expenses.

Costs per transaction have decreased because of increasing transaction volumes at existing sites with a large fixed direct operating cost component at these sites that increase at a slower rate, or not at all, compared to transaction volumes. On a per-transaction basis, annual direct operating costs of $0.21 for the year 2003 declined 16% from the same costs of $0.25 in 2002 and the annual 2002 costs of $0.25 decreased 31% from 2001's costs of $0.36. Annual transaction volumes increased 44% and 38% for 2003 and 2002, respectively. Increasing transaction volumes on existing sites that have fixed direct operating expenses decreases our costs per ATM and per transaction. In addition, the number of ATMs that we operate under ATM management outsource agreements increased as compared to ATMs 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, our ATM management agreements shift some expenses to the customer, which retains certain expense responsibilities that are required to operate the ATM.

Gross margin per ATM was $9,180, $7,825 and $7,548 for the years ended December 31, 2003, 2002 and 2001, respectively. Gross margin (revenue less direct operating costs) per transaction was $0.25, $0.27 and $0.30 for the years ended December 31, 2003, 2002 and 2001, respectively. The continuing increases in gross margin per ATM are due to higher growth in transactions and revenues relative to the increases in capital, fixed assets, and direct operating costs. In fact, 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 us, as owner, to bear all 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 as a percentage of segment revenue increased from 19% to 23% to 25% of revenues for the years ended December 31, 2001, 2002 and 2003, respectively. Segment salaries and benefits increased $3.9 million or 40% to $13.5 million for the year ended December 31, 2003, from $9.6 million for year ended December 31, 2002. Additionally, segment salaries and benefits increased $2.4 million, or 33%, to $9.6 million for the year ended December 31, 2002 from $7.2 million for the year ended December 31, 2001. These increases are primarily due to an increase in staff levels in our 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 as a percentage of segment revenue increased from 1% to 2% to 3% for the years ended December 31, 2001, 2002 and 2003, respectively. Segment selling, general and administrative costs increased by $1.2 million to $1.8 million for the year ended December 31, 2003 from $0.6 million for year ended December 31, 2002. Additionally, segment selling, general and administrative costs increased $0.5 million for the year ended December 31, 2002 from $0.1 million for the year ended December 31, 2001. These increases are primarily due to an increase in market development expenses in our Asian business. Also, allocations were made within the Euronet operating companies to charge the ATM network operations for transaction switching fees and bank connection fees incurred by our central processing center in Budapest. These allocations totaled $6.7 million, $5.2 million and $4.5 million for the years ended December 31, 2003, 2002 and 2001, respectively, and have been allocated from selling, general and administrative costs to direct operating costs. Finally, in the fourth quarter of 2003 we provided approximately $0.5 million as reserve for a loss on certain ATM disbursements resulting from a card association's change in their data exchange format. We are seeking insurance recovery for this loss.

Depreciation and amortization expense increased 7%, or $0.5 million, to $7.2 million for year ended December 31, 2003 from $6.7 million for the year ended December 31, 2002. This increase is primarily due to the increase in depreciation of the new computer and system facilities at our European Operations Center in Budapest, which was placed in service in the third quarter of 2002. We expect that depreciation levels in the future will grow at slower rates and perhaps even decline as more ATMs reach the end of their depreciable lives, and we continue to move toward increasing the number of ATMs that we operate under ATM management agreements rather than as owner/operators.

Operating Income

The EFT Processing Segment improved operating income by $1.8 million to $6.6 million for the year ended December 31, 2003 and by $2.5 million (including the U.K. ATM network business) for the year ended December 31, 2002. Our operating margin as a percent of revenues was 12.6%, 8.9% and 5.1% for the years ended December 1, 2003, 2002 and 2001, respectively.

As shown in the EFT Processing Pro Forma Segment Results table on page 30, if the 2002 U.K. ATM network operating income and expenses are adjusted for the respective balances due to the sale of the U.K. ATM network in January 2003, operating income improved by $2.5 million for the year ended December 31, 2003 and by $1.4 million for the year ended December 31, 2002. Additionally, operating income as a percent of revenues was 12.6%, 10.1% and 7.5% for the years ended December 1, 2003, 2002 and 2001, respectively. Moreover, operating margin per transaction was $0.06, $0.05 and $0.05 for the years ended December 1, 2003, 2002 and 2001, respectively. Finally, operating margin per ATM was $2,092, $1,539 and $1,242 for the years ended December 1, 2003, 2002 and 2001, respectively. The continuing increases in operating income as a percent of revenue, per ATM and per transaction are due to significant growth in revenues and transactions without corresponding increases in capital, fixed assets, salaries and administrative expenses, as well as the continuing migration toward operating ATMs under management

outsourcing agreements rather that ownership arrangements. We are pursuing new business opportunities in Asia. In the Asia market, operating expenses exceeded revenues by approximately $2.1 million for the year ended December 31, 2003 and are expected to exceed revenues by approximately $1.5 million over the next 12 to 18 months as we expand operations.

PREPAID PROCESSING SEGMENT

The Prepaid Processing Segment was established in 2003 with the acquisition of e-pay in February. Later in the year, we acquired AIM in September and we acquired transact in November. Our actual results for the Prepaid Processing Segment reflect e-pay's results of operations for 11 months, AIM's results of operations for four months and transact's results of operations for two months. To assist in better understanding the results of the Prepaid Processing Segment business since our reported results only include the three acquired business results from the date of acquisition, we have also provided the pro forma results of the Prepaid Processing Segment as if all three acquired businesses had been owned since January 1, 2002. The pro forma results are presented below.

Business Overview

The business of the Prepaid Processing Segment is processing the distribution of prepaid mobile phone minutes, as well as other prepaid products, to consumers through a network of POS terminals and direct connections to the electronic payment systems of retailers. We enter into agreements with mobile phone operators in certain geographical markets and connect directly to the mobile phone operators' back office systems. In others markets (such as the U.S.), we receive mobile phone time through the electronic delivery by mobile operators or the purchase from other sources of phone time through personal identification numbers (PINs) that release airtime to the mobile phone of the customers concerned. We then distribute the mobile phone time through an electronic network either through a direct credit from the mobile operator to the mobile phone, or the issuance of PINs. The business has grown rapidly over the past year as new retailers have been added and mobile operators have switched from scratch card vouchers to distribution by electronic means.

Our Prepaid Processing Segment consists of operations in the U.S., the U.K., Germany, Poland, Australia, New Zealand and Ireland, together with e-pay's joint venture in Malaysia, which serves the Malaysian and Indonesian markets.

We maintain contractual relationships with the retailers or networks that operate the POS terminals through which we distribute prepaid mobile airtime. Our agreements with major retailers generally are multiyear agreements, whereas agreements with small retailers are generally terminable on three months notice. In Poland, Australia and New Zealand, we generally provide the POS terminals free of charge and incur the expense of installing those terminals in the retail outlets. In the U.S., Germany and Ireland the retailers generally pay for the POS terminals. In the U.K., Australia, Poland, Ireland and New Zealand, our relations and agreements are directly with the retailers. In Germany, we have relations and agreements directly with retailers and we have transaction processing agreements with distributors. In these cases the distributors maintain the relationship with the mobile operators and retailers. In the U.S., we have both direct and indirect relations with the retailers. We are attempting to achieve leverage in expanding our network by contracting with distributors or networks of POS or ATM terminals (generally referred to as Independent Sales Organizations, or ISO), which are paid a commission for delivering us contracts with retailers to distribute PINs. As a result of our agreements with ISOs in the U.S., our relationships with the retailers are sometimes indirect, through the distributor or ISO.

The core of our operations involves the establishing of an electronic connection with the retailers' POS terminals, processing transactions and maintaining systems that monitor transaction levels at each terminal. As consumers purchase mobile phone time, the customer pays the retailer and the retailer becomes obligated to make settlement 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. Generally speaking, in each market retailer accounts are directly debited on a contractually defined basis. No trust arrangements are required in markets other than the U.K. We maintain systems that permit us to monitor the settlement practices of each retailer.

The acquisitions described below, which took place in 2003, initiated this segment of our business. Due to the rapid growth of these new businesses and timing of the acquisitions, the focus of the following discussion and analysis will be on actual 2003 financial performance and statistics for the periods that we have owned these subsidiaries. Note 4 — Acquisition to the Consolidated Financial Statements includes required "pro-forma" consolidated Statement of Operations summary information for 2002 and 2003 as if we had purchased the companies as of January 1, 2002.

Purchase of e-pay

In February 2003, we purchased 100% of the share capital of e-pay, an electronic payments processor of prepaid mobile phone airtime top-up services in the U.K. and Australia. Moreover, e-pay owns 40% of e-pay Malaysia, which provides top-up services in Malaysia and Indonesia. Subsequent to our acquisition of e-pay, e-pay expanded its operations into New Zealand, Ireland and Poland. e-pay processes top-up transactions at approximately 114,000 points of sale at more than 46,000 retail outlets. This transaction is more fully described under Item 1. Business and in Note 4 – Acquisitions to the Consolidated Financial Statements.

Purchase of AIM

In September 2003, we purchased all of the assets and assumed certain liabilities of AIM, a U.S.-based electronic top up company, selling prepaid services via POS terminals in 36 states on approximately 2,800 POS terminals. Euronet will use AIM's resources to enhance the Company's U.S. prepaid program, called PaySpot, which enables consumers to purchase wireless airtime and long distance calling plans from ATM and POS terminals across the country. AIM delivers many types of prepaid products, including wireless, long distance, gift cards, debit cards and other products. This transaction is more fully described under Item 1. Business and in Note 4 – Acquisitions to the Consolidated Financial Statements.

Purchase of transact

In November 2003, we purchased 100% of the shares of transact. transact specializes in payment processing services and software for electronic financial transactions and prepaid mobile phone transactions. Additionally, transact offers a line of proprietary POS terminals, including general packet radio system (GPRS) based products. transact currently supports mobile phone top-up purchases at more than 9,500 of their installed base of over 22,000 POS terminals in approximately 18,500 retail locations. This transaction is more fully described under Item 1. Business – Acquisitions and in Note 4 — Acquisitions to the Consolidated Financial Statements.

The Prepaid Processing Segment now supports top-up transactions at approximately 128,000 points of sale in 59,000 locations across nine countries. The following table presents the results of operations for this segment for the year ended December 31, 2003 as included in our consolidated results of operations, as well as pro forma results of operations for 2003 and 2002 as if we owned all acquired businesses as of January 1, 2002.

Prepaid Processing Segment Results of Operations

(in thousands)	As Reported Year Ended December 31, 2003	Pro Forma Year Ended December 31, 2003	Pro Forma Year Ended December 31, 2002
		(unaudited)	(unaudited)
Total revenues	$ 136,185	$ 157,018	$ 59,395
Direct operating cost	109,538	122,795	42,918
Salaries and benefits	7,155	9,626	5,641
Selling, general and administrative	3,937	5,743	3,715
Depreciation and amortization	3,626	4,917	4,991
Total operating expenses	124,256	143,081	57,265
Operating income	$ 11,929	$ 13,937	$ 2,130

Pro Forma Year-Over-Year Results

The year-over-year pro forma results for the Prepaid Processing Segment presented above reflect significant growth. This growth was predominately from e-pay in the U.K. and Australia. Both the U.K. and Australian mobile operators were among the first markets to aggressively promote the use of electronic top-up products in favor over of card products. Accordingly, e-pay was able to benefit significantly from their actions. Moreover, e-pay benefited from strong sales in both 2003 and 2002, during which time it was successful in signing e-top-up distribution agreements with several major U.K. and Australian retailers. e-pay benefited in 2003 by the full year effects of retailer agreements signed and implemented in 2002. The direct operating expense generally grew at rates similar to the revenue growth as expected. All other operating expenses, in aggregate, increased year over year by approximately 20% of the revenue growth, reflecting the significant leverage of a largely fixed cost structure.

Revenues

The Prepaid Processing Segment's 2003 revenues of $136.2 million reflected consistent and strong sequential quarterly growth throughout 2003. Revenues for the first quarter 2003, the initial quarter of the Prepaid Processing Segment, grew 20% on a pro forma basis over the fourth quarter 2002, the second quarter grew 20% over the first quarter's pro forma revenues, the third quarter grew 14% over the second quarter and the fourth quarter grew 39% over the third quarter (26% if the results of transact and AIM were excluded). These strong sequential growth rates were the result of several factors including the mobile operators' continued shifting from scratch card solutions to electronic top-up solutions, the full year effects of retailer agreements implemented in 2002, the signing and implementation in 2003 of additional retailer agreements, principally larger retailers, the launch of prepaid business operations in New Zealand, Ireland and Poland, the late third quarter acquisition of AIM and fourth quarter acquisition of transact. Included in the fourth quarter 2003 revenues was $1.9 million and $2.2 million in revenues from the acquisitions of AIM and transact, respectively. We do not expect these growth rates to continue.

Revenue is recognized based on commissions received from mobile and other telecommunication operators or transaction processing fees from prepaid wireless top-up distributors or large retailers for the distribution and/or processing of prepaid mobile airtime and other telecommunication products. Due to certain provisions of the 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, 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. Approximately 99% of the Prepaid Processing Segment's revenue is attributable to the processing of prepaid mobile airtime and 1% is attributable to other telecommunications products. We distribute small amounts of long distance prepaid 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.

Total transactions processed by the Prepaid Processing Segment for the 11 months ended December 31, 2003 were 102.1 million, including 39.8 million in the fourth quarter 2003 and 26.3 million in the third quarter 2003. Revenue and gross margin per transaction averaged $1.33 and $0.26, respectively, during the period ended December 31, 2003. Revenue per transaction in the U.K. have trended slightly downward, primarily due to the reduction of commission rates paid by the mobile operators in the U.K.

Gross margin per transaction trended slightly downward throughout the year primarily as a result of transactional volume growth from existing larger retailers together with additional agreements signed this year with large retailers who earn discounts consistent with higher transaction volumes. Transaction growth in the U.K. is expected to slow in the next 12 to 24 months as a result of our current association with nearly all of the larger retail merchants and as the conversion to electronic top-up from scratch-card vouchers begins to slow. New markets in Poland, Germany, Ireland, New Zealand and the U.S. are expected to experience higher transaction growth rates than the U.K. as the conversion to electronic top-up from scratch-card vouchers increases.

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. These expenditures vary directly with processed transactions. Communication and paper expenses required to operate terminals are also included.

Direct operating expenses were $109.5 million or 80% of revenue, for the 11-month period ended December 31, 2003. Higher transaction volumes and related commission expense directly attributable to increase in revenue was the primary reason for the continuing increase in direct operating expenses. Costs per transaction have increased slightly as a result of certain new contracts with large retail merchants who have contributed to transaction growth but at a higher commission cost to e-pay.

Segment salaries and benefits were $7.2 million, or 5.3%, of revenues for the 11 months ended December 31, 2003. New hires necessary to staff expansion into new markets in Poland, New Zealand, and the U.S. added $1.0 million to the total salary and benefit expense. Selling, general and administrative expenses were $3.9 million or 2.9% of revenues for the eleven months ended December 31, 2003. Of this amount, $0.9 million is due to new market development and operational expenses.

Depreciation and amortization expense was $3.6 million for the 11 months ended December 31, 2003. This amount includes $1.7 million in amortization expense for assigned intangible assets related to the acquisitions.

Operating Income

Operating income of $11.9 million consistently increased throughout the 11-month period ended December 31, 2003. The increases are directly attributable to increased revenue volume. The Prepaid Processing Segment's operating income benefited from the ability to leverage its operations in that its non-direct operating costs are generally fixed or discretionary in nature rather than variable with volume. We would generally expect to see this relationship continue.

SOFTWARE SOLUTIONS SEGMENT

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

	Year Ended December 31,		
	2003	2002	2001
Software Solutions (in thousands)			
Total Revenues	$15,745	$17,410	$15,221
Direct operating cost	829	788	269
Salaries and benefits	9,716	12,095	12,329
Selling, general and administrative	2,603	3,062	3,754
Depreciation and amortization	1,160	1,031	744
Total operating expenses	14,308	16,976	17,096
Operating income (loss)	$ 1,437	$ 434	$ (1,875)

Revenue

Software revenues are grouped into four broad categories as shown in the table below.

Software license fees are the initial fees we charge to license our proprietary application software to customers. We charge professional service fees for providing customization, installation and consultation services to our customers. Software maintenance fees are the ongoing fees we charge for maintenance of our customers' software products. Hardware sales revenue is derived from the sale of computer products.

The components of Software Solutions Segment revenue were:

	Year Ended December 31,		
	2003	2002	2001
Software Solutions (in thousands)			
Software license fees	$ 3,750	$ 6,365	$ 3,030
Professional service fees	5,687	4,648	6,765
Maintenance fees	5,954	5,756	5,045
Hardware sales	354	641	381
Total	$15,745	$17,410	$15,221

Total software revenues decreased by $1.7 million from $17.4 million for the year ended December 31, 2002 to $15.7 million for the year ended December 31, 2003, and increased by $2.2 million from $15.2 million for the year ended December 31, 2001 to $17.4 million for the year ended December 31, 2002. These year-over-year changes are largely the result of recognizing $3.9 million in revenues from the sale of a licensing and maintenance agreement (referred to as Fidelity National Financial, or FNF, formerly Alltel Information Systems) to a customer in the year 2002; only $0.7 million was recognized in the year ended December 31, 2003 from that some customer. The current year decrease over the prior year is generally in line with expectations for this segment due to the impact of 2002's significant customer sale offset by an increase in professional service fees.

Software license fees decreased $2.6 million for the year ended December 31, 2003 from $6.4 million for the year ended December 31, 2002 to $3.8 million for the year ended December 31, 2003. Software license fees increased $3.4 million to $6.4 million for the year ended December 31, 2002 from $3.0 million for the year ended December 31, 2001. The decrease in the year ending December 31, 2003 is due primarily to license fees that we earned as part of a software license agreement with FNF during 2002. We recognized $0.04 million in software license fees related to the FNF software license agreement during the year ended December 31, 2003, compared to $3.6 million in software license fees for the year ended December 31, 2002. Approximately $0.4 million of license fees remain to be earned and recognized related to the FNF software license agreement. In this particular license agreement, there is no specific date by which the services related to these fees must be utilized. Excluding the 2002 FNF license fees, software license fees increased $0.9 million for the year ended December 31, 2003, resulting from increased license agreements being signed during 2003.

Professional service fees increased $1.1 million for the year ended December 31, 2003 from $4.6 million for the year ended December 31, 2002 to $5.7 million for the year ended December 31, 2003. Professional services fees decreased $2.1 million for the year ended December 31, 2002 from the year ended December 31, 2001. The current year increase is due to strong sales efforts and additional billed hours of service and consulting over the same period a year earlier. This is primarily due to a redeployment of resources from the FNF software license agreement to other professional service contracts.

Maintenance fees increased by $0.2 million to $6.0 million for the year ended December 31, 2003 from $5.8 million for the year ended December 31, 2002. Maintenance fees increased by $0.8 million to $5.8 million for the year ended December 31, 2002 from $5.0 million for the year ended December 31, 2001. Each year's increase in maintenance fees is due to the completion of software delivery contracts, thereby initiating the maintenance aspect of these contracts. The FNF software license agreement resulted in the inclusion of approximately $0.7 million in maintenance revenues for the year ended December 31, 2003, and $0.3 million for the year ended December 31, 2002.

Hardware sales are generally sporadic as they are an incidental component to our software license and professional services offerings. Hardware sales increased marginally for the year ended December 31, 2003 compared to the same period ended December 31, 2002.

Software Sales Backlog

We define "software sales backlog" as fees specified in contracts that we have executed and for which we expect recognition of the related revenue within one year. At December 31, 2003, the revenue backlog was $5.3 million as compared to December 31, 2002 when the revenue backlog was $4.9 million and to December 31, 2001 when the revenue backlog was $2.5 million. The FNF software license agreement represented $0.4 million of the December 31, 2003 backlog. Strong sales in 2002 and 2003 have enabled us to largely replace the FNF license agreement within our backlog. We provide no assurance that the contracts included in our backlog will actually generate the specified revenues or that the revenues will be generated within the one year period.

Operating Expenses

Software Solutions Segment operating expenses are grouped into four categories as shown in the table above.

Direct operating costs consist of hardware costs and distributor commissions. Hardware costs are generally sporadic as they are an incidental component to our software license and professional services offerings. Direct operating costs increased 5% or $0.04 million for the year ended December 31, 2003 compared to the year ended December 31, 2002. Direct operating costs increased 193%, or $0.5 million, for the year ended December 31, 2002 compared to the year ended December 31, 2001. This increase from 2001 to 2002 is a result of increased distributor commissions and hardware sales. We continue to pursue strategic distributor relationships for the sale of our software products. These relationships provide an avenue for efficient sales of our products to customers or in geographic regions that may otherwise be inaccessible.

Salary and benefits decreased by $2.4 million, to $9.7 million, for the year ended December 31, 2003, from $12.1 million for the year ended December 31, 2002. Salary and benefits decreased by $0.2 million, to $12.1 million, for the year ended December 31, 2002, from $12.3 million for the year ended December 31, 2001. These reductions are generally due to reduced resource commitments for certain development and professional service fee contracts, as well as to an increase in capitalization of salaries for software development costs for our credit card and U.S.-based prepaid processing software.

Selling, general and administrative expenses decreased by $0.5 million, to $2.6 million, for the year ended December 31, 2003 from $3.1 million for the year ended December 31, 2002. Selling, general and administrative expenses decreased by $0.7 million to $3.1 million for the year ended December 31, 2002 from $3.8 million for the year ended December 31, 2001. The decrease is primarily due to reduced expenses in 2003 related to the renegotiation of certain telecommunication contracts as well as expense control efforts. These decreases are not expected to continue.

Depreciation and amortization expense increased to $1.2 million for the year ended December 31, 2003, and to $1.0 million for the year ended December 31, 2002. The increases are due to the addition of $1.2 million in capitalized software development costs during 2003, and $0.6 million in capitalized software development costs along with $0.4 million in leasehold improvements during 2002. Amortization of capitalized software development costs was $0.9 million for the year ended December 31, 2003 and $0.7 million (including leasehold improvements) for the year ended December 31, 2002.

We continue our ongoing commitment to the development, maintenance and enhancement of our products and services. In particular, we invested and will continue to invest in new software products that permit additional features and transactions on our ATM network. In addition, we continue to invest in the ongoing development of products that were recently introduced to the market. Our research and development costs for software products to be sold, leased or otherwise marketed were $4.1 million for the year ended December 31, 2003 and $4.0 million for the same period ending December 31, 2002.

We capitalize software development costs in accordance with our accounting policy of capitalizing development costs on a product-by-product basis once technological feasibility is established. We establish technological feasibility of computer software products when we complete 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 $1.2 million in the year ended December 31, 2003, as compared to $0.6 million capitalized during the year ended December 31, 2002 and Compared to an operating loss of $1.9 million for the year ended December 31, 2001.

Operating Income

The Software Solutions Segment reported operating income of $1.4 million for the year ended December 31, 2003 as compared to operating income of $0.4 million for the year ended December 31, 2002. The improvements are primarily due to a revenue increase together with reductions in salaries and benefits expenses and selling, general and administrative expenses.

CORPORATE SERVICES SEGMENT

	Year Ending December 31,		
(in thousands)	2003	2002	2001
Salaries and benefits	$3,218	$1,989	$3,362
Selling, general and administrative	3,355	3,576	3,017
Depreciation and amortization	84	56	142
Total direct operating expenses	$6,657	$5,621	$6,521

Operating expenses for the Corporate Services Segment increased by $1.1 million to $6.7 million for the year ended December 31, 2003 from $5.6 million for the year ended December 31, 2002, and operating expenses decreased by $0.9 million to $5.6 million for 2002 compared to $6.5 million for 2001.

The increase in 2003 is largely attributable to the achievement of performance bonuses in 2003 that were not achieved in 2002 coupled with increased insurance costs and cost related to certain additional staffing added in the second half of 2002. Cost control measures and work force reductions implemented in 2001 that became fully realized in 2002 are the primary reasons for the decrease operating expenses in 2002 compared to 2001. Additionally, in January 2001 we began to reclassify certain salary and benefits expense to the EFT Processing Segment to better reflect the actual job responsibilities performed. The effect of these changes is fully realized in 2002.

NON-OPERATING RESULTS

Interest Income

Interest income increased by $1.0 million to $1.3 million for the year ended December 31, 2003 from approximately $0.3 million for each of the years ended December 31, 2002 and 2001. 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, which was added in 2003.

Interest Expense

Interest expense increased by $0.9 million to $7.2 million for the year ended December 31, 2003 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. Interest expense decreased by $3.2 million to $6.2 million for the year ended December 31, 2002 from $9.4 million for the year ended December 31, 2001. The decrease from 2001 to 2002 was due to a reduction in notes payable as a result of significant debt/equity swaps during 2001 and the cash retirement of $9.0 million in July 2002 offset partially by exchange rate differences.

In February 2003, we incurred approximately $27 million (17 million GBP) of indebtedness in connection with the acquisition of e-pay, which is more fully described in Note 4 – Acquisitions to the Consolidated Financial Statements. The e-pay debt was reduced to $12.3 million through payments and equity conversions through December 31, 2003.

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; in 2003 we recognized $0.9 million of this revenue in the EFT Processing Segment's revenue. 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 Investments

We recorded $0.6 million in equity income in 2003 as a result of our share of e-pay's net income in e-pay Malaysia. In addition, we incurred a loss of $0.1 million in 2003 and a loss of $0.2 million in 2002 resulting from our share of losses of CashNet Egypt.

Gain/Loss on Early Retirement of Debt

We had no early retirements of debt in 2003. We had a loss on early retirement of debt of $1.0 million for 2002 compared to a gain on early retirement of debt of $9.6 million for 2001. The 2001 gain was the result of repurchasing notes payable as amounts significantly below their carrying value as described in Note 11 - Notes Payable to the Consolidated Financial Statements.

Foreign Exchange Gain/Loss

We had a net foreign exchange loss of $9.7 million for 2003 as compared to an exchange loss of $4.2 million for 2002 and an exchange gain of $5.4 million for 2001. 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 and British pounds, and other currencies, including capital lease obligations, notes payable (including the notes issued in our public bond offering), cash and cash equivalents, and investments. The significant loss of value of the U.S. dollar against the euro is the primary source of the loss in 2003 and 2002. The strengthening of the U.S. dollar against these currencies is the primary source of the gain in 2001. It is our policy to attempt to match local currency receivables and payables. 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.

Income Taxes

Tax expense on income from continuing operations was $4.2 million for the year ended December 31, 2003 as compared to a tax benefit of $2.3 million for 2002. The 2003 tax expense is comprised of $2.8 million in tax expense related to the Prepaid Processing Segment, $1.8 million in tax expense related to the EFT Processing Segment, and $0.4 million in tax benefit related to corporate. Taxable income is now being generated in several tax jurisdictions within these business segments. 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.

Minority Interest

We recorded the minority interest in losses from P. T. Euronet Sigma Nusantara, an Indonesia company. We own 80% of P. T. Euronet Sigma Nusantara's shares.

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) and $0.6 million in 2001.

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. We reported a loss (net of tax) from the discontinued operations of France of nil in 2002 (including the loss on sale) and a loss of $0.7 million in 2001.

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 a net income of $11.8 million for 2003 as compared to a net loss of $6.5 million for 2002 and a net income of $0.7 million for 2001.

In summary, 2003's net income of $11.8 million was largely the result of $13.3 million in operating income increased by the $18.0 million gain on the sale of the U.K. ATM network and $0.5 million in equity from unconsolidated subsidiaries offset by interest expense net of interest income of $6.0 million, 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 net result of losses from operations of $0.4 million increased by interest expense of $6.0 million, net of interest income, 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. For the year 2001, the net income of $0.7 million was largely the net effect of $6.1 million in operating losses increased by interest expense net of interest income of $9.1 million offset by a gain of $9.7 million on the early retirement of debt, foreign exchange gains of $5.4 million and income tax benefits of $0.8 million.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2003, we had cash and cash equivalents of $19.2 million and $58.3 million of restricted cash of which $52.1 million 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. The remaining restricted cash is cash provided by banks participating in our ATM network, cash pledged to cover guarantees on financial instruments and as deposits with customs officials (See Note 6 - Restricted Cash to the Consolidated Financial Statements).

Prior to 2002, we had negative cash flow from operations. We funded operations and capital expenditures through proceeds from debt and equity offerings as well as through capital lease financings. As more fully described previously, we funded the recent acquisitions of e-pay, AIM and transact with combinations of cash, debt and equity; approximately $29 million of such cash come from the sale of the U.K. ATM Network.

In December 2002, we entered into a secured revolving agreement (the "Bank Credit Agreement") providing a facility of up to $5.0 million from a bank. The Bank Credit Agreement expired on March 14, 2003 and was repaid in full at that time.

In February 2004, we entered into a two-year unsecured revolving credit agreement with a bank to provide for borrowing up to $10.0 million. The proceeds from the facility can be used for working capital needs, acquisitions and other corporate purposes. There are certain financial performance covenants that must be maintained under the agreement and limitations on payment of dividends. Interest accrues on any outstanding balances at a PRIME-based floating rate or LIBOR-based rate for 90-day periods. As of March 15, 2004, no amounts had been drawn under this agreement.

Due to the weakening of the U.S. dollar relative to the euro throughout 2003, the amount of our long-term Senior Discount Notes outstanding has increased from $36.3 million at December 31, 2002 to $43.5 million at December 31, 2003.

We commenced cash payments of interest on our Senior Discount Notes on January 1, 2003 and are required to continue to make such payments on a semi-annual basis on January 1 and July 1 through 2006. At current debt levels, we will be required to make approximately $2.7 million (€2.2 million at an exchange rate of $1.25 dollars to the euro) in interest payments on a semi-annual basis through 2006. The remaining principal balance of Senior Discount Notes of approximately $43.5 million carrying value (approximately €35 million) will be due and payable in July 2006.

Since July 1, 2002, we may at any time exercise our right to partially or fully redeem the Senior Discount Notes for cash without restriction. Any redemption is 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 to 4%, then decreases to 2% on July 1, 2004 and no premium from July 1, 2005 and thereafter.

We intend to reduce our indebtedness under our Senior Discount Notes through the repurchase of notes from time to time in exchange for equity as we have done in the past and/or through repayments as our cash flows permit. In the event we are not able to exchange debt for equity or repay the debt through cash flows, we will attempt to refinance this debt to decrease interest costs and, if possible, extend its repayment period if reasonable terms are available. Our current cash flow levels would be sufficient to make the semi-annual interest payments and, if maintained, would be sufficient to repay the majority of this debt at maturity. We expect our cash flows to increase sufficiently to permit full repayment of this debt when it falls due. However, we can make no assurances as to our ability to sustain or increase our cash flows.

We also incurred indebtedness in the aggregate amount of approximately $34.0 million in connection with our acquisitions of e-pay, transact, AIM and, subsequent to December 31, 2003, Precept. Since incurring this indebtedness in 2003, we have either repaid or converted to equity approximately $19.5 million, leaving $14.5 million yet to repay. Starting in April 2004, we are obligated to repay approximately $0.7 per quarter for three quarters. In January 2005, we are obligated to repay $2.0 million and in February 2005, we are obligated to repay $7.0 million GBP, or approximately $12.3 million. The $2.0 million due in January 2005 can be repaid in cash or Euronet stock at a 10% discount to the defined current market price.

In addition to these indebtedness obligations, we agreed with the selling shareholders of transact to make an earn-out payment to them in January 2005 for the growth of the transact business as determined in the third quarter of 2004. Based on transact's business plan, for which we can make no assurances as to its achievement, we estimate that the second payment will be approximately $20 million to $30 million. We have the right to make that payment in all cash or half in cash and half in shares of our Common Stock.

In November 2003, when we raised $20 million in cash through the issuance of approximately 1.1 million shares of our Common Stock to Fletcher International, Ltd. ("Fletcher"), we agreed to allow Fletcher the right to invest an additional $16 million in our Common Stock at the prevailing market price at the time Fletcher may exercise its right. We cannot force Fletcher to make the additional investment and Fletcher has 15 months from March 15, 2004, subject to certain extensions, to make the additional investment. If Fletcher does exercise its additional investment right, we anticipate that we would use the proceeds to reduce our debt obligations or for other purposes that may develop in the future.

In the EFT Processing Segment, we lease many of our ATMs under capital lease arrangements that expire between 2004 and 2008. The leases bear interest between 6% and 12% per year. As of December 31, 2003, we owed $5.2 million under these capital lease arrangements. We expect that our capital requirements will continue in the future, although our strategy to focus on ATM outsourcing opportunities rather than ATM ownership and deployment as well as redeployment of under-performing ATMs will reduce capital requirements.

In the Prepaid Processing Segment, we own approximately 20,000 of the 126,000 POS devices that we operate, 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 will be required in 2004 to meet EMV mandates such as Triple DES (Data Encryption Standard) and "micro–chip" card technology for smart cards. We initiated a plan for implementation and delivery of the hardware and software modifications; we estimate that outsourcing our capital expenditures necessary to meet these upgrade requirements will be approximately $4.0 million to $6.0 million. We anticipate meeting this obligation through cash flows or capital lease transactions.

Capital expenditures, including fixed assets, capital leases and purchased and capitalized internally developed software, for 2003 were $5.3 million, $8.0 million for 2002 and $10 million for 2001. 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 2002 and 2001 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. In 2003, we had neither the data centers nor the build out of ATMs in new or in existing markets for capital expenditure requirements. The benefits of these lower capital expenditure requirements in 2003 was partially offset by increased levels of capitalized internally developed software costs together with the purchase of POS terminals in our Prepaid Processing Segment.

Capital expenditures for 2004 are estimated to be approximately $13 to $15 million. This increase is largely driven by the purchase of approximately 720 ATMs from a bank for approximately $8.0 million in relation to the signing of a multi-year ATM outsourcing agreement and approximately $4.0 to $6.0 million related the EMV/chip-card upgrades previously discussed. With respect to the purchase of the 720 ATMs, our agreement with the bank provides for a simultaneous ATM sale/leaseback transaction with a leasing entity affiliated with the bank. The cost of the lease will be charged back to the bank customer. Our agreement further provides that in the event we or the bank terminates the ATM outsourcing agreement for any reason, the obligations under the lease agreement will automatically terminate and the ATMs revert back to the affiliated entity with no remaining obligation to us. 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 agreement, we anticipate that our cash will be sufficient to meet our debt, leasing 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.

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 date 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 year ended December 31, 2003, we issued 66,524 shares at an average price of $8.22 per share, resulting in proceeds to us of approximately $0.5 million.

In 2003, we made matching contributions of 27,230 shares of stock in conjunction with our 401(k) employee benefits plan for the plan year 2002. 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, 2003, total employer matching contributions since inception of the plan has consisted of 55,478 shares under the basic match and 16,274 shares under the discretionary matching contribution. We made employer-matching contributions of 11,482 shares under the Plan for plan year 2003 in February 2004. See Note 19 –Employee Benefit Plans to the Consolidated Financial Statements).

Operating cash flows

Operating cash flows increased $21.0 million in 2003 and $0.7 million in 2002. The 2003 increase was primarily due to operating cash flows from e-pay, acquired in February 2003. The 2002 increase was due to the growth in the EFT segment due to a 25% increase in the number of ATMs. We expect continued increases in cash flow from operations as our business grows.

Investing activity cash flow

Cash flows from investing activities increased $24.4 million in 2003 and $3.4 million in 2002. 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. The 2002 increase was due to increased fixed asset purchases for the expansion of the EFT ATM network and the Budapest ATM processing center.

Financing activity cash flows

Cash flows from financing activities increased $13.2 million in 2003 and decreased $1.9 million in 2002. The 2003 increase resulted from an increase in proceeds from the issuance of equity and borrowings of $9.6 million combined with a decrease in notes payable and capital lease repayments of $3.6 million. The 2002 decrease was due to an increase in notes payable and capital lease repayments of $11.4 offset by an increase in proceeds from issuance of equity and borrowings of $9.6 million. We expect continued increases in cash flow from operations as our business grows.

Financing and investing sources and uses of cash in the future are primarily dependent on our acquisition of new businesses and the related financing needs.

CONTRACTUAL OBLIGATIONS AND OFF BALANCE SHEET ITEMS

We have no significant off balance sheet items (see Note 26 - Commitments and Contingencies to the Consolidated Financial Statements).

We entered into two acquisition agreements in 2003 that include obligations to make additional payments to the sellers based upon the future performance of the businesses acquired. In the agreement for the acquisition of the assets of AIM, we agreed to make additional payments up to $5.5 million over a two-year period ending September 2005, subject to certain performance criteria. The obligation is payable in our Common Stock valued at fair market value on the date of payment. In the agreement for the acquisitions of shares of transact, we agreed to make an additional payment in January 2005 based on the EBITDA (earnings before interest, taxes, depreciation and amortization) of transact for the third quarter, 2004. We estimate, based on transact’s business plan, that the second payment will be approximately $20.0 to $30.0 million. This amount may be paid all in cash or half in cash and half in our Common Stock. We have recorded no amounts related to future contingent liabilities. We can offer no assurances that we will be able to generate sufficient cash from operations or obtain financing to meet these obligations when due.

See note 4 - Acquisitions to the consolidated financial statements for a more complete description of these acquisitions.

The following table summarizes our contractual obligations as of December 31, 2003 (in thousands):

Contractual Obligations	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years

Senior notes (including interest)	$ 72,093	$ 7,377	$64,716	$ —	$ —
Capital leases (including interest)	5,920	2,678	2,713	409	120
Operating leases	8,605	2,174	3,416	2,549	466
Purchase obligations	18,509	8,568	6,534	2,382	1,025
Total	$105,127	$20,797	$77,379	$5,340	$ 1,611

For additional information on each of these items, see Note 11 – Notes Payable 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.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the U.S. requires us to make judgments, assumptions, and estimates that affect the amounts 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. Estimates and assumptions are used for collectibility of accounts receivable, software revenue recognition,

purchase price allocation of fair value in acquisitions to customer relationships and other intangible assets, income taxes, intangible assets and their related lives, and impairment of long-lived assets, goodwill, and contingency accruals for ATM theft and vandalism. Actual results could differ from these estimates. The following critical accounting policies are impacted significantly by judgments, assumptions and estimates used in the preparation of the Consolidated Financial Statements.

Software Revenue Recognition

Revenues from software licensing agreement contracts are recognized over the contract term using the percentage of completion method based on the percentage of hourly services that are provided compared with the total estimated services to be provided over the entire contract. Certain judgments are necessary in determining the level of project completion. Revenue from time and material service contracts is recognized as the services are provided. Revenues from software licensing contracts representing newly released products deemed to have a higher than normal risk of failure due to unproven technology or implementation complexity are recognized on a completed contract basis whereby revenues and related costs are deferred until the contract is complete. Maintenance revenue is recognized over the contractual period or as services are performed. Revenue in excess of billings on software licensing contracts is recorded as unbilled receivables and is included in current assets. Billings in excess of revenue on software licensing contracts are recorded as deferred revenue and included in current liabilities until such time the above revenue recognition criteria are met.

Accounting for Income Taxes

Deferred income tax effects of transactions reported in different periods for financial reporting and income tax return purposes are recorded by 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 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 $29.8 million as of December 31, 2003, substantially offset by a valuation allowance of $26.9 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, 2003.

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.

Estimating the Impairment of Long-Lived Assets

We are required to evaluate long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to projected undiscounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets on a discounted cash flow basis. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Future adverse changes in market conditions could result in an inability to recover the carrying amount of an asset, thereby possibly requiring an impairment charge in the future.

Goodwill and Other Intangible Assets

We apply SFAS 142 in accounting for goodwill and other intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives are not amortized but are reviewed annually (or more frequently if impairment indicators arise) for impairment. Separable intangible assets that are not deemed to have indefinite lives will continue to be amortized over their useful lives and evaluated for impairment in accordance with SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The amortization and non-amortization provisions of SFAS 142 apply upon issuance to all goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, we adopted SFAS 142 effective January 1, 2002.

In accordance with SFAS 142, we have completed the impairment tests and determined that there is no impairment of the intangible assets as recorded in our financial statements. The majority of goodwill is reported in the Prepaid Processing Segment and a smaller amount in the EFT Processing reporting unit. In determining the recoverability of intangible assets, certain judgments and assumptions are necessary to determine the forecasted cash flow of the business reporting unit. Additionally, judgment is used in determining lives and values of certain amortizable intangible assets. For larger acquisitions we utilized an independent appraiser to assist in these judgments.

SUBSEQUENT EVENTS

Acquisition of Prepaid Concepts, Inc.

On January 5, 2004, we purchased 100% of the shares of Precept, a company based in California. Precept provides services related to the distribution of prepaid telecommunications products in the U.S., including the electronic distribution of prepaid products through point of sale terminals in retail outlets. Precept processes transactions at approximately 4,500 retail locations and distributes prepaid products for all the major wireless carriers in the U.S., as well as several regional carriers. The purchase price for the Precept shares was approximately $17.8 million. We paid $4.0 million in cash, issued promissory notes in the original principal amount of $4.0 million and issued 527,180 shares of our Common Stock for the Precept shares. Of the issued shares of our Common Stock, 400,000 shares will be held in escrow and released on February 25, 2005, subject to certain performance criteria. Of the $4.0 million in promissory notes, $2.0 million are convertible into shares of our Common Stock as described more fully below:

- Deferred purchase price in the amount of $2.0 million, bearing interest at an annual rate of 7% and payable October 30, 2004. Principal payments are payable in three installments on April 30, 2004, July 30, 2004 and October 30, 2004.
- Indebtedness of $2.0 million under promissory notes bearing interest at an annual rate of 7%, with accrued interest payable at maturity on February 25, 2005. We have the option to pay the principal and interest at maturity in shares of our Common Stock valued at a 10% discount to the average market price for 20 trading days prior to the maturity date. In addition, at any time prior to the maturity date, the amount outstanding under these notes is convertible into shares of our Common Stock at the option of the holders, based upon a conversion price of $28.43 per share.

All of the amounts described above are consideration amounts as included in the acquisition agreement and may differ from the consideration determined in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Any differences would relate to the value placed on the shares exchanged. U.S. GAAP requires the use of a publicly traded/quoted market value of the shares three days before and three days after the announcement of the transaction whereas the purchase price set forth above was based on a value per share as agreed to between the buyer and the seller.

We agreed to file with the SEC a registration statement to enable the public resale of the Common Stock received by the former shareholders of Precept and that registration statement was declared effective by the SEC in February 2004.

New revolving Credit Agreement

In February 2004, we entered into a two-year unsecured revolving credit agreement providing a facility of up to $10.0 million with a bank. The proceeds from the facility can be used for working capital needs, acquisitions, and other corporate purposes. There are certain financial performance covenants that must be maintained under that agreement. Interest accrues on any balances outstanding at a PRIME-based floating rate or LIBOR-based rates for 90 day periods. As of March 15, 2004, no funds had been drawn under the facility.

BALANCE SHEET ITEMS

Cash and Cash Equivalents

The increase of cash and cash equivalents to $19.2 million at December 31, 2003 from $12.0 million at December 31, 2002 is due primarily to the following activity:

- Cash flow from operations of $21.7 million
- Additional cash borrowings of $3.6 million
- Net proceeds from the disposition of the U.K. ATM network and other fixed assets of $ 27.5 million
- Net proceeds from stock issuances, exercise of stock options, warrants and employee share purchases of $24.0 million
- Offset by:
  - cash investments in the acquisition of our three new Prepaid Processing Segment businesses of $49.4 million
  - purchase of $7.3 million of fixed assets and other long-term assets
  - debt and lease repayments of $12.3 million

Restricted Cash

Restricted cash increased to $58.3 million at December 31, 2003 from $4.4 million at December 31, 2002. Of that amount $52.1 million of the increase 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 mobile operators are deposited into a restricted cash account. The remaining increase in restricted cash is with respect to cash that is held as collateral for standby letters of credit in support of our ATM operations.

Trade Accounts Receivable

Trade accounts receivable increased to $75.6 million at December 31, 2003 from $8.4 million at December 31, 2002 primarily due to the acquisition of e-pay in February 2003. Approximately $62.1 million represented the trade accounts receivable of our Prepaid Processing Segment, which related to the administration of customer collection and vendor remittance activities.

Assets Held for Sale

Assets held for sale represent the net assets of our U.K. subsidiary as of December 31, 2002. Substantially all of France's and DASH's assets were sold in 2002 as discussed in Note 25 - Discontinued Operations to our Consolidated Financial Statements. Our U.K. subsidiary was sold in January 2003 as discussed in Note 14 - Gain on disposition of U.K. ATM Network.

Property, Plant and Equipment

Net property, plant and equipment decreased to $20.7 million at December 31, 2003 compared to $21.4 million December 31, 2002. This net decrease of $0.7 million was due to net purchases of $5.3 million, net acquisition additions of $3.3 million, foreign exchange increases of $1.7 million, offset by net disposals of $1.7 million and depreciation of $9.3 million.

Intangible Assets and Goodwill

Net intangible assets increased to $111.3 million at December 31, 2003 from $1.8 million at December 31, 2002. The increase in intangible assets is principally due to intangible assets related to the acquisitions of e-pay, AIM and transact. In accordance with SFAS 142, we no longer amortize goodwill but review goodwill and intangible assets at least annually for possible impairment.

The following table summarizes our intangible assets as of December 31, 2003:

	Amortizable Intangible Assets	Goodwill	Total Intangible Assets
Intangible Assets related to:			
1999 German acquisition of ATMs	$ —	$ 2.2	$ 2.2
2003 acquisition of e-pay	15.8	61.2	77.0
2003 acquisition of AIM	0.6	1.4	2.0
2003 acquisition of transact	6.4	23.7	30.1
Total	$ 22.8	$ 88.5	$ 111.3

Deferred Tax Assets

Current deferred tax assets increased to $2.5 million at December 31, 2003 from nil at December 31, 2002. The increase is primarily due to (i) the reclassification of certain non-current deferred tax assets to current; (ii) deferred tax assets acquired in connection with the acquisition of e-pay; (iii) the release of valuation allowances on previously unrecognized deferred tax assets from net operating losses and other temporary differences for certain entities and (iv) the recognition of other current deferred tax assets generated in those entities during 2003.

Long-term deferred tax assets decreased to $0.3 million at December 31, 2003 from $1.1 million at December 31, 2002. The decrease is primarily due to the reclassification of certain long-term deferred tax assets to current, offset partially by the release of valuation allowances on previously unrecognized long-term deferred tax assets for certain entities.

Other Assets

Other assets increased to $3.6 million at December 31, 2003 from $2.4 million at December 31, 2002. This increase is primarily due to software upgrades for EMV chip technology and certain assets acquired with our new Prepaid Processing businesses.

Trade Accounts Payable

Trade accounts payable increased to $97.2 million at December 31, 2003 from $3.0 million at December 31, 2002 primarily due to the acquisition of e-pay in February 2003. Approximately $91.5 million is related to the administration of customer collection and vendor remittance activities in the Prepaid Processing Segment.

Accrued Expenses and Other Current Liabilities

Accrued expenses increased to $39.3 million at December 31, 2003 from $5.0 million at December 31, 2002 primarily due to the acquisition of e-pay in February 2003. Approximately $35.3 million is related to the administration of customer collection and vendor remittance activities in the Prepaid Processing Segment.

Short Term Borrowings

Short-term borrowings increased to $4.0 million at December 31, 2003 from $0.4 million at December 31, 2002, which have a weighted average interest rate of 6% and 3%, respectively. The increase is due to (i) additional funds needed to support holiday transaction levels in the Czech Republic, which was paid down in January 2004, (ii) acquisition of short-term payables in transact and AIM, and (iii) borrowings used in the continued expansion of India. In February 2004, we entered into a two-year unsecured revolving credit agreement providing a facility of up to $10.0 million with a bank. See Note 27 – Subsequent Events.

Liabilities Held for Sale

Liabilities held for sale represent the net liabilities of our U.K. subsidiary as of December 31, 2002, and U.K, France and DASH as of December 31, 2001. Substantially all of France’s and DASH’s liabilities were sold in 2002 as discussed in Note 25 - Discontinued Operations to our Consolidated Financial Statements. Our U.K. subsidiary was sold in January 2003 as discussed in Note 14 - Gain on Disposition of U.K. ATM network to our Consolidated Financial Statements.

Capital Leases

Total capital lease obligations including current installments decreased to $5.2 million at December 31, 2003 from $7.7 million at December 31, 2002. This decrease is due primarily to an excess of 2003 lease payments of $5.4 million over additional fixed assets lease obligations of $1.8 million and foreign exchange impact of $1.1 million. The new capital leases are generally for a term of three to five years.

Deferred Tax Liabilities

Current deferred tax liabilities increased to $1.4 million at December 31, 2003 from nil at December 31, 2002. Of this increase $0.9 million is attributable to the deferred tax effect of the amortization of intangible assets acquired in connection with the acquisitions of e-pay and transact. The remaining $0.5 million is due to the release of valuation allowances on previously unrecognized current deferred tax liabilities for certain entities and other current deferred tax liabilities generated in those entities during 2003.

Non-current deferred tax liabilities increased to $7.8 million at December 31, 2003 from nil at December 31, 2002. Of this increase, $6.3 million is attributable to the deferred tax effect of the amortization of intangible assets acquired in connection with the acquisitions of e-pay and transact. 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, (ii) the release of valuation allowances on previously unrecognized long-term deferred tax liabilities for certain entities and (iii) other long-term deferred tax liabilities generated in those entities during 2003.

Notes Payable

Notes payable increased to $55.8 million at December 31, 2003 from $36.3 million at December 31, 2002 due primarily to the indebtedness incurred with the purchase of e-pay and the appreciation of the euro to the U.S. dollar. A summary of the activity for the year ended December 31, 2003 is as follows (in thousands):

Balance Forward Activity:	Acquisition Notes (payable in GBPs) Deferred Purchase Price (6%)	Acquisition Notes (payable in GBPs) Convertible Debt (7%)	Acquisition Notes (payable in GBPs) Notes Payable (8%)	Subtotal	Senior Discount Notes (payable in euros) (12 3/8%)	Total
			(in thousands)			
Balance at December 31, 2002	$ —	$ —	$ —	$ —	$ 36,318	$ 36,318
Indebtedness incurred	8,533	7,353	10,981	26,867	—	26,867
Payments and/or conversions applied	(8,733)	(8,070)	—	(16,803)	(24)	(16,827)
Accretion of discount	—	—	—	—	46	46
Foreign exchange loss	200	717	1,290	2,207	7,181	9,388
Balance at December 31, 2003	$ —	$ —	$ 12,271	$ 12,271	$ 43,521	$ 55,792

Stockholders' Equity/(Deficit)

Stockholders' equity increased to $81.9 million at December 31, 2003 from $6.2 million at December 31, 2002. This results primarily from the following activity:

- $11.8 million in net income for 2003
- Shares issued for acquisitions of $29.9 million
- Conversion of debt in December 2003 to $8.1 million in equity
- Net proceeds from the private placement of equity in September 2003 of $20.0 million as described in Note 12 - Private Placement and issuance of equity
- Net proceeds from exercise of stock options, warrants and employee share purchases of $3.2 million
- $2.9 million decrease in the accumulated comprehensive loss

IMPACT OF NEW ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

FIN46R

In December 2003, the FASB modified FIN 46, Consolidation of Variable Internet Entities with FIN46R, which amended FIN 46 and deferred its application in certain cases. We do not expect FIN 46R to have a significant future effect on earnings or equity.

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
- 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
- changes in laws and regulations affecting our business

These risks and other risks are described elsewhere in this document, including in Exhibit 99.1, and our other filings with the Securities and Exchange Commission, which are incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

These risks and other risks are described elsewhere in this document, including in Exhibit 99.1 and other filings with the Securities and Exchange Commission, which are incorporating herein by reference.

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 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 redundancies and 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. Vandalism during the year 2001 increased in some of our markets, particularly in Hungary where a series of incidents were attributed to an organized gang that we believe has been apprehended. 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 2003, 83% of our total revenues were generated in Poland, Hungary, the U.K., Australia and Germany as compared to 66% in 2002 and 68% in 2001. This increase is due to the acquisition of e-pay with operations in the U.K. and Australia, among other countries, and the overall increase in revenues for our operations, including in these five countries. In Hungary and Poland, the majority of revenues received are denominated in the Hungarian forint and Polish zloty, respectively. However, the majority of our foreign currency denominated contracts in both countries 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 are striving 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 and the British pound sterling and Australian dollar against the U.S. dollar would have the combined effect of a $3.5 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 $3.5 million decrease 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 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 GBP than against the dollar. Accordingly, we believe that our euro and the GBP 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

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

The fair market value of our 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 our notes payable at December 31, 2003 was approximately $58.9 million compared to a carrying value of $55.8 million. A 1% increase from prevailing interest rates at December 31, 2003 would result in a decrease in fair value of notes payable by approximately $1.5 million. Fair values were determined based on the current early redemption premium of approximately 4% of face value as defined in the note agreement and as evidenced by the recent redemption in July 2002. (See Note 21 - Financial Instruments to the Consolidated Financial Statements.)

Interest Payments

Beginning January 1, 2003, interest payments of approximately €2.2 million (estimated $2.7 million as of December 31, 2003) became payable semi-annually on our outstanding 12 3/8% senior debt. Payment dates will be January 1 and July 1, with the final interest payment due on July 1, 2006. The first three payments due were made when due. Because the bond interest is payable in euro, foreign currency fluctuations between the U.S. dollar and the euro may result in gains or losses which, in turn, may increase or decrease the amount of U.S. dollar equivalent interest paid. We currently anticipate making these interest payments from earnings denominated in local currencies in our European markets. As a result, it may not be necessary to hedge these expected cash payments in U.S. dollars, since the source of funds used for payments would already be in euro or euro-linked denominations. We will actively monitor our potential need to hedge future bond interest payments, and if required, we will initiate hedging strategies to minimize foreign currency losses resulting from payments made from U.S. dollars.

New Debt Incurred

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 and Note 27 – Subsequent Events. All but $12.3 million of the e-pay indebtedness was repaid or converted to shares of our Common Stock prior to December 21, 2003. We currently expect to repay all amounts due from available cash flows or, if necessary, will seek to refinance of the debt.

Our Czech subsidiary entered into an overdraft facility with the a bank for up to approximately $1.5 million in order to support additional ATM network cash needs during the fourth quarter holiday season. In the fourth quarter we drew the full amount of the facility. As of January 31, 2004 the facility has been repaid in full.

In February 2004 we entered into a two-year unsecured revolving credit agreement providing a facility of up to $10.0 million with a bank. The proceeds from the facility can be used for working capital needs, acquisitions, and other corporate purposes. There are certain financial performance covenants that must be maintained under the agreement. Interest accrues on any balances outstanding at a PRIME-based floating rate or LIBOR-based rates for 90-day periods. As of March 15, 2004 no amounts had been drawn under this agreement.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Board of Directors and Stockholders

Euronet Worldwide, Inc.:

We have audited the accompanying consolidated balance sheet of Euronet Worldwide, Inc. and subsidiaries as of December 31, 2003, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity (deficit), and cash flows for the year then ended. 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 generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 financial position of Euronet Worldwide, Inc. and subsidiaries as of December 31, 2003, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP
Kansas City, Missouri
February 13, 2004

The Board of Directors and Stockholders

Euronet Worldwide, Inc.:

We have audited the accompanying consolidated balance sheet of Euronet Worldwide, Inc. and subsidiaries as of December 31, 2002, 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, 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 audits.

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

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

KPMG Polska Sp. z o.o.

Warsaw, Poland

February 7, 2003

ITEM 1. FINANCIAL STATEMENTS

EURONET WORLDWIDE, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

	As of December 31,	
	2003	**2002**
	(in thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 19,245	$ 12,021
Restricted cash	58,280	4,401
Trade accounts receivable, net of allowances for doubtful accounts of $1,047 at December 31, 2003 and $484 at December 31, 2002	75,648	8,380
Earnings in excess of billings on software installation contracts	729	334
Assets held for sale	—	10,767
Deferred income tax	2,543	—
Prepaid expenses and other current assets	11,509	3,963
Total current assets	167,954	39,866
Property, plant and equipment, net of accumulated depreciation of $45,817 at December 31, 2003 and $36,730 at December 31, 2002.	20,658	21,394
Goodwill	88,512	1,834
Deferred income taxes	279	1,064
Acquired intangible assets	22,772	—
Other assets	3,598	2,401
Total assets	$ 303,773	$ 66,559
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	$ 97,188	$ 2,989
Current installments of obligations under capital leases	1,951	3,447
Accrued expenses and other current liabilities	39,277	4,979
Short-term borrowings	3,979	380
Advance payments on contracts	2,562	2,966
Accrued interest on notes payable	381	—
Income taxes payable	3,316	—
Deferred income taxes	1,374	—
Liabilities held for sale	—	3,537
Billings in excess of earnings on software installation contracts	1,898	1,471
Total current liabilities	151,926	19,769
Obligations under capital leases, excluding current installments	3,240	4,301
Notes payable	55,792	36,318
Deferred income tax	7,828	—
Other long term liabilities	3,118	—
Total liabilities	221,904	60,388
Commitments and contingencies (Note 26)		
Stockholders' equity:		
Common stock, $0.02 par value. Authorized 60,000,000 shares; issued and outstanding 29,525,554 shares at December 31, 2003 and 23,883,072 at December 31, 2002	590	480
Additional paid-in-capital	198,377	137,426
Treasury stock	(145)	(145)
Employee loans for stock	(427)	(427)
Subscription receivable	26	48
Accumulated deficit	(117,871)	(129,655)
Restricted reserve	777	784
Accumulated other comprehensive income/(loss)	542	(2,334)
Total stockholders' equity	81,869	6,171
Total liabilities and stockholders' equity	$ 303,773	$ 66,559

See accompanying notes to the consolidated financial statements.

EURONET WORLDWIDE, INC.
AND SUBSIDIARIES

Consolidated Statements of Operations and Comprehensive Income/(Loss)

	Year Ended December 31,		
	2003	2002	2001
		(in thousands, except for per share data)	
Revenues:			
EFT processing	$ 52,752	$ 53,918	$ 45,941
Prepaid processing	136,185	—	—
Software and related revenue	15,470	17,130	15,042
Total	204,407	71,048	60,983
Operating expenses:			
Direct operating costs	133,977	29,609	26,469
Salaries and benefits	33,577	25,282	24,091
Selling, general and administrative	11,474	6,917	7,688
Depreciation and amortization	12,062	9,659	8,785
Total operating expenses	191,090	71,467	67,033
Operating income/(loss)	13,317	(419)	(6,050)
Other income/expenses:			
Interest income	1,257	247	278
Interest expense	(7,216)	(6,253)	(9,386)
Gain on sale of U.K. ATM network	18,045	—	—
Loss on facility sublease	—	(249)	—
Equity in income/(loss) from unconsolidated subsidiaries	518	(183)	—
Gain/(loss) on early retirement of debt	—	(955)	9,677
Foreign exchange gain/(loss), net	(9,690)	(4,233)	5,425
Total other income/(expense)	2,914	(11,626)	5,994
Income/(loss) from continuing operations before income taxes and minority interest	16,231	(12,045)	(56)
Income tax benefit/(expense)	(4,246)	2,312	807
Income/(loss) from continuing operations before minority interest	11,985	(9,733)	751
Minority interest	—	100	—
Income/(loss) from continuing operations	11,985	(9,633)	751
Discontinued operations:			
Income/(loss) from operations of discontinued components (including gain on disposal of $4,726 for 2002)	(201)	5,054	(123)
Income tax benefit/(expense)	—	(1,935)	42
Income/(loss) from discontinued operations	(201)	3,119	(81)
Net income/(loss)	11,784	(6,514)	670
Translation adjustment, net	2,876	769	(406)
Comprehensive income/(loss)	$ 14,660	$ (5,745)	$ 264
Income/(loss) per share – basic:			
Income/(loss) from continuing operations	$ 0.45	$ (0.42)	$ 0.04
Income/(loss) from discontinued operations	—	0.14	(0.01)
Net income/(loss)	$ 0.45	$ (0.28)	$ 0.03
Basic weighted average shares outstanding	26,463,831	23,156,129	19,719,253
Income/(loss) per share – diluted:			
Income/(loss) from continuing operations	$ 0.41	$ (0.42)	$ 0.03
Income from discontinued operations	—	0.14	—
Net income/(loss)	$ 0.41	$ (0.28)	$ 0.03
Diluted weighted average shares outstanding	28,933,484	23,156,129	22,413,408

See accompanying notes to the consolidated financial statements.

EURONET WORLDWIDE, INC.
AND SUBSIDIARIES

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

	No. of Shares	Common Stock	Employee Loans for Stock	Additional Paid in Capital	Treasury Stock
			(in thousands, except share data)		
Balance December 31, 2000	**17,814,910**	**$ 356**	**$ (561)**	**$ 81,327**	**$ (140)**
Stock options exercised	292,643	6	—	1,446	—
Shares issued for conversion of debt	3,343,400	67	—	30,961	—
Private placement of shares	19,000	1	—	104	—
Warrants exercised	361,000	7	—	2,112	—
Employee loans for stock	—	—	98	—	(5)
Sale of Common Stock	207,120	4	—	1,990	—
Other	—	—	—	—	—
Translation adjustment	—	—	—	—	—
Net income for 2001	—	—	—	—	—
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	—
Other	—	—	—	—	—
Translation adjustment	—	—	—	—	—
Net income for 2003	—	—	—	—	—
Balance December 31, 2003	**29,525,554**	**$ 590**	**$ (427)**	**$ 198,377**	**$ (145)**

See accompanying notes to the consolidated financial statements.

EURONET WORLDWIDE, INC.
AND SUBSIDIARIES

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

	Subscription Receivable	Accumulated Deficit	Restricted Reserve	Accumulated Other Comprehensive (Loss)/Income	Total
	(in thousands, except share data)				
Balance December 31, 2000	**$ (59)**	**$ (123,811)**	**$ 784**	**$ (2,697)**	**$ (44,801)**
Stock options exercised	—	—	—	—	1,452
Shares issued for conversion of debt	—	—	—	—	31,028
Private placement of shares	—	—	—	—	105
Warrants exercised	—	—	—	—	2,119
Employee loans for stock	—	—	—	—	93
Sale of Common Stock	—	—	—	—	1,994
Other	59	—	—	—	59
Translation adjustment	—	—	—	(406)	(406)
Net income for 2001	—	670	—	—	670
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	—	—	—	—	3,167
Shares issued for conversion of debt	—	—	—	—	8,070
Shares issued for acquisitions	—	—	—	—	29,847
Private placement of shares	—	—	—	—	19,977
Other	(16)	—	(7)	—	(23)
Translation adjustment	—	—	—	2,876	2,876
Net income for 2003	—	11,784	—	—	11,784
Balance December 31, 2003	**$ 26**	**$ (117,871)**	**$ 777**	**$ 542**	**$ 81,869**

See accompanying notes to the consolidated financial statements.

EURONET WORLDWIDE, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2003	2002	2001
		(in thousands)	
Net income/(loss)	$ 11,784	$ (6,514)	$ 670
Adjustments to reconcile net income/(loss) to net cash used in operating activities:			
Depreciation and amortization	12,062	9,659	8,785
Unrealized foreign exchange (gain)/loss	10,466	6,743	(4,596)
(Gain)/loss on disposal of fixed assets	(1,095)	144	109
(Gain)/loss on sale of U.K. ATM network	(18,045)	(2,988)	123
Benefit/(expense) from deferred income tax	1,393	(2,491)	—
(Decrease)/increase in assets and liabilities held for sale	—	(5,162)	2,173
Accretion of discount on notes payable	46	2,490	6,813
Gain on retirement of debt	—	—	(8,496)
Tax effect of gain on retirement of debt	—	—	(1,181)
Changes in working capital, net of amounts acquired:			
Increase/(decrease) in income taxes payable, net	4,286	83	(849)
(Increase)/decrease in restricted cash	(28,281)	(2,524)	222
(Increase)/decrease in trade accounts receivable, net	(17,957)	544	624
(Increase)/decrease in earnings in excess of billings on software installation contracts	(395)	(3)	786
(Increase)/decrease in prepaid expenses and other current assets	(3,922)	1,277	(1,765)
Increase/(decrease) in trade accounts payable	33,923	(42)	(1,971)
(Decrease)/increase in advance payments on contracts	—	(146)	1,018
Increase/(decrease) in accrued expenses and other current liabilities	17,199	(1,380)	(287)
(Decrease)/increase in billings in excess of costs and estimated earnings on software installation costs	427	14	(1,417)
Other	(235)	922	(795)
Total adjustments and changes in working capital	9,872	7,140	(704)
Net cash provided by/(used in) operating activities	21,656	626	(34)
Cash flows from investing activities:			
Fixed asset purchases	(5,656)	(4,712)	(1,758)
Proceeds from the sale of the U.K. ATM network and fixed assets	27,495	240	339
Purchase of intangible and other long term assets	(1,639)	(378)	—
Acquisitions	(49,447)	—	—
Net cash used in investing activities	(29,247)	(4,850)	(1,419)
Cash flows from financing activities:			
Proceeds from issuance of shares and other capital contributions	23,986	17,917	5,608
Repayment of notes payable and credit facilities	(8,765)	(11,589)	—
Repayment of obligations under capital leases	(3,595)	(4,412)	(4,587)
Proceeds from borrowings	3,599	—	2,710
Other	(16)	79	157
Net cash provided by financing activities	15,209	1,995	3,888
Effect of exchange differences on cash	(394)	(442)	99
Proceeds from sale of discontinued operations	—	5,872	(474)
Net increase/(decrease) in cash and cash equivalents	7,224	3,201	2,060
Cash and cash equivalents at beginning of period	12,021	8,820	6,760
Cash and cash equivalents at end of period	$ 19,245	$ 12,021	$ 8,820
Interest paid during year	$ 6,835	$ 6,668	$ 2,292
Income taxes paid/(refunded) during year	$ 870	$ 21	$ (894)

See accompanying notes to the consolidated financial statements

(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. The Company offers outsourcing and consulting services, integrated electronic funds transfer (EFT) software, network gateways, and electronic prepaid top-up services to financial institutions, mobile operators and retailers. Euronet operates the largest independent pan-European ATM network and the largest shared ATM network in India. In its EFT Processing Segment, the Company processes transactions for a network of 3,350 ATMs across Europe and in India. Euronet provides comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM management solutions, and electronic recharge services (for prepaid mobile airtime). Through its Prepaid Processing Segment, Euronet is one of the largest providers of prepaid processing, or “top-up services,” for prepaid mobile airtime. The Company operates a network of point-of-sale (POS) terminals providing electronic processing of top-up services in the U.K., Australia, Poland, Ireland, New Zealand, Germany, the U.S., Malaysia and Indonesia. Through its 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 60 countries around the world. As of December 31, 2003, Euronet had 10 offices in Europe, four in the Asia-Pacific region, two in the U.S. and one in Egypt.

As of December 31, 2003, the 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
- EFT Processing Services LLC (“Dash”), incorporated in Arkansas, United States of America (in liquidation)
- Euronet Holding N.V., incorporated in the Netherlands Antilles (in liquidation)
- Euronet EFT Services Hellas, incorporated in Greece
- Euronet Services Private Limited, incorporated in India
- 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
- PaySpot, Inc., incorporated in Delaware, United States

As of December 31, 2003, 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 10% 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.

(2) BASIS OF PREPARATION

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles 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, software revenue recognition, purchase price allocation of fair value in acquisitions to customer relationships and other intangible assets, income taxes, intangible assets and their related lives, and impairment of long-lived assets and goodwill. Actual results could differ from those estimates.

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 the accounts of Euronet Worldwide, Inc. and its wholly-owned and majority-owned subsidiaries. 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 loss.

The financial statements of foreign subsidiaries where the local currency is the functional currency are translated to U.S. dollars using (i) exchange rates in effect at period end for assets and liabilities, and (ii) average exchange rates during the period for results of operations. Adjustments resulting from translation of such financial statements are reflected in accumulated other comprehensive income as a separate component of consolidated stockholders’ equity. The financial statements of foreign subsidiaries where the functional currency is the U.S. dollar are remeasured using historical exchange rates for nonmonetary items while current exchange rates are used for monetary items. Foreign exchange gains and losses arising from the remeasurement are reported in the consolidated statement of operations and comprehensive loss.

(c) Cash equivalents

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

(d) Property, plant and equipment

Property, plant, and equipment (PP&E) are stated at cost. 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 assets estimated useful life. 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

(e) Goodwill and other intangible assets

The Company adopted the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," as of January 1, 2002. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets."

Goodwill

In connection with SFAS No. 142's transitional goodwill impairment evaluation, the Company is required to perform an assessment of whether there was an indication that goodwill is impaired as of the date of adoption. To accomplish this, the Company is required to identify its reporting units and determine the carrying value of each reporting unit by assigning the assets and liabilities, including the existing goodwill and intangible assets, on annual basis and whenever events or circumstances indicate that the assets may be impaired. The Company is required to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds the fair value of the reporting unit, the Company is required to perform the second step of the transitional impairment test, as this is an indication that the reporting unit goodwill may be impaired. In this step, the Company compared the implied fair value of the reporting unit goodwill with the carrying amount of the reporting unit goodwill, both of which were measured as of the date of adoption. The implied fair value of goodwill was determined by allocating the fair value of the reporting unit to all of the assets (recognized and unrecognized) and liabilities of the reporting unit in a manner similar to a purchase price allocation, in accordance with SFAS No. 141, Business Combinations. The residual fair value after this allocation was the implied fair value of the reporting unit goodwill. If the carrying amount exceeds the implied fair value, the difference is recorded as an impairment charge.

Prior to the adoption of SFAS No. 142, goodwill was amortized on a straight-line basis over the expected periods to be benefited, generally seven to 10 years, and assessed for recoverability by determining whether the amortization of the goodwill balance over its remaining life could be recovered through undiscounted future operating cash flows of the acquired operation. All other intangible assets were amortized on a straight-line basis from five to 10 years. The amount of goodwill and other intangible asset impairment, if any, was measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds.

Other Intangibles

In accordance with SFAS 142, intangible assets with definite lives are amortized over their estimated useful lives. The Company evaluates the recoverability of definite life intangible assets when events or circumstances indicate that these assets might be impaired. The Company determines impairment by comparing an asset's respective carrying value to estimates of undiscounted future cash flows expected to be generated by the asset. If the carrying amount is less than the undiscounted future cash flows, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset on a discounted cash flow basis.

Amortization of definite 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
Trade name	20 years

See Note 9 - Goodwill and Intangible Assets for additional information regarding SFAS No. 142 and the treatment of goodwill and other intangibles.

(f) Impairment or disposal of long-lived assets

In accordance with SFAS No. 144, long-lived assets, such as property, plant, and equipment, and purchased intangibles 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. 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 asset. 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 of the asset exceeds the fair value of the asset. Assets to be disposed of would 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 would be presented separately in the appropriate asset and liability sections of the balance sheet.

Prior to the adoption of SFAS No. 144, the Company accounted for long-lived assets in accordance with SFAS No. 121, "Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

(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.

(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.

(j) Reclassifications

Certain amounts have been reclassified in the prior year consolidated financial statements to conform to the 2003 consolidated financial statement presentation.

(k) Revenue recognition

Revenue recognition on Software Contracts

Euronet recognizes revenue at the point at which the service is performed. Revenue from time and material service contracts is recognized as the services are provided. 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. 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. Maintenance revenue is recognized over the contractual period or as services are performed. Revenue in excess of billings on software licensing agreements contracts is recorded as unbilled receivables 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).

Revenue recognition on multiple deliverable contracts

The Company enters into transactions that represent multiple element arrangements, which may include a combination of services and asset sales. Multiple element arrangements are assessed to determine whether they can be separated into more than one unit of accounting. A multiple element arrangement is separated into more than one unit of accounting if all of the following criteria are met.

- The delivered item(s) has value on a standalone basis
- There is objective and reliable evidence of the fair value of the undelivered item(s)
- If the arrangement includes a general right of return relative to the delivered item(s), delivery or performance of the undelivered item(s) is considered probable and substantially in the control of the company.

If these criteria are not met, then revenue is deferred until such criteria are met or until the period(s) over which the last undelivered element is delivered. If there is objective and reliable evidence of fair value for all units of accounting in an arrangement, the arrangement consideration is allocated to the separate units of accounting based on each unit's relative fair value. There may be cases, however, in which there is objective and reliable evidence of fair value of the undelivered item(s) but no such evidence for the delivered item(s). In those cases, the residual method is used to allocate the arrangement consideration. Under the residual method, the amount of consideration allocated to the delivered item(s) equals the total arrangement consideration less the aggregate fair value of the undelivered item.

(l) Research and development costs

The Company applies SFAS No. 2 and SFAS No. 86 in recording research and development costs. Research costs related to at the discovery of new knowledge with the hope that such knowledge will be useful in developing a new product or service or a new process or technique or in bringing about significant improvement to an existing product or process are expensed as incurred (see Note 24 – Research and Development). 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,		
	2003	2002	2001
Basic weighted average shares outstanding	26,463,831	23,156,129	19,719,253
Convertible warrants outstanding	148,497	162,738	209,839
Stock options outstanding*	2,321,156	2,838,609	2,484,316
Potentially diluted weighted average shares outstanding	28,933,484	26,157,476	22,413,408

* Includes options with strike price below the average fair market value of Euronet common shares during the period.

The table above does not reflect options that have an exercise price in excess of the average market price of Euronet common shares during the period.

(n) Stock-based compensation

The Company accounts stock-based employee compensation plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” and related interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair market value of the Company’s shares at the date of the grant over the exercise price. Such compensation cost is charged to expense on a straight-line basis over the vesting period of the respective options. If vesting is accelerated as a result of certain milestones, the unrecognized compensation would be recorded as expense on the date such milestones have or have been deemed to be achieved. However, the Company has issued no options where the market price at the date of grant exceeded the option price; accordingly, there has been no compensation expense recognized by the Company for the awarding of options.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of 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:

	Year Ended December 31,		
	2003	2002	2001
Net income/(loss), as reported	$ 11,784	$ (6,514)	$ 670
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(3,820)	(5,840)	(3,773)
Pro forma net income/(loss)	$ 7,964	$ (12,354)	$ (3,103)
Earnings/(loss) per share:			
Basic - as reported	$ 0.45	$ (0.28)	$ 0.03
Basic - pro forma	$ 0.30	$ (0.53)	$ (0.16)
Diluted - as reported	$ 0.41	$ (0.28)	$ 0.03
Diluted - pro forma	$ 0.28	$ (0.53)	$ (0.14)

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

(o) Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may be different from the estimates.

(4) ACQUISITIONS

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.

Acquisition of e-pay Limited

In February 2003, the Company purchased 100% of the shares of e-pay Limited ("e-pay"), a company based in the U.K. e-pay is an electronic payments processor of prepaid mobile phone airtime "top-up" services in the U.K. and Australia. Subsequent to the acquisition, e-pay added service in Ireland, Poland and New Zealand. It has agreements with mobile operators in those markets under which it supports the distribution of prepaid airtime to their subscribers through point-of-sale (POS) terminals and electronic cash register systems in retail outlets. e-pay currently processes top-up sales at more than 114,000 POS terminals in approximately 46,000 retail locations, including the mobile operators' own retail outlets, major retail chains and independent retail outlets. In addition, e-pay owns 40% of the shares of e-pay Malaysia, a separate company that offers electronic top-up services through approximately 3,900 POS terminals in Malaysia and 600 POS terminals in Indonesia.

Substantially all of the 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 acquisition agreement provides that the benefits and burdens of ownership of the shares were transferred to Euronet effective as of February 3, 2003.

The following table summarizes the consideration given to the acquirer of e-pay. Note that all amounts are included as of the purchase price date. Certain insignificant changes are ongoing due to foreign exchange fluctuations and minor adjustments to acquisition costs.

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	8,533
Notes payable, 7% interest per annum, (converted into 717,678 shares of Euronet Common Stock on December 10, 2003)	7,353
Notes payable, 8% interest per annum, 24 month maturity	10,981
Total paid to shareholders	74,835
Transaction costs, share registration fees and other	1,722
Total purchase price	$76,557

Assets Acquired

Under the purchase method of accounting, management has made a preliminary allocation of the total purchase price to the acquired tangible and intangible assets based on an estimate of their fair values at the acquisition date. Management engaged third-party appraisers to assist in this analysis. The purchase price was allocated as follows. Note that all amounts are shown as of the purchase date.

Description	Estimated Life	Amount
Customer relationships	8 years	$12,945
Software	5 years	1,038
Trademark and trade name	20 years	3,345
Goodwill	N/A	61,249
Total intangible assets		78,577
Net tangible assets and working capital	various	1,810
Deferred tax, net		(3,830)
Total purchase price		$76,557

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 point-of-sale (POS) terminals in 36 states. Euronet will use AIM’s resources to enhance the Company’s U.S. prepaid program, called PaySpot, which enables consumers to purchase wireless airtime and long-distance calling plans from ATM and POS terminals across the country. AIM delivers several types of prepaid products, including wireless, long distance, gift cards, debit cards and other products. AIM distributes prepaid services through a network of more than 140 independent sales agents representing more than 3,500 retail locations. Of those, more than 2,800 locations have electronic distribution of prepaid services via a POS terminal. AIM’s assets included has distribution agreements with all the major U.S. wireless carriers, including AT&T Wireless, Cingular Wireless, T-Mobile, Verizon Wireless, ALLTEL and Tracfone, as well as several regional carriers.

The assets of AIM were purchased on an “earn-out” basis, with $2.0 million of the purchase price paid at closing in cash and Euronet stock and the remainder to be paid 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.

The following table summarizes the consideration for AIM. Note that all amounts are included as of the purchase price date. Certain insignificant changes are ongoing due to minor adjustments to acquisition costs:

Cash paid at closing	$ 821
Euronet Common Stock: 114,374 shares	1,156
Total paid to shareholders	1,977
Transaction costs and share registration fees	13
Total purchase price	$1,990

Assets Acquired

Under the purchase method of accounting, management has made an allocation of the total purchase price to the acquired tangible and intangible assets based on an estimate of their fair values at the acquisition date. The purchase price was allocated as follows (in thousands):

Description	Estimated Life	Amount
Customer relationships	8 years	$ 479
Software	5 years	119
Goodwill	N/A	1,392
Total intangible assets		$1,990
Net tangible assets and working capital		—
Deferred tax liability		—
Total purchase price		$1,990

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. The transfer of the transact shares to the Company is staged, with 96% of the transact shares transferred at closing and the remaining 4% transferred upon payment by us on January 14, 2005 of the “earn-out” payment described below. All economic risks and benefits related to the remaining 4% of transact shares enure to Euronet. 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. transact currently supports mobile phone top-up purchases at more than 9,500 of their installed base of over 22,000 POS terminals in approximately 18,500 retail locations.

The Company paid approximately $17.8 million in cash and issued 643,048 shares of Common Stock for the transact shares. In addition, an earn-out payment is to be paid on January 14, 2005. Based on our expectation of future results, a future payment of between $20.0 million and $30.0 million is possible. No amounts have been recorded at December 31, 2003 for this contingent obligation.

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, should Fletcher exercise these 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 may be exercised by Fletcher on one or more occasions commencing March 19, 2004, and for the 15-month period thereafter, which period may be extended under certain circumstances. The Company may not compel Fletcher to exercise its additional investment rights. Should Fletcher not exercise its additional investment rights, Euronet anticipates funding the cash portion of the transact earn-out payment with either cash generated by its operations or other borrowings or some combination of these items.

The earn-out payment will be calculated 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.

Subject to certain EBITDA multiples, 50% of the earn-out payment is payable in cash, and the other 50% is payable, at Euronet’s option, either in cash or in additional shares of Common Stock, valued for these purposes at $10.00 per share. The earn-out payment is subject to reduction or deferred payment based upon a number of factors, including the extent of the total proportion of transact’s business in certain defined customer agreements. Based upon current projections of the future performance of transact, as to which the Company can provide no assurance, Euronet estimates that the earn-out payment will be between $20.0 million and $30.0 million. Based on these estimates, the Company could issue between 666,667 and 1,000,000 additional shares of Common Stock to the transact selling stockholders on January 14, 2005. However, because the shares issued and issuable pursuant to the transact and Fletcher transactions may be considered to be part of the same transaction for purposes of the Nasdaq Marketplace Rules, the Company has agreed not to issue more than approximately 705,500 shares of Common Stock to pay the earn-out payment without prior stockholder approval. The Company is required to pay in cash any amount of the earn-out payment that is not paid in shares of our Common Stock.

The following table summarizes the consideration given to the acquirer of transact.

Cash paid at closing	$17,756
Euronet Common Stock: 643,048 shares	10,550
Total paid to shareholders	28,306
Transaction costs and share registration fees	676
Total purchase price recorded at December 31, 2003	$28,982

Assets Acquired

Under the purchase method of accounting, management has made a preliminary allocation of the total purchase price to the acquired tangible and intangible assets based on an estimate of their fair values at the acquisition date. Management has engaged a third party appraiser to assist in this analysis. Note that all amounts are included as of the purchase price date. Certain insignificant changes are ongoing, due to foreign exchange rates and minor reallocations of consideration. The preliminary purchase price was allocated as follows (unaudited, in thousands):

Description	Estimated Life	Amount
Customer relationships	8 years	$ 4,860
Software	5 years	394
Trademark and trade name	20 years	1,302
Goodwill	N/A	23,675
Total intangible assets		30,231
Net tangible assets and working capital	various	1,373
Deferred tax liability		(2,622)
Total purchase price		$28,892

Acquisition of Prepaid Concepts, Inc.

In January 2004, the Company acquired 100% of the outstanding shares of Prepaid Concepts, Inc. (“Precept”). See Note 27 – Subsequent Events for additional details.

Pro forma results

The following unaudited pro forma financial information presents the combined results of operation of Euronet as if the acquisitions of e-pay, AIM and transact 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, 2003 and 2002:

Unaudited Pro Forma and Condensed Statements of Income/(Loss) from Continuing Operations

	Pro Forma for the Year Ended December 31,	
	2003	2002
	(in thousands, except share data)	
Total revenues	$ 225,240	$ 130,443
Direct operating cost	147,234	72,527
Salaries and benefits	36,048	30,923
Selling, general and administrative	13,280	10,632
Depreciation and amortization	13,353	14,650
Total operating expenses	209,915	128,732
Operating income	15,325	1,711
Other income/(expenses), net	2,913	(13,265)
Income tax benefit/(expense)	(5,436)	2,394
Minority interest	—	51
Income/(loss) from continuing operations	12,802	(9,109)
Income (loss) from discontinued operations	(201)	3,119
Net income (loss)	$ 12,601	$ (5,990)
Per share data:		
Income/(loss) per share – basic –		
Income/(loss) from continuing operations	$ 0.45	$ (0.34)
Income/(loss) from discontinued operations	(0.01)	0.11

Net income/(loss)	$ 0.44	$ (0.23)
Income/(loss) per share – diluted – Income/(loss) from continuing operations	$ 0.42	$ (0.34)
Income from discontinued operations	(0.01)	0.11
Net income/(loss)	$ 0.41	$ (0.23)

(5) NON-CASH FINANCING AND INVESTING ACTIVITIES

Capital lease obligations of $1.8 million, $2.8 million and $5.7 million during the years ended December 31, 2003, 2002 and 2001, respectively, were incurred when the Company entered into leases primarily for new ATMs or data center computer equipment.

During the year ended December 31, 2001, the Company issued warrants to purchase Common Stock totaling $0.9 million; none were issued in 2003 or 2002.

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 11—Notes Payable to the Consolidated Financial Statements).

(6) RESTRICTED CASH

The restricted cash balances as of December 31, 2003 and 2002 were as follows:

	As of December 31,	
	2003	2002
	(in millions)	
ATM deposits	$ 1.5	$ 1.4
Cash held in trust and/or cash held on behalf of others	52.1	—
Collateral on standby letters of credit	4.2	2.6
Other	0.5	0.4
Total	$58.3	$ 4.4

The ATM deposit balances held are equivalent to the value of certain banks' cash held in Euronet's ATM network. The Company also has deposits with commercial banks to cover guarantees and deposits with customs officials to cover future charges. 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, 2003 and 2002 were as follows:

	As of December 31,	
	2003	2002
	(in thousands)	
Prepayments	$ 6,172	$3,695
Prepaid Processing PIN Inventory	2,833	—
Taxes	1,522	268
Other	982	—
Total	$11,509	$3,963

(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 on software installation contracts. Amounts received from customers in excess of revenues recognized to date are classified as current liabilities under billings in excess earnings on software installation contracts.

The software installation contracts in progress consist of the following:

	As of December 31,		
	2003	2002	2001
		(in thousands)	
Software Solutions:			
Earnings on software installation contracts	$ 12,813	$ 10,225	$ 8,746
Less billings to date	(13,982)	(11,362)	(9,872)
Net	$ (1,169)	$ (1,137)	$(1,126)

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

	As of December 31,		
	2003	2002	2001
		(in thousands)	
Software Solutions:			
Earnings in excess of billings on software installation contracts	$ 729	$ 334	$ 331
Billings in excess of earnings on software installation contracts	(1,898)	(1,471)	(1,457)
Net	$(1,169)	$(1,137)	$(1,126)

(9) GOODWILL AND INTANGIBLES ASSETS

In accordance with SFAS 142, the Company has performed an evaluation and determined that there is no impairment of goodwill or intangible assets. Intangible assets and goodwill are carried at amortized cost and consists of the following:

	As of December 31,	
	2003	2002
	(in thousands)	
Goodwill	$ 88,512	$1,834
Intangibles related to purchase accounting	24,476	—
Less accumulated intangible amortization	(1,704)	—
Total	$111,284	$1,834

Amortization expense for intangible assets with definite lives was $1.7 million for the year 2003. Estimated amortization expense on intangible assets as of December 31, 2003 with definite lives for 2004-2007 is expected to be $2.9 million per year and $2.7 million for 2008. Recorded goodwill increased approximately $87 million in 2003 as a result of the acquistions disclosed in Note 4 — Acquistion

The impact to net income/(loss) of implementation of SFAS No. 142 in 2001 for the year ended December 31, 2001 is as follows:

(in thousands, except per share data)	2001
Net income, as reported	$ 670
Add back: Goodwill amortization	509
Adjusted net income	$1,179
Earnings per share:	
Basic—as reported	$ 0.03
Basic—pro forma	$ 0.06
Diluted—as reported	$ 0.03
Diluted—pro forma	$ 0.05

(10) SHORT-TERM BORROWINGS

Short-term borrowings outstanding were $4.0 million at December 31, 2003 and $0.4 million at December 31, 2002, and had weighted average interest rate of 6.3% and 3.2%, respectively.

In February, 2004, the Company entered into a two-year unsecured revolving credit agreement providing a facility of up to $10.0 million with a bank. See Note 27 – Subsequent Events.

(11) NOTES PAYABLE

The following table provides the composition of notes payable and related interest rates at December 31, 2003 and 2002:

	Acquisition Notes				
		(payable in GBPs)			
Balance Forward Activity:	**Deferred Purchase Price (6%)**	**Convertible Debt (7%)**	**Notes Payable (8%)**	**Senior Discount Notes** *(payable in euros)* **(12 3/8%)**	**Total**
			(in thousands)		
Balance at December 31, 2002	$ —	$ —	$ —	$ 36,318	$ 36,318
Indebtedness incurred	8,533	7,353	10,981	—	26,867
Payments and/or conversions applied	(8,733)	(8,070)	—	(24)	(16,827)
Accretion of discount	—	—	—	46	46
Foreign exchange loss	200	717	1,290	7,181	9,388
Balance at December 31, 2003	$ —	$ —	$ 12,271	$ 43,521	$ 55,792

Interest expense was approximately $7.2 million, $6.3 million, and $9.4 million for the years ended December 31, 2003, 2002 and 2001, respectively. Interest rates on each instrument are noted in the table above. The acquisition notes in the amount of $12.3 million are payable in full on February 18, 2005. The senior discount notes in the amount of $43.5 million are payable in full on July 1, 2006.

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 Great Britain pounds, or GBP), 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 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 $11.0 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 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 has been allocated to the warrants within stockholders' equity to reflect their fair market value on the date of issuance. Net proceeds to the Company after underwriting discount and offering expenses were €74.2 million (approximately $81.3 million). Pursuant to the Company's indenture, the

Company is subject to certain restrictions and covenants, including, without limitation, covenants with respect to the following matters:

- limitation on additional indebtedness
- limitation on restricted payments
- limitation on issuance and sales of capital stock of restricted subsidiaries
- limitation on transactions with affiliates
- limitation on liens
- limitation on guarantees of indebtedness by restricted subsidiaries
- purchase of Euronet notes upon a change of control
- limitation on sale of assets
- limitation on dividends and other payment restrictions affecting restricted subsidiaries
- limitation on investments in unrestricted subsidiaries
- limitation lines of business
- provision of financial statements and reports

The Company is in compliance with these covenants at December 31, 2003.

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 the new 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.

The Senior Discount Notes that were acquired by the Company in the above exchanges have been retired.

Commencing July 1, 2002, the Company may at any time exercise its right to partially or fully redeem the Senior Discount Notes for cash without restriction. Any redemption is 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 2001, in 16 separate transactions, the Company exchanged 97,700 units (principal amount of €50.0 million) of our Senior Discount Notes and 293, 100 warrants for 3,238,650 shares of Common Stock. These exchanges were accounted for as an early retirement of debt with a resulting $8.8 million recognized as a gain on such retirement. The retirement gain represents the difference between the allocated carrying value of the debt and any related warrants extinguished ($39.0 million) and the fair market value of the Common Stock issued ($29.3 million), offset by the write-off of the allocated unamortized deferred financing costs ($0.9 million). These transactions were exempt from registration in accordance with Section 3(a)(9) of the Securities Act.

During March 2001, the Company exchanged 8,750 units (principal face amount of €4.5) of its Senior Discount Notes for two new Senior Discount Notes having an aggregate face amount of $3.0 million (the “New Notes”). The interest, repayment and other terms of the New Notes are identical to those of the Senior Discount Notes for which they were exchanged, except that (i) the principal amount was reduced as indicated in the previous sentence, (ii) the Company has the right to prepay the new notes at any time at its option by paying the “Accreted Value” of the Notes, and (iii) the new notes are governed by a new Note Purchase

Agreement rather than the indenture under which the Senior Discount Notes were issued; therefore, the new notes are not covered by any of the provisions of such indenture relating to action by the trustee, voting or maintenance of listing on a stock exchange. This exchange has been accounted for as an early retirement of debt and issuance of new debt with a resulting $0.7 million recognized as a gain on such early retirement. The early retirement gain represents the difference between the allocated carrying value of the debt retired ($3.3 million) and the fair market value of the new notes issued ($2.5 million), offset by the write-off of the allocated unamoritized deferred financing costs ($0.1 million). This transaction was exempt from registration in accordance with the Securities Act. The Senior Discount Notes that were acquired by the Company in the above exchanges have been retired.

During 2001, in a single transaction, the Company exchanged bonds with face amount $2.1 million of our Senior Discount Notes for 104,750 shares of Common Stock. This exchange has been accounted for as an early retirement of debt with a resulting $0.2 million recognized as a gain on such retirement. The retirement gain (pre-tax) represents the difference between the allocated carrying value of the debt and any related warrants extinguished ($2.0 million) and the fair market value of the Common Stock issued ($1.8 million). These transactions were exempt from registration in accordance with Section 3(a)(9) of the Securities Act.

(12) PRIVATE PLACEMENTS AND ISSUANCES OF EQUITY

For a discussion of the issuance of shares in connection with the 2003 acquisitions of e-pay, transact and the assets of AIM, see Note 4 – Acquisitions.

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.

In January 2004, we issued 527,180 shares of our Common Stock to 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 these shares, 400,000 are being held in escrow until February 2005 subject to certain performance criteria. Of the $4.0 million in promissory notes, $2.0 million are convertible into shares of Common Stock based upon a conversion price of $28.43 per share. 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. For further discussion on Precept, see Note 27 - Subsequent Events.

(13) CREDIT FACILITY

On December 20, 2002, we entered into a secured revolving agreement (the “Bank Credit Agreement”) providing a facility of up to $5.0 million from a bank. The Bank Credit Agreement expired on March 14, 2003 and was repaid in full at that time.

In February 2004, we entered into a two-year unsecured revolving credit agreement providing a facility of up to $10.0 million with a bank. (See Note 27- Subsequent Events)

(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 many of its ATMs under capital lease agreements that expire between 2004 and 2009 and bear interest at rates between 6% 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:

	As of December 31,	
	2003	2002
	(in thousands)	
ATMs	$14,274	$18,983
Other	1,215	742
	15,489	19,725
Less accumulated amortization	(8,044)	(8,691)
Net book value	$ 7,445	$11,034

Depreciation of assets held under capital leases amounted to $2.4 million, $3.1 million, and $2.0 million for the years ended December 31, 2003, 2002 and 2001, respectively, and is included in depreciation and amortization expense.

(b) Operating leases

The Company has noncancelable operating rental leases for office space, which expire over the next two to eight years. Rent expense under these leases amounted to $2.4 million, $2.7 million, and $1.6 million for the years ended December 31, 2003, 2002 and 2001, 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, 2003 are:

	Capital Leases	Operating Leases
	(in thousands)	
Year ending December 31,		
2004	$ 2,678	$ 2,422
2005	1,717	2,122
2006	996	2,048
2007	254	1,683
2008	155	1,194
2009 and thereafter	120	149
Total minimum lease payments	5,920	$ 9,618
Less amounts representing interest	(729)	
Present value of net minimum capital lease payments	5,191	
Less current installments of obligations under capital leases	(1,951)	
Long-term capital lease obligations	$ 3,240	

(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,		
	2003	2002	2001
		(in thousands)	
Income/(loss) from continuing operations:			
United States	$ (643)	$ (8,914)	$ 6,662
Europe	18,538	(2,204)	(6,718)
Asia Pacific	(1,664)	(927)	—
Income/(loss) from continuing operations before income taxes	16,231	(12,045)	(56)
Income/(loss) from discontinued operations:			
United States	—	4,943	861
Europe	(201)	111	(984)
Asia Pacific	—	—	—
Income/(loss) from discontinued operations before income taxes	(201)	5,054	(123)
Total income/(loss) before income taxes	$16,030	$ (6,991)	$ (179)

Total income tax benefit/(expense) for the years ended December 31, 2003, 2002 and 2001 was allocated as follows:

	Year Ended December 31,		
	2003	2002	2001
		(in thousands)	
Income/(loss) from continuing operations	$(4,246)	$ 2,312	$807
Income/(loss) from discontinued operations	—	(1,935)	42
Total tax benefit/(expense)	$(4,246)	$ 377	$849

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

	Year Ended December 31,		
	2003	2002	2001
		(in thousands)	
Current tax benefit/(expense):			
U.S. Federal	$ (83)	$1,747	$1,266
Foreign	(1,696)	6	(459)
Total current	(1,779)	1,753	807
Deferred tax benefit/(expense):			
U.S. Federal	—	—	—
Foreign	(2,467)	559	—
Total deferred	(2,467)	559	—
Total tax benefit/(expense)	$(4,246)	$2,312	$ 807

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,		
	2003	2002	2001
		(in thousands)	
U.S. federal income tax benefit/(expense) at applicable statutory rate	$(5,519)	$ 4,095	$ 19
Tax effect of:			
Non-taxable gain on sale of U.K. ATM network	6,073	—	—
Non-deductible expenses	(4,432)	(917)	(297)
Other permanent differences	187	558	(204)
Foreign tax rate differentials	(475)	(129)	(852)
Impact of changes in tax rates	(1,802)	53	(260)
Other	563	(2,636)	1,823
Change in valuation allowance	1,159	1,288	578
Total income tax benefit/(expense)	$(4,246)	$ 2,312	$ 807
Effective tax rate	26.2%	(19.2)%	(1,441.1)%
Applicable statutory federal tax rate	34.0%	34.0%	34.0%

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,	
	2003	2002
	(in thousands)	
Deferred tax assets:		
Tax loss carryforwards	$ 15,090	$ 16,689
Notes payable	3,249	3,692
Accrued interest	6,274	2,606
Accrued expenses	2,107	2,000
Billings in excess of earnings	759	559
Property and equipment	1,003	1,023
Deferred financing costs	209	180
Other	1,091	3,620
Gross deferred tax assets	29,782	30,369
Valuation allowance	(26,960)	(28,119)
Net deferred tax assets	2,822	2,250
Deferred tax liabilities:		
Intangibles related to purchase accounting	(7,258)	—
Other current assets	(665)	(1,060)
Earnings in excess of billings	(226)	(126)
Property and equipment	(934)	
Investment in affiliates	(76)	—
Other	(43)	—
Total deferred tax liabilities	(9,202)	(1,186)
Net deferred tax assets/(liabilities)	$ (6,380)	$ 1,064

The valuation allowance for deferred tax assets as of December 31, 2003, 2002 and 2001 was $26.9 million, $28.1 million and $28.9 million, respectively.

As of December 31, 2003, 2002 and 2001, the Company's U.S. federal and foreign tax loss carryforwards were $53.9 million, $60.3 million and $61.6 million, respectively, and U.S. state tax loss carryforwards were $17.6 million, $13.0 million and $15.3 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, 2003. 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, 2003, the Company had U.S. federal and foreign tax net operating loss carryforwards of approximately $53.9 million, which will expire as follows:

Year Ending December 31,	(in thousands)
2004	$ 10,555
2005	6,340
2006	4,033
2007	5,008
2008	2,324
2009	526
2010 and thereafter	1,848
Unlimited	23,257
Total	$ 53,891

The Company's state tax net operating losses of $17.6 million will expire periodically in the years ended December 31, 2004 through December 31, 2010.

Except for the earnings of e-pay Australia Pty Ltd, no provision has been made in the accounts as of December 31, 2003, 2002 and 2001 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.

(17) VALUATION AND QUALIFYING ACCOUNTS

	Balance at January 1,	Additions charged to expense	Amounts written off	Balance at December 31,
		(in thousands)		
2001 Allowance for doubtful accounts	$ 740	$ 717	$ (782)	$ 675
2002 Allowance for doubtful accounts	$ 675	$ 447	$ (638)	$ 484
2003 Allowance for doubtful accounts	$ 484	$ 1,194	$ (631)	$ 1,047

(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, 2003, the authorized options for the purchase of 8,463,991 shares of Common Stock, of which 8,354,182 have been awarded to employees and 2,841,918 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 which vested equally over the two years following the initial public offering) vested and all shares became immediately issuable to beneficiaries of milestone awards and options. At that time, 800,520 milestone awards and 232,078 milestone options were exercised. As of December 31, 2003, 1,193,304 milestone options remain unexercised.

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

	Number of Shares	Average Exercise Price
Balance at December 31, 2000 (2,441,928 shares exercisable)	4,584,508	$ 4.65
Granted	1,321,968	8.32
Exercised	(292,643)	4.41
Forfeited	(693,698)	6.35
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

At December 31, 2003, the range of exercise prices, weighted-average remaining contractual life and number exercisable of options outstanding under the SCP was as follows:

Range of Exercise Prices	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price
$ — - $ 1.8500	162,476	0.6	$ 0.7813	162,476	$ 0.7813
$ 1.8501 - $ 3.7000	1,250,675	3.1	$ 2.1701	1,250,675	$ 2.1705
$ 3.7001 - $ 5.5500	701,970	7.1	$ 5.0988	252,752	$ 5.0673
$ 5.5501 - $ 7.4000	1,624,588	7.2	$ 6.1279	699,973	$ 6.1241
$ 7.4001 - $ 9.2500	277,050	7.5	$ 7.9003	110,000	$ 7.9742
$ 9.2501 - $11.1000	626,114	9.1	$ 10.6900	49,214	$ 10.6738
$11.1001 - $12.9500	130,360	7.1	$ 12.0156	57,360	$ 11.9511
$12.9501 - $14.8000	82,140	3.3	$ 13.9400	82,140	$ 13.9400
$14.8001 - $16.6500	218,240	7.7	$ 16.4000	67,340	$ 16.4000
$16.6501 - $18.5000	692,953	8.3	$ 17.6721	109,988	$ 17.6753
	5,766,566	6.4	$ 7.5945	2,841,918	$ 5.1687

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.

(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 and issued 174,570 shares of Common Stock during 2001 at an average price per share of $9.12. 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 66,524 shares of Common Stock during 2003 pursuant to the 2003 ESPP 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 2003, 2002 and 2001 together with a description of the assumptions used to calculate the fair value using the Black-Scholes pricing model:

	Year Ended December 31,		
	2003	**2002**	**2001**
Expected volatility	60.7%	78.3%	62.7%
Average risk-free rate	4.9%	3.8%	5.6%
Average expected lives	6.6 years	5 years	5 years
Weighted-average fair value (per share)	$ 6.52	$ 6.72	$ 4.59

(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 stock on the open market. The shares are pledged to the Company to secure the loans. As of December 31, 2003, the Company holds 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 for five years, commencing at the date each employee began employment with the Company. As the shares vest, the employees are entitled to pay off the loans and free the shares of the pledge. These loans are considered an award of stock options as the loans are non- recourse and the employee is not obligated to pay any interest on the loans. The loans have been accounted for as a separate component of stockholders' deficit. In the event that any one of the employees defaults on the 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 employees who have completed six months of service 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 stock and are discretionary and 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, 2003, 2002 and 2001 was $0.1 million, $0.3 million and $0.2 million, respectively.

The Company maintains a health and dental insurance program, which covers all eligible U.S.-based employees and their legal dependants, a portion of the cost, which is covered by the employee. 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 the EFT Processing Segment, the Company processes transactions for a network of 3,350 automated teller machines (ATMs) across Europe and in India. The Company provides comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM management solutions, and electronic recharge services (for prepaid mobile airtime).
2) Through the Prepaid Processing Segment, the Company provides prepaid processing, or top-up services, for prepaid mobile airtime and other prepaid products. The Company operates a network of more than 126,000 point-of-sale (POS) terminals providing electronic processing of prepaid mobile phone airtime ("top-up") services in the U.K., Australia, Poland, Ireland, New Zealand, Germany, the U.S., Malaysia and Indonesia.
3) Through the Software Solutions Segment, the Company offers a suite of integrated electronic financial transaction ("EFT") software solutions for electronic payment and transaction delivery systems.

The Company also has a "Corporate Services Segment" that provides the three business segments with corporate and other administrative services that are not directly identifiable with them.

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. See Note 25 – Discontinued Operations 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, 2003, 2002 and 2001

	For the year ended December 31, 2003					
	EFT Processing	Prepaid Processing	Software Solutions	Corporate Services	Eliminations	Total
	(in thousands)					
Total revenues	$ 52,900	$ 136,185	$ 15,745	$ —	$ (423)	$ 204,407
Total operating expenses	46,253	124,256	14,308	$ 6,657	(384)	191,090
Operating income/(loss)	6,647	11,929	1,437	(6,657)	(39)	13,317
Interest income	31	1,056	6	164	—	1,257
Interest expense	(631)	(11)	(2)	(6,572)	—	(7,216)
Gain on sale	18,045	—	—	—	—	18,045
Equity in income/(loss) losses from unconsolidated subsidiaries	(1)	645	—	(126)	—	518
Foreign exchange gain/(loss), net	21	(2)	—	(9,747)	38	(9,690)
Total other income/(expense)	17,465	1,688	4	(16,281)	38	2,914
Income/(loss) from continuing operations before income taxes and minority interest	$ 24,112	$ 13,617	$ 1,441	$ (22,938)	$ (1)	$ 16,231
Minority interest	$ —	$ —	$ —	$ —	$ —	$ —
Loss from discontinued operations before income taxes	$ (201)	$ —	$ —	$ —	$ —	$ (201)
Segment assets	$ 46,488	$ 238,598	$ 8,155	$ 10,532	$ —	$ 303,773
Fixed assets	$ 17,095	$ 2,908	$ 798	$ (116)	$ (27)	$ 20,658
Depreciation and amortization	$ 7,207	$ 3,626	$ 1,160	$ 84	$ (15)	$ 12,062

	For the year ended December 31, 2002					
	EFT Processing	Prepaid Processing	Software Solutions	Corporate Services	Eliminations	Total
	(in thousands)					
Total revenues	$ 53,918	$ —	$ 17,410	$ —	$ (280)	$ 71,048
Total operating expenses	49,109	—	16,976	5,621	(239)	71,467
Operating income/(loss)	4,809	—	434	(5,621)	(41)	(419)
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/(loss), net	2,600	—	—	(6,833)	—	(4,233)
Total other income/(expense)	1,360	—	(125)	(12,861)	—	(11,626)
Income/(loss) from continuing operations before income taxes and minority interest	$ 6,169	$ —	$ 309	$ (18,482)	$ (41)	$ (12,045)
Minority interest	$ 100	$ —	$ —	$ —	$ —	$ 100
Loss from discontinued operations before income taxes	$ 5,054	$ —	$ —	$ —	$ —	$ 5,054
Segment assets	$ 50,347	$ —	$ 6,955	$ 9,257	$ —	$ 66,559
Fixed assets	$ 20,431	$ —	$ 854	$ 109	$ —	$ 21,394
Depreciation and amortization	$ 8,572	$ —	$ 1,031	$ 56	$ —	$ 9,659

	For the year ended December 31, 2001					
	EFT Processing	Prepaid Processing	Software Solutions	Corporate Services	Eliminations	Total
	(in thousands)					
Total revenues	$ 45,942	$ —	$ 15,221	$ —	$ (180)	$ 60,983
Total operating expenses	43,596	—	17,096	6,521	(180)	67,033
Operating income/(loss)	2,346	—	(1,875)	(6,521)	—	(6,050)
Interest income	138	—	36	104	—	278
Interest expense	(1,261)	—	—	(8,125)	—	(9,386)
Gain/(loss) on early retirement of debt	—	—	—	9,677	—	9,677
Foreign exchange gain/(loss), net	691	—	(26)	4,760	—	5,425
Total other income/(expense)	(432)	—	10	6,416	—	5,994
Income/(loss) from continuing operations before income taxes and minority interest	$ 1,914	$ —	$ (1,865)	$ (105)	$ —	$ (56)
Minority Interest	$ —	$ —	$ —	$ —	$ —	$ —
Loss from discontinued operations before income taxes	$ (123)	$ —	$ —	$ —	$ —	$ (123)
Segment assets	$ 47,259	$ —	$ 8,409	$ 5,723	$ —	$ 61,391
Fixed assets	$ 20,097	$ —	$ 1,243	$ 58	$ —	$ 21,398
Depreciation and amortization	$ 7,895	$ —	$ 744	$ 146	$ —	$ 8,785

Total revenues for the three years ended December 31, 2003 and long-lived assets as of December 31, 2003 and December 31, 2002 for the Company, summarized by geographical location, are as follows (unaudited, in thousands):

	Revenues For the year ended December 31,			Long-lived Assets As of December 31	
	2003	2002	2001	2003	2002
U.S.	$ 17,818	$17,410	$15,221	$ 804	$ 854
Germany	14,280	12,093	10,492	3,788	2,741
Poland	16,887	12,899	12,309	6,509	8,223
Hungary	7,397	7,139	8,323	5,049	6,703
U.K.	94,762	14,480	10,210	1,141	—
Australia	37,752	—	—	470	—
Czech Republic	3,917	—	—	1,960	2,014
Other	11,594	7,027	4,428	937	859
Total	$204,407	$71,048	$60,983	$20,658	$21,394

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. Long-lived assets consist of property, plant, and equipment, net of accumulated depreciation.

(21) FINANCIAL INSTRUMENTS

Most of Euronet’s financial instruments (cash and cash equivalents, trade accounts receivable, prepaid expenses and other current assets, trade accounts payable, accrued expenses and other current liabilities, advance payments on contracts, billings in excess of costs and estimated earnings on software installation contracts, costs and estimated earnings in excess of billings on software installation contracts) are short-term in nature. Accordingly, the carrying value of these instruments approximates their fair values. Additionally, the fair value of notes payable was $56 million at December 31, 2003, and $38.8 million at December 31, 2002, approximately the same as their carrying value.

(22) RELATED PARTY TRANSACTIONS

In January 2001, the Company entered into a Credit Facility Loan Agreement under which it borrowed an aggregate of $0.5 million from Michael J. Brown, the CEO and a Director of the Company, to fund transactions on its Czech Republic ATM network. Amounts advanced under this loan agreement mature six months from the date an advance is made, but were extended for a second six-month period. The loans were unsecured with a stated interest of 10% per annum. In January 2002, the loan and related interest were paid in full.

For the years ended December 31, 2003 and 2002, the Company recorded $0.3 million and $0.1 million, respectively, in revenue related to CashNet Egypt, an unconsolidated subsidiary, with respect to a data processing and technical services agreement.

For the year ended December 31, 2002, the Company recorded $0.2 million in revenue related to Europlanet, an unconsolidated subsidiary, with respect to a data processing and technical services agreement.

(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 which 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. market, 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, 2003, 2002 and 2001.

	Year Ended December 31,		
	2003	2002	2001
		(in thousands)	
Software Solutions			
Beginning balance–capitalized development cost	$1,584	$1,711	$ 887
Additions–capitalized in the period	1,173	555	1,281
Amortization–expense in the period	(922)	(682)	(457)
Net capitalized development cost	$1,835	$1,584	$1,711

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, applications for wireless application protocol ("WAP") enabled customer touch points, other 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, 2002 and 2001 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)

	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

	Year Ended December 31, 2001		
	DASH	France	Total
Revenues	$2,295	$ 893	$3,188
Operating expenses	1,413	1,692	3,105
Operating income/(loss)	882	(799)	83
Other expense	(21)	(185)	(206)
Gain/(loss) on disposal	—	—	—
Income/(loss) before taxes	861	(984)	(123)
Income tax (benefit)/expense	(293)	335	42
Net income/(loss) of discontinued operations	$ 568	$ (649)	$ (81)

There were no assets or liabilities held for sale at December 31, 2003. The components of assets and liabilities held for sale as of December 31, 2002 are as follows:

	As of December 31, 2002			
	DASH	France	U.K.	Total
	(in thousands)			
Current assets	$ —	$ —	$ 1,240	$ 1,240
Fixed assets	—	—	9,527	9,527
Total assets from discontinued operations	$ —	$ —	$10,767	$10,767
Current liabilities	$ —	$ —	$ 2,866	$ 2,866
Long-term liabilities	—	—	671	671
Total liabilities from discontinued operations	$ —	$ —	$ 3,537	$ 3,537

(26) COMMITMENTS AND CONTINGENCIES

As of December 31, 2003, the Company has standby letters of credit issued on its behalf in the amount of approximately $4.2 million. These standby letters of credit are fully collateralized by cash deposits held by the respective issuing banks. The Company is not currently involved in any material legal proceedings. See Note 4 – Acquisitions, for earn-out commitments related to transact and AIM acquisitions.

(27) SUBSEQUENT EVENTS

Acquisition of Prepaid Concepts, Inc.

In January 2004, Euronet purchased all of the share capital of Prepaid Concepts, Inc. ("Precept), a company based in California. The purchase price for the Precept shares was approximately $17.8 million. The Company paid $4.0 million in cash, issued promissory notes in the original principal amount of $4.0 million and issued 527,180 shares of Euronet Common Stock for the Precept shares. Of the issued shares of Common Stock, 400,000 shares will be held in escrow and released on February 25, 2005 subject to certain performance criteria. Of the $4.0 million in promissory notes, $2.0 million are convertible into shares of Euronet Common Stock as described more fully below:

- Deferred purchase price in the amount of $2.0 million, bearing interest at an annual rate of 7% and payable October 30, 2004. Principal payments are payable in three installments on April 30, 2004, July 30, 2004 and October 30, 2004.

- Indebtedness of $2.0 million under promissory notes bearing interest at an annual rate of 7%, with accrued interest payable at maturity on February 25, 2005. Euronet has the option to pay the principal and interest at maturity in shares of Common Stock valued at a 10% discount to the average market price for twenty trading days prior to the maturity date. In addition, at any time prior to the maturity date, the amount outstanding under these notes is convertible into shares of Euronet Common Stock at the option of the holders, based upon a conversion price of $28.43 per share.

The following table summarizes the total cost of the acquisition of Precept. Note that all amounts are included as of the purchase price date. Certain small changes are ongoing, due to minor adjustments to acquisition costs (unaudited, in thousands):

Cash paid at closing	$ 4,000
Notes payable	4,000
Euronet Common Stock: 527,180 shares	9,801
Total paid to shareholders	17,801
Transaction costs and share registration fees	23
Total purchase price	$17,824

Assets Acquired

Under the purchase method of accounting, management has made a preliminary allocation of the total purchase price to the acquired tangible and intangible assets based on an estimate of their fair values at the acquisition date. The purchase price was allocated as follows (unaudited, in thousands):

Description	Estimated Life	Amount
Customer relationships	8 years	$ 3,367
Software	5 years	118
Goodwill	N/A	14,339
Total intangible assets		$17,824

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the underlying net tangible and intangible assets.

Euronet agreed to file with the SEC a registration statement to enable the public resale of the Common Stock received by the former shareholders of Precept. 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 receipt of such shares (subject to the escrow provision described above) as of the filing of the SEC registration statement, which occurred in February 2004.

Line of Credit

In February 2004, the Company entered into a two-year unsecured revolving credit agreement providing a facility of up to $10.0 million with a bank. The proceeds from the facility can be used for working capital needs, acquisitions, and other corporate purposes. There are certain financial performance covenants and dividend restrictions that must be maintained under the agreement. Interest accrues on any balances outstanding at a PRIME-based floating rate or LIBOR-based rates for 90-day periods. As of March 15, 2004, no funds had been drawn under the facility.

SELECTED QUARTERLY DATA (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per share data)			
Year ended December 31, 2003				
Net revenues	$ 33,100	$ 48,141	$ 53,061	$ 70,105
Operating income/(loss)	1,151	2,784	3,690	5,692
Net income/(loss) from continuing operations	15,421(1)	(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)
Year ended December 31, 2002				
Net revenues	$ 17,040	$ 17,525	$ 17,889	$ 18,594
Operating income/(loss)	146	953	(615)	(903)
Net income/(loss) from continuing operations	675	(4,888)	(2,496)	(2,924)
Net income/(loss) per common share from continuing operations:				
Basic	0.03	(0.21)	(0.11)	(0.12)
Diluted	0.03	(0.21)	(0.11)	(0.12)

(1) 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 years ended December 31, 2002 and 2001 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, 2003. 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.

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, 2003 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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 2004, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2003, 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 2004, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2003, 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 2004, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2003, 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 2004, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2003, 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 2004, which will be filed with the Securities and Exchange Commission no later than 120 days after December 31, 2003, is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(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 10.1 – 10.9 hereto constitute management contracts or compensatory plans or arrangements required to be filed as exhibits hereto.

(b) Euronet filed the following reports on Form 8-K:

Filing Date	Item Reported
October 28, 2003	Form 8-K (Item 7: Exhibits; and Item 12: Results of Operations and Financial Condition)
November 17, 2003	Form 8-K (Item 4: Changes in Office of Registrant’s Certifying Accountant; and Item 7: Financial Statements, Pro Forma Financial Information and Exhibits)
November 25, 2003	Form 8-K (Item 2: Acquisition or Disposition of Assets; and Item 7: Financial Statements, Pro Forma Financial Information and Exhibits)
November 26, 2003	Form 8-K (Item 7: Exhibits; and Item 12: Results of Operations and Financial Condition)
December 4, 2003	Form 8-K (Item 5: Other Events; and Item 7: Financial Statements, Pro Forma Financial Information and Exhibits)

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 15, 2004

/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 15th day of March 2004 by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	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
/s/ Andrzej Olechowski Andrzej Olechowski	Director
/s/ Eriberto R. Scocimara Eriberto R. Scocimara	Director
/s/ Thomas A. McDonnell Thomas A. McDonnell	Director
/s/ Paul S. Althasen Paul S. Althasen	Director
/s/ Andrew B. Schmitt Andrew B. Schmitt	Director
/s/ M. Jeannine Strandjord M. Jeannine Strandjord	Director
/s/ Rick L. Weller Rick L. Weller	Chief Financial Officer and Chief Accounting Officer (principal financial officer and principal accounting officer)

Exhibit Index

Exhibit	Description
2.1	Agreement for the Purchase of the Entire Issued Share Capital of e-pay between the Registrant and the Shareholders of e-pay dated February 19, 2003 (filed as Exhibit 2.1 to the Registrant'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 the Registrant, Delta Euronet GmbH, EFT Services Holding B.V. and the shareholders of transact Elektronische Zahlungssysteme GmbH (filed as Exhibit 2.1 to the Registrant'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 Registrant's current report on Form 8-K filed on January 4, 2002 and incorporated by reference herein)
4.1	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
4.2	Certificate of Incorporation of the Registrant, as amended (filed as Exhibit 3.1 to the Registrant's annual report on Form 10-K for the year ended December 31, 2001, and incorporated by reference herein)
4.3	Bylaws of the Registrant (filed as Exhibit 3.2 to the Registrant's registration statement on Form S-1 filed on December 18, 1996 (Registration No. 333-18121), and incorporated by reference herein)
4.4	Amendment No. 1 to Bylaws of the Registrant (filed as Exhibit 3(ii) to the Registrant's quarterly report on Form 10-Q for the fiscal period ended March 31, 1997, and incorporated by reference herein)
4.5	Amendment No. 2 to Bylaws of the Registrant (filed as Exhibit 3.1 to the Registrant's current report on Form 8-K filed on March 24, 2003, and incorporated by reference herein)
4.6	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)
4.7	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)
4.8	Form of Certificate issued to the shareholders of transact Elektronische Zahlungssysteme GmbH, dated November 19-20, 2003 (filed as Exhibit 4.1 to the Registrant's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
4.9	Certificate of Additional Investment Rights issued to Fletcher International, Ltd. on November 21, 2003 (filed as Exhibit 4.2 to the Registrant's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
4.10	Agreement, dated November 20, 2003, between the Registrant and Fletcher International, Ltd. (filed as Exhibit 10.1 to the Registrant's current report on Form 8-K filed on November 25, 2003, and incorporated by reference herein)
4.11	Rights Agreement, dated as of March 21, 2003, between the Registrant and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Registrant's current report on Form 8-K filed on March 24, 2003, and incorporated by reference herein)
4.12	First Amendment to Rights Agreement, dated as of November 28, 2003, between the Registrant and EquiServe Trust Company, N.A. (filed as Exhibit 4.1 to the Registrant's current report on Form 8-K filed on December 4, 2003, and incorporated by reference herein)
10.1	Employment Agreement executed in October 2003, between the Registrant and Michael J. Brown, CEO
10.2	Employment Agreement executed in October 2003, between the Registrant and Daniel R. Henry, COO
10.3	Employment Agreement executed in October 2003, between the Registrant and Jeffrey B. Newman, Executive Vice President
10.4	Employment Agreement executed in October 2003, between the Registrant and James P. Jerome, Executive Vice President
10.5	Services Agreement between e-pay and Paul Althasen, Executive Vice President and Co-Managing Director, e-pay
10.6	Services Agreement between e-pay and John Gardiner, Executive Vice President and Co-Managing Director, e-pay
10.7	Euronet Long-Term Incentive Stock Option Plan (1996), as amended
10.8	Euronet Worldwide, Inc. Stock Incentive Plan (1998), as amended
10.9	Euronet Worldwide, Inc. 2002 Stock Incentive Plan (filed as Exhibit A to the Registrant's Definitive Proxy Statement for Annual Meeting of Stockholders held on May 8, 2002 and incorporated by reference herein)
10.10	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)
21.1	Subsidiaries of the Registrant
31.1	Section 302 – Certification of Chief Financial Officer
31.2	Section 302 – Certification of Chief Executive Officer
32.1	Section 906 – Certification of Chief Executive Officer and Chief Financial Officer
99.1	Risk Factors

Exhibit 4.1

ASSET PURCHASE AGREEMENT

among

EURONET WORLDWIDE, INC.

AUSTIN INTERNATIONAL MARKETING AND INVESTMENTS, INC.

and

JOSEPH P. BODINE AND DAVID HAWKINS

Dated: August 23, 2003

THIS ASSET PURCHASE AGREEMENT (this **"Agreement"**) is made as of August 23, 2003, among:

EURONET WORLDWIDE, INC., a Delaware corporation (the **"Buyer"**) whose principal place of business is at 4601 College Boulevard, 66211 Leawood, Kansas 66211;

Austin International Marketing and Investments, Inc., a Kansas corporation, located at 7009 West 81st, Suite 101, Overland Park, Kansas 66204 (the **"Seller"**); and

Joseph P. Bodine, residing at 4314 W. 112th Terrace, Leawood, Kansas 66211, and David Hawkins, residing at 816 Wagon Knob Road, Odessa, Missouri 64076 (Mr. Bodine and Mr. Hawkins are collectively referred to herein as the **"Shareholders"**.)

WHEREAS:

A. Seller is engaged in the Business, as defined on Schedule 1 to this Agreement, and desires to transfer to Buyer the Business and all of its properties and assets related to such Business; and

B. Buyer desires to acquire such Business, properties and assets, all upon the terms and conditions set forth herein;

C. Certain capitalized terms used herein but not defined elsewhere in this Agreement are defined in Schedule 1 hereof.

IN CONSIDERATION of the mutual covenants, agreements, representations and warranties contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agrees as follows:

1. PURCHASE AND SALE OF ASSETS

1.1. Purchase and Sale. On the terms and subject to the conditions of this Agreement, Seller will, at Closing, sell, convey, transfer, assign and deliver to Buyer, and Buyer will purchase and acquire from Seller, free and clear of all liens (except for Permitted Liens), the entire right, title and interest in and to the following assets ("collectively, the **"Assets"**):

1.1.1. Personal Property. All furniture, computers, printers, software, files, books, records, tools, supplies, equipment, furnishings, and all other tangible personal property owned by Seller or used in the Business as of the date hereof or acquired for use in the Business by Seller between the date hereof and the Closing, including the items described in Schedule 1.1.1 (the **"Personal Property"**).

1.1.2. Inventory. All inventory and supplies (the **"Inventory"**) owned by Seller in the Business as of the Closing, including the PIN, card, and signage inventory described in Schedule 1.1.2.

1.1.3. Contract Rights. All Contracts, as defined in Section 2.13, that are assignable to Buyer without consent or for which consent to assignment to Buyer has been obtained on or before the Closing (the **"Transferred Contracts"**).

1.1.4. Accounts Receivable. All accounts receivable (the **"Receivables"**) of Seller outstanding as of the Closing, including those receivables listed on Schedule 1.1.4.

1.1.5. Permits. All Permits that are assignable to Buyer.

1.1.6. Records. All of Seller's documents, records, files and reports, whether written, printed or electronically stored, related to the Business or the Assets.

1.1.7. Certain Claims. All of Seller's rights and incidents of interest in and to causes of action, suits, proceedings, judgments, claims and demands of any nature, whenever maturing or asserted, relating to or arising directly or indirectly out of the Assets or the Business, including all interests in and rights to claims under insurance policies and insurance contracts and claims thereunder.

1.1.8. Intangible Assets. All goodwill of Seller associated with the Business, all Intellectual Property Rights owned or used by Seller, including the trade name "Austin International Marketing and Investments, Inc.", all telephone listings and telephone numbers, all lists of customers, files, books and records and other information relating to the day to day carrying on of the Business by Seller, and all other rights used by Seller in connection with the Business (collectively, the **"Goodwill"**).

1.2. Excluded Assets. Notwithstanding the Assets described in Section 1.1, the properties, assets, rights and interests owned by Seller and listed on Schedule 1.2 (collectively, the **"Excluded Assets"**) will be retained by Seller and will not be included in the Assets transferred to Buyer at the Closing.

1.3. Liabilities. Subject to the terms and conditions of this Agreement, Buyer will, as of the Closing Date, assume and agree to discharge only those unpaid obligations and liabilities and trade payables included in the Seller's Financial Statements attached hereto as Schedule 2.17.1 and all liabilities and obligations arising after the date hereof with respect to any Contracts transferred to Seller in accordance with this Agreement.

1.4. Payment of Purchase Price. Buyer will pay the purchase price for the Assets as provided in Schedule 1.4 (the **“Purchase Price”**). Notwithstanding any provision to the contrary, the payment of the Purchase Price shall not, in any way, be contingent upon either of the Shareholders’ employment or affiliation with Buyer.

2. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller and the Shareholders, jointly and severally, hereby represent and warrant to Buyer as follows, and acknowledge and confirm that Buyer is relying upon such warranties and representations in connections with the purchase of the Assets.

2.1. Organization, Power and Authority. Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of Kansas, and has the power and authority to own, operate and lease its properties and carry on the Business as it is presently being conducted. Except for such lack of qualification that will not have a Material Adverse Effect on the Business, the Seller is duly qualified and licensed to transaction business in each jurisdiction in which the nature of the Business or the location of its properties makes such qualification or licensing necessary.

2.2. Validity of Agreement. Seller has the authority to execute and deliver this Agreement and the other agreements, documents and instruments entered into or to be entered into by Seller in connection with this Agreement (this Agreement, together with such other agreements, documents and instruments required to be entered into by Seller by this Agreement being herein referred to collectively as the **“Seller’s Agreements”**), to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby without the necessity of any act or Consent of any other Person. The Seller’s Agreements constitute, or will, when executed and delivered, constitute the valid and legally biding obligations of Seller and the Shareholders, enforceable against the Seller and/or the Shareholders in accordance with their terms.

2.3. Conflicts and Defaults. Except as set forth on Schedule 2.3, neither the execution and delivery of Seller’s Agreements by Seller, nor the performance by Seller of the transactions contemplated hereby will (i) violate or conflict with any of the terms of the Articles of Incorporation or Bylaws of Seller or any provision thereof; (ii) violate or constitute an occurrence of default under any provision of, or conflict with, or result in acceleration of default under, or give rise to a right by any party to terminate its obligations under, any contract, sales commitment, license, permit, purchase order, security agreement, mortgage, conveyance to secure debt, note, deed, loan, Lien, lease, agreement, instrument, order, judgment, decree or other arrangement by which any of the Assets are affected; (iii) result in the creation or imposition

of any Liens in favor of any third Person upon any of the Assets; or (iv) result in the violation or breach of or conflict with any Law applicable to Seller or any of the Assets, except such violations or conflicts as do not have a Material Adverse Affect. Seller is not in violation of its Articles of Incorporation or Bylaws and, to Seller's knowledge, except as set forth on Schedule 2.3, Seller is not in violation of or default under any provision of any contract, Permit, order, judgment, decree to which Seller is a party or is bound or by which any of the Assets are affected which would have a Material Adverse Effect, and to Seller's and Shareholders' knowledge there exists no condition or event which, after notice or lapse of time or both, would result in any such violation or default.

2.4. Ownership of Assets and Leases; Condition. At the Closing Seller will have good and marketable title to or a valid and enforceable leasehold interest in, as the case may be, the Assets, free and clear of any Liens, except for Liens expressly set forth in the Contracts (**"Permitted Liens"**). Except in connection with this Agreement, no person has any right to acquire the Assets or any portion thereof. Since the Balance Sheet Date, none of the Assets have been materially and adversely affected in any way as a result of any casualty, whether or not covered by insurance.

2.5. Real Property. Schedule 2.5 constitutes a complete and correct list of all Real Property that was leased or used in the Business by Seller.

2.6. Licenses and Permits. To Seller's and Shareholders' knowledge, Schedule 2.6 sets forth a correct and complete list of all Permits required for the conduct of the Business immediately prior to the Closing under any applicable Law. To Seller's knowledge, Seller is in compliance with all of the material terms and conditions of the Permits.

2.7. Nondisclosure and Non-competition Agreements. Except as set forth on Schedule 2.7, Seller is not a party to or bound by any nondisclosure, know-how or other similar technology agreement relating to the Business, nor is Seller a party to any non-competition agreement or covenant, or any similar agreement relating to the Business.

2.8. Labor Relations. Seller is not a party to any collective bargaining or union contract and to Seller's knowledge there is no current union organization effort with respect to Seller's employees. During the most recent two-year period, Seller has not received any notice of, and there have not been, any strikes, slowdowns, work stoppages, lockouts or threats thereof, by or with respect to any of Seller's employees.

2.9. Employees and Employee Plans.

2.9.1. Schedule 2.9.1 lists (i) all employees of Seller and their respective starting dates, current titles, current rates of pay and benefits and (ii) all Employee Plans.

2.9.2. Neither Seller nor the Shareholders have taken any action directly or indirectly to obligate Seller to adopt any additional Employee Plans. True, correct and complete copies of all written Employee Plans and related documents, including amendments thereto, any related trust agreements, any documents setting out Seller's employee policies and procedures, any insurance contracts under which benefits are provided, as currently in effect, and descriptions of any such plan that is not written, have been supplied to Buyer.

2.9.3. Seller has fulfilled its obligations, to the extent applicable, under the minimum funding requirements of Section 302 of ERISA and Section 412 of the Code, with respect to each "employee plan" (as defined in Section 3(2) of ERISA) set forth in Schedule 2.9.1. To Seller's knowledge, each Employee Plan is in compliance with and has been administered in all respects consistent with, the presently applicable provisions of ERISA, the Code and other applicable Laws. Seller has made all payments to all Employee Plans as required by the terms of each such plan in accordance, if applicable, with the actuarial and funding assumptions in effect as of the most recent actuarial valuations of such plans. Seller has funded or will fund each Employee Plan attributable to it in accordance with the terms thereof through Closing, including payment of applicable premiums on any insurance contract funding an Employee Plan for coverage provided through Closing. To the extent that any annual contribution for the current year is not yet required for any Employee Plan as of the Closing Date, Seller will make a pro rata contribution to such plan for the period ended at the Closing Date or said contribution will be accrued on the closing balance sheet.

2.9.4. To Seller's knowledge, no "prohibited transaction", as defined in Section 406 of ERISA and Section 4975 of the Code, has occurred in respect of any such Employee Plan, and no civil or criminal action brought pursuant to Part 5 of Title I of ERISA is pending or to Seller's knowledge threatened in writing or orally against any fiduciary of any such plan.

2.10. Litigation.

2.10.1. Except as set forth on Schedule 2.10.1, no litigation, action, suit, judgment, investigation, claim or proceeding is pending or to Seller's knowledge threatened against Seller or the Assets, either at Law or in equity, before any Governmental Authority or any arbitration panel. To

Seller's knowledge, there are no facts or circumstances or other events which have occurred that reasonably can be expected to give rise to any such litigation.

2.10.2. There are no obligations or restrictions imposed on Seller, Seller's conduct of the Business or the Assets as a result of any litigation involving Seller or the Assets.

2.11. Tax.

2.11.1. Except as set forth on Schedule 2.11.1, Seller has, as of the date hereof, correctly and properly prepared, and will prior to Closing have duly and timely filed, all Tax Returns required to be filed by it prior to such dates and has timely paid, or will prior to Closing timely pay, all Taxes shown as due on such returns and reports, including all withholding or other payroll related taxes shown on such returns and reports. No assessments or notices of deficiency or other communications have been received by Seller with respect to any such Tax Return which has not been paid in full, completely discharged or fully reserved in the Seller Financial Statements. There are no agreements between Seller and any Governmental Authority, including the Internal Revenue Service, waiving or extending any statute of limitations for assessment or collection with respect to any Tax Return which Seller has filed.

2.11.2. Except as set forth on Schedule 2.11.2, Seller (i) has timely withheld proper and correct amounts in compliance with the Tax withholding provisions of all applicable Laws for all compensation paid to Seller's officers and employees, (ii) has correctly and properly prepared and duly and timely filed all returns and reports relating to those amounts withheld from its officers and employees and to its employer liability for employment Taxes under the Code and applicable state and local Laws and (iii) has duly and timely paid and remitted to the appropriate Governmental Authorities the amounts withheld from its officers and employees and any additional amounts that represent its employer liability under applicable Law for employment Taxes, except where the failure to take any of the above actions could not reasonably be expected to have a Material Adverse Effect.

2.11.3. No issue has been raised by the Internal Revenue Service or any state or local Governmental Authority in connection with any audit of Tax Returns or reports which Seller has filed that will have, or can be expected to have, a Material Adverse Effect.

2.11.4. The Seller Financial Statements include for all periods up to and including the Closing Date, adequate provision for all unpaid applicable Taxes hereof relating to Seller.

2.11.5. Seller is not a "United States real property holding corporation" as defined in Section 897(c)(2) of the Code.

2.11.6. Seller is not a party to any tax sharing agreement.

2.12. Compliance with Laws. Except as set forth on Schedule 2.12, to Seller's knowledge Seller has complied with all Laws, except where the failure of Seller to comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To Seller's knowledge, no fact, circumstance, condition or situation exists which, after notice or lapse of time or both, would constitute noncompliance by Seller (except where such noncompliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect) or give rise to any future liability of Seller with respect to any Laws heretofore or currently in effect. Seller is not required to make any unusual expenditure to achieve or maintain compliance with any Laws. Seller has not received notice of any violation of any Law, or any potential liability under any Law, nor is Seller aware of any such violation. Except as set forth on Schedule 2.12, to the knowledge of Seller, there is not any present requirement of any applicable Law which is due to be imposed on Seller or the Assets that is reasonably likely to increase the cost of complying with such Laws.

2.13. Contracts. Schedules 2.13 (a), (b) and (c) to this Agreement constitute a complete and accurate list of each contract, lease, agreement, engagement or commitment, whether oral or written, express or implied relating to the Business, to which Seller is a party by which Seller or any of the Assets is bound (the **"Contracts"**). Schedule 2.13(a) includes a complete and accurate list of all carriers or providers of wireless or land based telecommunications services from which Seller has purchased the Products or other telecommunications time or services **("Telecom Carriers"),** together with a list of all contracts or amendments thereto that have been entered into between such Telecom Carriers and Seller. Schedule 2.13(b) constitutes a complete and accurate list of all persons or entities acting as resellers of telecommunications services, and includes a complete and accurate list of (i) all ISOs, agents or distributors who are promoting the sale of the Products or are commissioned based on the sales of the Products, including all undocumented relationships with agents and distributors **("Undocumented Agency Relationships");** and (ii) all merchants or retailers offering the Products for sale, including those operating POS terminals. Schedule 2.13(c) is a complete and accurate list of all other contracts entered into by Seller or the Shareholders in connection with the Business. In each case, Schedule 2.13 indicates the name and address of the contracted party and identifies the type of contract concerned. Seller has delivered or made available to Buyer complete copies of all Contracts and all modifications or amendments thereto.

2.14. Consents. The parties acknowledge that many of the Contracts require consent of the other contracting party prior to an assignment or transfer thereof and that consents, in many cases, will not be obtained. Buyer and (subject to the terms of Section 4.1) Seller will continue to attempt to obtain consents to assignment for all of the Contracts following the Closing.

2.15. Brokers, Finders and Agents. Seller is not directly or indirectly obligated to anyone acting as an agent, broker, finder or in any other similar capacity in connection with this Agreement or Seller's Agreements or the transactions contemplated hereby or thereby.

2.16. Insurance. Schedule 2.16 to this Agreement constitutes a full and complete list of all insurance policies maintained by Seller with respect to the Assets. All such policies are in full force and effect and, to Seller's knowledge, no event has occurred that would give any insurance carrier a right to terminate any such policy. All premiums due on such policies have been paid in full.

2.17. Financial Matters and Liabilities of Seller.

2.17.1. Schedule 2.17.1 to this Agreement contains true, correct and complete copies of Seller's balance sheets as of July 31, 2003, and the related statements of earnings and retained earnings (the **"Seller Financial Statements"**). The Seller Financial Statements are complete, have been prepared in accordance with Seller's normal practices, fully and properly reflect all transactions of the Seller, fairly present the financial condition of Seller as of the respective dates thereof and disclose all known liabilities of Seller, whether absolute, contingent, accrued or otherwise, existing as of the date thereof.

2.17.2. Seller has, and the Business is subject to, no liability or obligation (whether accrued, absolute, contingent or otherwise), except for (a) the liabilities and obligations which are disclosed or reserved against in the Seller Financial Statements to the extent and in the amounts so disclosed or reserved against, and (b) liabilities incurred or accrued in the Ordinary Course since the Balance Sheet Date.

2.17.3. Since the Balance Sheet Date, except for the payment of available cash to the Shareholders at or prior to Closing, there has not been (i) any Material Adverse Change in Seller's financial condition or the financial condition, (ii) any sale or transfer of any assets or properties except in the Ordinary Course with suitable replacements therefor, or (iii) capital expenditures by Seller involving payment in the aggregate in excess of $5,000.

2.17.4. The Financial Projections referred to in Schedule 2.17.4 reflect Seller's good faith estimate of the future financial performance of Seller. To the knowledge of Seller, except as disclosed in the Financial Projections or

any commentary thereto furnished by Seller, there are no market or business conditions or developments relating to the Business that could reasonably be expected in the future to have a Material Adverse Effect.

2.18. Accounts Payable. All the accounts payable of the Business reflect actual transactions and have been incurred by Seller in the Ordinary Course.

2.19. Accounts Receivable. All the Receivables will reflect actual transactions, have arisen from bona fide transactions in the Ordinary Course and are not subject to any material setoff or counterclaim.

2.20. Intellectual Property.

2.20.1. The Intellectual Property Rights constitute the only intellectual property rights used by Seller in connection with the conduct of the Business.

2.20.2. Seller has no patents, registered copyrights or registered trademarks, trade names or service marks or applications therefor.

2.20.3. Except as set forth on Schedule 2.20.3, Seller owns and has the exclusive right to use and sell, transfer and convey to Buyer the Intellectual Property Rights free and clear of all Liens and free from any past, present or future royalty payments, license fees, charges or other payments, conditions or restrictions.

2.20.4. To the best knowledge of Seller, except as set forth in Schedule 2.20.4, there is no unresolved claim or demand by any third party asserting a conflict with the rights of others in connection with Seller's use of any of the Intellectual Property Rights in connection with the conduct of the Business, except inconsequential claims or demands that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

2.20.5. Except as set forth on Schedule 2.20.5, to the knowledge of Seller the conduct by Seller of the Business does not infringe upon and no claim or allegation has been made that the conduct of the Business infringes upon any trademark, trade name, service mark, patent, invention, know-how, copyright, confidential business information, trade secret, proprietary information, industrial design, drawing, process, or formula owned or licensed by any third party.

2.21. Customers and Suppliers. Schedule 2.21 lists the material customers and suppliers of the Business as of the Balance Sheet Date, and there has been no termination or cancellation of, and no material modification or material change in, Seller's business relationship with any material customer or group of customers or suppliers.

2.22. Operation of Business. Except for the distribution of cash to Shareholders at or prior to Closing, since the Balance Sheet Date the Seller has conducted the Business in the Ordinary Course (as defined herein) and has not engaged in any action that would have violated Section 4.6 hereof had such Section applied to the Seller during such time period.

2.23. Disclosure. This Agreement and the Schedules hereto disclose all facts material to Seller and the Assets. Neither this Agreement nor any other certificate, financial statement or other document delivered to Buyer in connection therewith contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements and facts contained therein, in light of the circumstances in which they were or are made, not false or misleading. Any disclosure made in any Schedule hereto shall be deemed to be made in any other Schedule where applicable.

2.24. Accuracy. The representations and warranties of Seller set forth in this Agreement are true and correct on the date of this Agreement and will be true and correct as of the Closing (with the same force and effect as if such representations and warranties were made anew at and as of the Closing).

3. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows:

3.1. Organization, Power and Authority. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the corporate power and authority to own, operate and lease its properties and to carry on its business as presently being conducted.

3.2. Validity of Agreement. This Agreement, together with the other agreements, documents and instruments required to be entered into by Buyer by this Agreement (collectively, “Buyer Agreements”), will, when executed and delivered by Buyer, constitute the legal, valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms. The Buyer has the corporate power and authority to enter into the Buyer Agreements and to undertake and perform fully the transactions contemplated hereby and thereby.

3.3. Conflicts and Defaults. Neither the execution and delivery of the Buyer Agreements by Buyer nor the performance by Buyer of the transactions contemplated hereby or thereby will violate or conflict with any of the terms of the Articles of Incorporation or Bylaws of Buyer or any provisions thereof.

3.4. Capitalization of Buyer. The authorized capital stock of Buyer consists of (i) sixty million (60,000,000) shares of common stock, $0.02 par value per

share **("Common Stock"),** of which, as of June 30, 2003, approximately 26,681,768 were outstanding, and (ii) ten million (10,000,000) shares of preferred stock, $1.00 par value per share, none of which are outstanding. All of the outstanding shares of Common Stock have been validly issued and are fully paid, nonassessable and not subject to any preemptive rights, and all shares of Common Stock issued pursuant to this Agreement will be, when issued, duly authorized and validly issued, fully paid, nonassessable and not subject to any preemptive rights. All of the outstanding shares of Common Stock and options and warrants to purchase shares of Common Stock (collectively, "Buyer Securities") were issued in compliance with the Securities Act and applicable state securities laws. There are no stockholder agreements, voting trusts or other arrangements or understandings to which Buyer is a party or by which it or the Buyer's Board of Directors is bound. Approximately 925,000 shares of Buyer are issued and held by Buyer in its treasury as of the date hereof.

3.5. SEC Reports; Financial Statements. Buyer has filed all required forms, reports and documents with the SEC since it became subject to the reporting requirements of the Securities Exchange Act of 1934 (**"Buyer SEC Reports"**), and each of such Buyer SEC Reports complied at the time of filing in all material respects with all applicable requirements of the Securities Act and the Exchange Act, as applicable, in each case as in effect on the dates such forms reports and documents were filed. None of the Buyer SEC Reports, including any financial statements or schedules included or incorporated by reference therein, contained when filed any untrue statement of a material fact or omitted to state a material fact required to be stated or incorporated by reference therein or necessary in order to make the statements therein in light of the circumstances under which they were made not misleading, except to the extent superseded by a Buyer SEC Report filed subsequently and prior to the date hereof. Each of the consolidated financial statements (including, in each case, any related notes and schedules thereto) contained in the Buyer SEC Reports (the **"Buyer Financial Statements")** have been prepared in all material respects in accordance with United States generally accepted accounting principles consistently applied and maintained throughout the periods indicated, except where noted therein, and fairly present in all material respects the consolidated financial condition of Buyer at their respective dates and the results of their operations and changes in financial position for the periods covered thereby, in each case in conformity with United States generally accepted accounting principles (subject to, in each case, normal year- end adjustments and except that unaudited financial statements do not contain all footnotes required for audited financial statements).

3.6. Consents and Approvals; No Violations. Except for filings, permits, authorizations, consents, and approvals as may be required under and other applicable requirements of the Securities Act of 1933, the Exchange Act, state securities or "blue sky" laws, no filing with or notice to, and no permit

authorization consent or approval of any governmental entity is necessary for the execution and delivery by Buyer of this Agreement or the consummation by Buyer of the transactions contemplated hereby, except where the failure to obtain such permits, authorizations, consents or approvals or to make such filings or give such notice would not, individually or in the aggregate, have a Material Adverse Effect on Buyer. Neither the execution, delivery and performance of this Agreement by Buyer nor the consummation by Buyer of the transactions contemplated hereby will (i) conflict with or result in any breach of any provision of the Certificate of Incorporation or bylaws of Buyer; (ii) result in a violation or breach of or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration or Lien) under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Buyer is a party or by which any of them or any of their respective properties or assets may be bound or (iii) violate any order, writ, injunction, decree, law, statute, rule or regulation applicable to Buyer or any of their respective properties or assets except, in the case of the foregoing clause (ii) or (iii), for violations, breaches or defaults that would not, individually or in the aggregate, have a Material Adverse Effect on Buyer.

3.7. Brokers, Finders and Agents. Buyer is not directly or indirectly obligated to anyone acting as a broker, finder or in any other similar capacity in connection with the Buyer Agreements or the transactions contemplated hereby or thereby.

3.8. Accuracy. The representations and warranties of Buyer set forth in this Agreement are true and correct on the date of this Agreement and will be true and correct as of the Closing (with the same force and effect as if such representations and warranties were made anew at and as of the Closing).

4. COVENANTS OF SELLER AND THE SHAREHOLDERS

4.1. Procure Consents and Agreements. Seller will use all commercially reasonable efforts to (a) obtain any Consents required under this Agreement prior to Closing and (b) provided that the Shareholders shall not be required to devote time to any tasks which the Shareholders believe, in the their reasonable opinion, will be detrimental to maximizing Gross Profits from the Business Unit, obtain such other Consents to assignment of Contracts that are not Transferred Contracts following the Closing. With respect to any Contracts that are not Transferred Contracts, from and after the Closing the Parties will implement or enter into arrangements which produce, in the reasonable opinion of Buyer the economic effect (as between the Parties) of an assignment to the Buyer. Such arrangements will, in all cases, include delegation to Buyer of the performance obligations of Seller and the transfer to Buyer of all revenues received under such Contracts. Upon the request of

Buyer from and after the Closing, Seller will execute one or more amendment(s) to the Assignment and Assumption Agreement attached as Exhibit B to this Agreement, including as a new schedule thereto a list of any Contracts that were not assigned to Buyer at Closing, but were able to be assigned to Buyer following the Closing.

4.2. Goodwill. Seller will use all commercially reasonable efforts to protect the ongoing Goodwill of Seller's Business and to maximize the possibility that key employees and key independent contractors will commence an association with Buyer after the Closing Date.

4.3. Access to Information. Seller will allow Buyer and its attorneys, accountants and other representatives have full access during regular business hours to the Assets and all properties (including the Real Property), books, accounts, records, contracts and documents of or relating to Seller, the Assets and the Business. Seller agrees to furnish to Buyer and its representatives all relevant data and information concerning the Assets, and Seller may be reasonably requested by Buyer to conduct a complete and thorough due diligence review of the Assets and Seller. Buyer will be able to prepare such extracts from or make copies of such data and information as Buyer may reasonably request.

4.4. Insurance. Seller will maintain in full force and effect through the Closing Date Seller's existing policies of insurance. The Assets will remain at the risk of Seller until the Closing. In the event of any material loss, Buyer may have the proceeds of insurance and complete the purchase of the Shares, or may cancel this Agreement.

4.5. Further Assurances. From and after the Closing, Seller and the Shareholders, will execute all documents and do all such further deeds, acts, things and assurances that may be reasonably requested by Buyer for more perfectly and absolutely assigning, transferring, assuring to and vesting in Buyer title to the Assets in accordance herewith, and for carrying out the intention of or facilitating the performance of the terms of this Agreement.

4.6. Conduct of Business Pending Closing. Prior to and through the Closing, except for the distribution at or prior to the Closing of available cash to the Shareholders, Seller will:

4.6.1. conduct the Business only in the Ordinary Course;

4.6.2. make no increase in the compensation payable to or agreements with any employee or agent of Seller;

4.6.3. not transfer, license or otherwise dispose of or agree to transfer, license or otherwise dispose of any of the Assets, except in the Ordinary Course;

4.6.4. not enter into any compromise or settlement of any litigation, action, suit, claim, proceeding or investigation;

4.6.5. not make any commitment to hire any individual as an employee, except to replace a current employee on substantially the same terms as the employee being replaced was employed;

4.6.6. not enter into any potential transaction or other arrangement with any officer, director, shareholder or Affiliate of Seller;

4.6.7. promptly advise Buyer in writing of any matters arising or discovered after the date of this Agreement which, if existing or known at the date hereof, would be required to be set forth or described in this Agreement or the Schedules hereto;

4.6.8. not make any material changes in its accounting methods or practices.

4.7. Net Assets. As of the date if the Closing, net assets associated with the Business shall be at least $0.00. Seller will distribute to the Shareholders all cash of Seller prior to the Closing Date, provided that such distribution shall not result in a net assets at Closing of less than $0.00 at the Closing. As used in this Agreement, “net assets” means (a) current assets, excluding all accounts receivable aged over 90 days less (b) current liabilities (as determined in accordance with Seller’s normal practice), excluding the current portion of Seller’s long-term debt and any liabilities paid out of the Purchase Price at the Closing, [in each case as calculated in accordance with GAAP.] Seller will pay to Buyer in cash on or prior to the date which is 60 days after the Closing Date, an amount equal to the amount of working capital less than $0.00 as of the Closing Date.

4.7.1. If less than all of the Receivables (net of any allowance for doubtful accounts included in the foregoing calculation of working capital) have been collected by Seller in full by the four month anniversary of the Closing Date (the **“AR Collection Date”),** Buyer may deliver a notice to Seller, which notice will include the dollar amount of the Receivables not collected as of the AR Collection Date. Within 30 days after Seller receives such notice, Seller will pay to Buyer the amount specified in the notice. If, after any payment is made under the previous sentence, Buyer receives payment of any of the Receivables covered by such payment, Buyer will reimburse Seller for the amount received within 30 days of the date of receipt of such payment. Legal fees incurred by the Seller in connection with this Agreement are the responsibility of the Seller and are not included in current liabilities.

4.7.2. If less than all of the wireless PIN Inventory transferred as of the Closing (net of any obsolescence and aged allowance or write down in the

foregoing calculation of working capital and Schedule 1.1.2) has been sold or otherwise productively used in full in the normal course of business operations by the six month anniversary of the Closing (the **"Inventory Sale Date"**), the Buyer may deliver a notice to Seller, which notice will include the dollar amount of such Wireless PIN Inventory not sold or used as of the Inventory Sale Date. Within 30 days after Seller receives such notice, Seller will pay to Buyer the amount specified in the notice. If, after any payment is made under the previous sentence, Buyer is able to sell any such Wireless PIN Inventory covered by such payment, Buyer will reimburse Seller for the amount received within 30 days of the date of receipt of proceeds from such sale.

4.8. Bank Accounts. Except after prior notification to, and with the prior written consent of, Buyer, Seller will not make, between the date of this Agreement and the Closing, any change in its banking or safe deposit arrangements or grant any powers of attorney.

4.9. Filing. Any transfer, stamp or sales Taxes or other similar state, federal or local Taxes attributable to the transfer of the Assets as contemplated by this Agreement, together with all recording fees related to such transfer, will be borne and paid for by Seller.

4.10. Satisfaction of Conditions. Seller will use all commercially reasonable efforts to satisfy promptly all conditions precedent to the obligations of Buyer to consummate the transactions contemplated by this Agreement.

4.11. Tax Matters.

4.11.1. Seller covenants to correctly and properly prepare, and duly and timely file, with the appropriate federal, state and local Governmental Authorities, all Tax Returns for all periods ending on or before the Closing including final payroll and unemployment Tax Returns and short period or interim federal and state Tax Returns on behalf of Seller for the period ending on the Closing Date, and to duly and timely pay all Taxes due for such periods. For purposes of this Section 4.11, any such Tax Returns will be deemed timely filed if Seller has obtained an extension from the appropriate Governmental Authority as to the time in which it may file such Tax Return, and Seller duly files such Tax Return with the appropriate Governmental Authority on or before the extended due date for such Tax Return or such extension remains in effect as of the Closing Date. Seller will submit all such Tax Returns and to provide copies thereof to Buyer at least five business" days prior to the date they must be filed, and in the case of the short period or interim Federal tax Return, in no event later than May 31, of the year following the Closing. All Taxes against or in respect of the Assets or the Business for the taxable period which includes the Closing Date shall be prorated between Buyer and

Seller as of the Closing Date. If the amount of such Taxes cannot be ascertained as of the Closing Date, proration shall be made on the basis of the preceding year and to the extent that such proration may be inaccurate, Seller and Buyer agree to make such payment to the other after the tax statements have been received which are necessary to allocate such Taxes properly between Seller and Buyer as of the Closing Date.

4.11.2. Seller covenants to correctly and properly to prepare, and distribute to all of its employees and to duly and timely file with the appropriate federal, state and local Governmental Authorities all “W-2,” “1099,” or “SIT” type reports of employee earnings for all periods ending on or before the Closing.

4.11.3. If, in connection with any examination, investigation, audit or other proceeding concerning any Tax Return covering the operation of the Business on or before the Closing Date, any Governmental Authority issues to Buyer a notice of deficiency, a proposed adjustment, an assertion of claim or a demand (collectively, an **“Audit”)** concerning a tax period covered by such Tax Return, Buyer will notify Seller that it has received the same within 20 days of its receipt.

4.11.4. Seller will have the right to control of any Audit that relates solely to Kansas state income taxes or United States federal income taxes for tax periods ending on or before the Closing Date. Seller will not resolve, settle, compromise or abandon any issue or claim relating to the Audit without the prior written consent of Buyer, which consent will not be unreasonably withheld.

4.11.5. In the event Seller receives a refund as a result of an Audit for a tax period ending on or before the Closing Date, Buyer will, promptly after receiving such refund, pay to Seller an amount equal to that portion of such refund relating to such pre-Closing tax period.

4.12. Change of Name. Within 30 days of the Closing, Seller will change its corporate name and will not, at any time after the Closing, use the name “Austin International Marketing and Investments, Inc.” or any name that is similar to that name.

4.13. Shareholders’ Obligations. The Shareholders, jointly and severally, hereby accept as primary obligations, and guarantee the full and timely performance by the Seller of, any and all obligations of the Seller under this Agreement. In the event that the Seller is liquidated or becomes unable for any reason to perform its obligations hereunder, Buyer shall be entitled to enforce performance of any of Seller’s obligations hereunder directly against either of the Shareholders.

5. CERTAIN COVENANTS

5.1. Cooperation with Shareholders After Closing. For the period from the Closing up to and including the second anniversary of the Closing, Seller shall (i) permit the Shareholders, as employees of Seller, to devote their full time and efforts to the development of the Business and (ii) refrain from taking any action the principal intention of which is to diminish the amount of the Purchase Price payable to the Seller under this Agreement. Notwithstanding the above, and provided that the Shareholders shall not be required to devote time to any tasks which the Shareholders believe, in their reasonable opinion, will be detrimental to maximizing Gross Profits from the Business Unit, the Seller may require the Shareholders to devote time to the following:

5.1.1 obtaining the assignment to Buyer of any Contracts which were not assigned at Closing, or if any Contracts cannot be assigned, to obtaining new agreements signed directly with Buyer.

5.1.2 the integration of the Business into the Buyer's PaySpot operations, (as defined in Schedule 1.4). Tasks involved in such integration shall include (i) systems development and integration, (ii) branding and re-branding of existing retail outlets to PaySpot logos and materials, (iii) implementation of PaySpot policies and procedures at retail outlets, and (iv) establishment and improvement of terms or relationships with service providers to PaySpot.

5.1.3 reporting, administrative or general management responsibilities related to the Business Unit that are comparable to those required of other management level employees of Buyers. Such responsibilities will include creation and presentation of regular budgets and forecasts, monthly reporting and compliance with administrative formalities or corporate policies that are applicable to management employees of Buyer generally.

Seller acknowledges that following the Closing (i) Buyer will cease to purchase PINs from Verizon for sale in any markets that are not included in the permitted distribution territory under the Seller's agreement with Verizon. The parties will use commercially reasonable efforts to ensure that Verizon PINs will continue to be available for distribution by the Business Unit after Closing. Neither this action, nor any other action that is taken by Buyer to bring the Business Unit in compliance with the terms of the Contracts or any Permits required for the operation of the Business Unit after the Closing, will be considered an action of Buyer that violates clause (ii) above.

5.3 Adjustment in Stock. If, between the date of the execution of this Agreement and prior to the Closing, the Common Stock of Buyer shall be recapitalized or reclassified, the Buyer shall effect any stock dividend, stock split, or reverse stock split of the Common Stock of Buyer, or the Buyer shall merge,

consolidate, reorganize, or enter into another business combination with any other corporation or shall sell or exchange all or substantially all of its assets, in each case in a transaction in which the Common Stock of the Buyer is exchanged for securities of the other corporation, then the shares of Common Stock to be delivered under Section 1.4 shall be appropriately and equitably adjusted to the kind and amount of shares of stock and other securities and property to which the holders of those shares of the Buyer's Common Stock would have been entitled had the stock been issued and outstanding as of the record date for determining stockholders entitled to participate in that corporate event. The provisions of this Section 5.3 shall apply to successive mergers, consolidations, reorganizations, and combinations.

6. SURVIVAL OF REPRESENTATIONS.

Notwithstanding any investigations or inquiries made by Buyer or the waiver of any conditions by Buyer, the representations, warranties, covenants and agreements of Seller will survive the Closing and, notwithstanding the closing of the purchase and sale provided for in this Agreement, will continue in full force and effect without any time limitation except that those representations and warranties of Seller made in (a) Section 2.11 will survive the Closing and will continue in full force and effect only until 90 days after the expiration of the applicable statute of limitations applicable to any claim against Seller or any other Buyer Indemnified Party in connection with the matters covered by such representations and warranties and (b) Sections 2.1, 2.3 (ii) through (iv), 2.4, 2.5, 2.6, 2.7, 2.8, 2.9 and 2.10, and 2.12 through 2.22, inclusive and, to the extent applicable to the foregoing, Section 2.23 and 2.24 will survive the Closing and continue in full force and effect only until the second anniversary of the Closing Date. Notwithstanding any term or condition to the contrary set forth herein, Buyer's sole and exclusive remedy for any breach or violation of any term or condition of this Agreement or any Exhibit or Schedule hereto, including, without limitation, the representations and warranties of the Seller and Shareholders, shall be a claim for indemnification under Section 7 below.

7. INDEMNITY

7.1. Indemnification by Buyer. From and after the Closing, Buyer will indemnify, defend and hold Seller and the Shareholders harmless from and against any and all Losses suffered or incurred by Seller or the Shareholders resulting or arising from any breach of, or misrepresentation in, the representations, warranties and covenants of Buyer contained in this Agreement or in the documents delivered pursuant to this Agreement.

7.2. Indemnification by Seller. Subject to Section 7.3, from and after the Closing, Seller and the Shareholders will, jointly and severally, indemnify, defend and hold Buyer and its Affiliates and Buyer's and its Affiliates' respective officers, directors, employees, parties, agents, and attorneys (collectively, the **"Buyer Indemnified Parties")** harmless from and against any and all Losses suffered

or incurred by Buyer Indemnified Parties, directly or indirectly, caused by, resulting from or arising out of (i) the failure of Seller to perform any covenant, obligation or agreement of Seller contained in this Agreement or in Seller's Agreements, or (ii) any breach by Seller of any representation or warranty of Seller contained in this Agreement or in the documents delivered pursuant to the provisions of this Agreement, or (iii) any suit, action, proceeding, claim or investigation (a **"Claim"**) pending or threatened against or affecting the Business or any of the Assets arising from any matter or state of facts existing prior to Closing, including any Claim of any Governmental Authority or any party to any contract with Seller or who has otherwise, directly or indirectly through its agents or distributors, conducted business with Seller; (v) any Claim made or filed by any person claiming that any Intellectual Property violates any patent or other rights of such person, (vi) any Claim arising from or in connection with any Excluded Assets or any liability that has not been expressly assumed by the Buyer under this Agreement; (v) any Claim of a trustee or receiver or other interested party in connection with or as a result of or otherwise following the insolvency, reorganization or bankruptcy of Seller, whether made or filed as part of formal bankruptcy or reorganization proceedings or otherwise, which claim, demand, action, proceeding or lawsuit in any way challenges, seeks to set aside or deprive Buyer of the benefits of the transaction contemplated by this Agreement.

7.3. Basket. Notwithstanding the provisions of Section 7.2:

7.3.1. the Seller and Shareholders will be liable for indemnification hereunder only if the aggregate of all indemnification claims brought by Buyer exceeds the amount of $75,000 (the **"Indemnification Basket"**). If the amount of indemnification claims brought by Buyer exceeds the Indemnification Basket at any time, Seller and/or the Shareholders will be liable for the full amount of such claims, starting from the first dollar.

7.3.2. the total amount of liability of the Seller and/or the Shareholders hereunder shall not exceed the Purchase Price.

7.4. Notice of Claim; Right to Participate and Defend Third Party Claims.

7.4.1. If any party entitled to indemnification hereunder receives notice of the assertion of any claim, the commencement of any suit, action or proceeding, or the imposition of any penalty or assessment by a third party in respect of which indemnity may be sought hereunder (a **"Third Party Claim"**), and the indemnified party intends to seek indemnity hereunder, then the indemnified party will promptly provide the indemnifying party with prompt written notice of the Third Party Claim, but in any event not later than 30 calendar days after receipt of such notice of Third Party Claim. The failure by an indemnified party to notify an indemnifying party of a Third Party Claim will not relieve the indemnifying party of any

indemnification responsibility under this Section 7, except to the extent, if any, that such failure materially prejudices the ability of the indemnifying party to defend such Third Party Claim.

7.4.2. The indemnifying party will have the right to control the defense, compromise or settlement of the Third Party Claim with its own counsel (reasonably satisfactory to the indemnified party) if the indemnifying party delivers written notice to the indemnified party within 14 days following the indemnifying party's receipt of notice of the Third Party Claim from the indemnified party acknowledging its obligations to indemnify the indemnified party with respect to such Third Party Claim in accordance with this Section 7; provided, however, that the indemnifying party will not enter into any settlement of any Third Party Claim which would impose or create any obligation or any financial or other liability on the part of the indemnified party if such liability or obligation (i) requires more than the payment of a liquidated sum or (ii) is not covered by the indemnification provided to the indemnified party hereunder. In its defense, compromise or settlement of any Third Party Claim, the indemnifying party will timely provide the indemnified party with such information with respect to such defense, compromise or settlement as the indemnified party may request, and will not assume any position or take any action that would impose an obligation of any kind on, or restrict the actions of, the indemnified party. The indemnified party will be entitled (at the indemnified party's expense) to participate in the defense by the indemnifying party of any Third Party Claim with its own counsel.

7.4.3. In the event that the indemnifying party does not undertake the defense, compromise or settlement of a Third Party Claim in accordance with Section 7.4.3 hereof, the indemnified party will have the right to control the defense, or settlement of such Third party Claim with counsel of its choosing; provided, however, that the indemnified party will not settle or compromise any Third Party Claim without the indemnifying party's prior written consent, unless (i) the terms of such settlement or compromise release the indemnified party and the indemnifying party from any and all liability with respect to the Third Party Claim or (ii) the indemnifying party will not have acknowledged its obligations to indemnify the indemnified party with respect to such Third Party Claim in accordance with this Section 7. The indemnifying party will be entitled (at the indemnifying party's expense) to participate in the defense of any Third Party Claim with its own counsel. The indemnifying party shall, in any event, have a right of subrogation from the indemnified party

7.4.4. Any indemnifiable claim hereunder that is not a Third Party Claim will be asserted by the indemnified party by promptly delivering notice thereof to the indemnifying party. If the indemnifying party does not respond to such

notice within 60 days after its receipt, it will have no further right to contest the validity of such claim.

7.4.5. If Seller has fully indemnified Buyer for any Third Party Claim, Seller may require Buyer to subrogate Seller to any and all rights of Buyer against the third party concerned.

7.5. Right of Setoff. In the event any Buyer Indemnified Party suffers a Loss for which Seller is obligated to indemnify such Buyer Indemnified Party pursuant to this Section 7, Buyer may set-off an amount equal to the aggregate amount of any such Loss against any amount otherwise payable to Seller pursuant to Section 1.4 of this Agreement. The right of Buyer to set-off against any payments shall not be deemed or construed to limit Seller's liability under this Section 7.

8. CONDITIONS PRECEDENT TO CLOSING

8.1. Conditions to Buyer Closing. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction on or before the Closing of the following conditions, any one or more of which may be waived by Buyer at its option:

8.1.1. the representations and warranties of Seller in this Agreement will be true and correct in all material respects, both on the date of this Agreement and at and as of the Closing;

8.1.2. Seller will have performed or complied with, in all material respects, all covenants and agreements contemplated by this Agreement to be performed or complied with by it at or prior to the Closing, including those set forth in Section 4 hereof;

8.1.3. Seller will have delivered, or caused to be delivered, to Buyer each of the documents required by Section 9.1 hereof;

8.1.4. between the date of this Agreement and the Closing, there will not have been any material adverse change in the financial or other condition of the Business or the Assets;

8.1.5. no actions, suits, proceedings, assessments or judgments will be pending or threatened seeking to restrain or prohibit the consummation of the transactions contemplated by this Agreement or any damages in connection therewith, or any material divestiture or to revoke or suspend any Material Contract or Permit by reason of any or all of the transactions contemplated by this Agreement, nor will there be any reasonable basis to conclude that the consummation of the transactions contemplated by this Agreement would constitute a violation of any Law;

8.1.6. except as otherwise permitted in this Agreement, all Consents required for the transfer of the Assets will have been made, given or obtained and will be in full force and effect; provided that with respect to the Telecom Carriers, only the consent of three of the largest six Telecom Carriers will be require as a condition to Closing;

8.1.7. Any security interests in any of the Assets granted to First National Bank of Kansas and Verizon shall have been removed.

8.1.8. Buyer will be completely satisfied with the results of its business, legal, accounting and environmental due diligence review described in Sections 4.3 hereof;

8.1.9. the employees listed on Schedule 8.1.9 shall continue to be employed by Seller;

8.1.10. Buyer will have entered into an agreement with Transcom Communications, Inc. in form and substance reasonably satisfactory to Buyer.

8.1.11. Seller will have taken all steps necessary or reasonably considered appropriate by Buyer to ensure Buyer will not be liable for any claims or liabilities associated with the Excluded Assets.

8.2. Conditions to Seller Closing. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction on or before the Closing of the following conditions, anyone or more of which may be waived by Seller at its option:

8.2.1. The representations and warranties of Buyer contained in this Agreement will be true and correct in all material respects, both on the date of this Agreement and at and as of the Closing, except for representations or warranties made as of a specified date, which as of the Closing will remain true and correct in all material respects as of such specified date;

8.2.2. Buyer will have performed or complied in all material respects with all covenants and agreements contemplated by this Agreement to be performed or complied with by Buyer at or prior to the Closing;

8.2.3. Buyer will have delivered, or caused to be delivered, to Seller each of the documents required by Section 9.2;

8.2.4. Between the date of this Agreement and the Closing, there will not have been any material adverse change in the financial or other condition of Buyer; and

8.2.5. No actions, suits, proceedings, assessments or judgments will be pending or threatened seeking to restrain or prohibit the consummation of the transactions contemplated by this Agreement or any damages in connection therewith, or any material divestiture or to revoke or suspend any Material Contract or Permit by reason of any or all of the transactions contemplated by this Agreement, nor will there be any reasonable basis to conclude that the consummation of the transactions contemplated by this Agreement would constitute a violation of any Law.

9. CLOSING DOCUMENTS

9.1. Closing Deliveries of Seller. At the Closing, Seller will deliver to Buyer the following documents in form and substance reasonably satisfactory to Buyer, duly executed as required:

9.1.1. the Assignment and Bill of Sale attached as Exhibit A and the Assignment Agreement attached as Exhibit B, conveying all right title and interest in and to the Assets to the Buyer;

9.1.2. a certificate of Seller, dated the Closing Date, to the effect that the conditions set forth in Sections 8.1.2, 8.1.5, 8.1.6, and 8.1.7 hereof have been satisfied;

9.1.3. a current certificate issued by the Secretary of State of the State of Kansas, certifying as to the existence and good standing of Seller;

9.1.4. a certificate of Seller to the effect that it is not a foreign person within the meaning of Section 1445 of the Code;

9.1.5. all files, books and records maintained by or in the possession of Seller which relate to the Business or the Assets;

9.1.6. An opinion of Seller's counsel, dated as of the Closing Date and addressed to Buyer, in form and substance mutually acceptable to Buyer's and Seller's counsel;

9.1.7. employment agreements in the form of Exhibit C to this Agreement with each of the Shareholders (the **"Employment Agreements"**);

9.1.8. all bills of sale, deeds, transfers, assignments, acts, things and assurances as may be required in the reasonable opinion of Buyer for more perfectly and absolutely assigning, transferring, conveying, assuring to and vesting in Buyer title to the Assets free and clear of all Liens.

9.1.9. The schedule of representations and warranties attached in the form of Exhibit D, subject to (i) the delivery by Buyer to Seller of a Private Placement Memorandum and Seller's full examination of and satisfaction with the contents thereof, and (ii) to the Seller's satisfaction with the truth and accuracy of such representations and warranties.

9.2. Closing Deliveries of Buyer. At the Closing, Buyer will deliver to Seller the following documents in form and substance reasonably satisfactory to Seller, duly executed as required:

9.2.1. a certificate of Buyer, signed by an executive officer thereof, to the effect that the conditions set forth in Sections 8.2.1, 8.2.4 and 8.2.5 hereof have been satisfied;

9.2.2. in the manner specified in Section 1.1 hereof, an amount equal to the Purchase Price, as adjusted pursuant to this Agreement; and

9.2.3. an opinion of Buyer's counsel, dated as of the Closing Date and addressed to Seller, in form and substance mutually acceptable to Buyer's and Seller's counsel.

9.3. Closing Documents of Buyer and Seller. At the Closing, Buyer and Seller will mutually agree as to the allocation of the Purchase Price of the Assets and execute an I.R.S. form 8594 – Asset Acquisition Statement.

10. CLOSING

As used in this Agreement, the "Closing" means the time at which Seller consummates the sale of the Assets to Buyer as provided for in, and in the manner contemplated by, this Agreement, against payment by Buyer to Seller in the manner set forth in Section 1.4 hereof. Subject to the fulfillment of all conditions precedent, the Closing will take place at 10:00 a.m., at the offices of Buyer, 4601 College Boulevard, Suite 300, Leawood, Kansas, on September __, 2003 or at such other time and date as will be agreed upon in writing between the parties or their respective attorneys (the **"Closing Date"**); provided, however, that Buyer may extend the Closing Date by not more than 30 days if Buyer reasonably determines that it requires such time to complete its due diligence reviews contemplated by this Agreement.

11. MISCELLANEOUS

11.1. Acknowledgement and Waiver by Shareholders. The Shareholders acknowledge that they have an adequate opportunity to consult, and they have in fact consulted, their own personal legal and tax advisors regarding the structuring of the transactions contemplated by this Agreement. The Shareholders agree that they will not raise any claim against Buyer, or any

defense to liability to Buyer, based upon reliance upon any tax, legal or structuring information or advice that Buyer may have given Shareholders or Seller in connection with this Agreement.

11.2. Notices. All notices and other communications required or permitted hereunder will be in writing and, unless otherwise provided in this Agreement, will be deemed to have been duly given when delivered in person or when dispatched by electronic facsimile transfer (confirmed in writing by mail simultaneously dispatched) or one business day after having been dispatched by a nationally recognized overnight courier service to the appropriate party at the address specified below (or to such other address or addresses any such party may from time to time designate as to itself by like notice):

Seller or the Shareholders:

AIM International Investments, Inc.
7009 West 81st St., Suite 204
Overland Park, KS 66204
Fax:
Phone:

With a copy to:

Steve Willman and Jack Epps
Polsinelli Shalton & Welte
6201 College Boulevard, Suite 500
Overland Park, KS 66211
Fax: (913) 451-6205
Phone: (913) 451-8788

Buyer:

Euronet Worldwide, Inc.
4601 College Boulevard, Suite 300,
Leawood, Kansas 66211
Fax: (913) 327-1921
Phone: (913) 327-4200
Attn: Ron Ferguson

With a copy to:

EFT Services France SAS
120 Avenue Charles de Gaulle
92200 Neuilly sur Seine
France
Fax: +33-1-4722-3282
Phone: +33-1-4192-9560
Attn: Jeffrey B. Newman, General Counsel

11.3. Applicable Law. This Agreement will be deemed to be a contract made under the Laws of the State of Kansas and for all purposes will be governed by and interpreted in accordance with the Laws prevailing in the State of Kansas, without regard to principals of conflicts of laws.

11.4. Counterparts. This Agreement may be executed in several counterparts, each of which when so executed will be deemed to be an original and all of which will together constitute one and the same agreement.

11.5. Entire Agreement. The terms and provisions of this Agreement and its schedules constitute the entire agreement of the parties and there are no collateral agreements or representations or warranties other than as expressly set forth or referred to in this Agreement. This Agreement (including the schedules) supersedes any other agreement, whether written or oral, that may have been made or entered into by any party hereto or any of their respective Affiliates (or any director, officer or representative hereof) relating to the matters contemplated hereby, including the Memorandum of Intent.

11.6. Inurement. This Agreement will inure to the benefit of and be binding upon the parties, their heirs, administrators, successors and assigns.

11.7. Time of Essence. Time is of the essence of this Agreement.

11.8. Rights of the Parties. Nothing expressed or implied in this Agreement is intended or will be construed to confer upon or give any Person other than the parties hereto any rights or remedies under or by reason of this Agreement or any transaction contemplated hereby.

11.9. Severability. If a court of competent jurisdiction should find any term or provision of this Agreement to be unenforceable and invalid by reason of being overly broad, the parties agree that the court will limit the scope or duration of such provision to the maximum enforceable scope or duration allowed by Law. Any term or provision deemed by a court of competent jurisdiction to be unenforceable and invalid for any other reason will be severed from this Agreement, and the remainder of this Agreement will continue in full force and effect.

11.10. Legal Fees and Costs. In the event of any disputes or controversies arising from this Agreement or its interpretation, the party or parties prevailing in any arbitration proceeding or a court of competent jurisdiction will be entitled to receive reasonable legal fees and related costs incurred in connection with such dispute or controversy.

11.11. Remedies Not Exclusive. No remedy conferred by any of the specific provision of this Agreement is intended to be exclusive of any other remedy and each remedy will be cumulative and will be in addition to every other remedy given hereunder or hereafter existing at Law or in equity or by statute or otherwise. The election of any one or more remedies will not constitute a waiver of the right to pursue other available remedies.

11.12. Publicity. Except as may be required in connection with governmental filings and except as required by Law or a stock exchange, no party to this Agreement may issue or cause publication of any press release or other public announcement, including announcements to employees, concerning the transactions contemplated by this Agreement without the prior written consent of the other party hereto.

11.13. Seller's Release. SHAREHOLDERS AND SELLER, ON BEHALF OF THEMSELVES AND THEIR HEIRS, SUCCESSORS AND ASSIGNS, RELEASE AND FOREVER DISCHARGE, EFFECTIVE AS OF THE CLOSING, THE BUYER AND ALL OF ITS AFFILIATES, AND ITS RESPECTIVE SUCCESSORS AND ASSIGNS, OF AND FROM ALL CLAIMS AND CAUSES OF ACTION KNOWN OR UNKNOWN, ACCRUED OR UNACCRUED, THAT ANY OF THEM HAS OR MAY HAVE AGAINST ANY THE ASSETS AND THE BUSINESS, INCLUDING ALL CLAIMS FOR PAST WAGES AND ALL CLAIMS FOR COMPENSATORY, EXEMPLARY OR PUNITIVE DAMAGES FOR ANY CAUSE ARISING AT, OR PRIOR TO, THE CLOSING; PROVIDED, HOWEVER, THAT THIS RELEASE SHALL NOT AFFECT ANY RIGHTS OR REMEDIES THAT THE SELLER OR SHAREHOLDERS MAY HAVE AS A RESULT OF ANY BREACH OF THIS AGREEMENT BY BUYER.

11.14. Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date:

11.14.1. by mutual agreement of Buyer and Seller; or

11.14.2. by Buyer on or after October 15, 2003, by written notice to Seller if any of the conditions to the obligations of the Buyer contained herein will not have been satisfied or, if unsatisfied, will not have been waived in writing by Buyer on or prior to October 15, 2003.

11.14.3. by Seller on or after October 15, 2003, by written notice to Buyer if any of the conditions to the obligations of the Seller contained herein will not have been satisfied or, if unsatisfied, will not have been waived in writing by Seller on or prior to October 15, 2003.

Provided, however, this Agreement shall automatically terminate in the event it has not closed by October 30, 2003.

11.15. Effect of Termination. If this Agreement is terminated pursuant to Section 11.14 hereof, all rights and obligations of the parties hereunder will terminate and no party will have liability to the other parties, provided that the provisions of Sections 11.2, 11.3, 11.10 and 11.11, will survive termination of this Agreement, and except that nothing herein will relieve any party from liability for any breach of any agreement or covenant contained herein prior to such termination.

IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first written above.

BUYER:

EURONET WORLDWIDE, INC.

By: /s/ Michael J. Brown

Name: MICHAEL J. BROWN
Title: CEO

SELLER:

AIM INTERNATIONAL MARKETING AND INVESTMENTS, INC.

By: /s/ Joseph P. Bodine

Name: Joseph P. Bodine
Title: CEO

Exhibit 10.1

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 Michael J. Brown, residing at 11508 Canterbury Circle, Leawood, KS 66211("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 Chairman and Chief Executive Officer 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"). 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 $375,000 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;

(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, 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 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.

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 Section 6 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	Michael J. Brown 11508 Canterbury Circle Leawood, KS 66211

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.

/s/ Michael J. Brown

Michael J. Brown

Euronet Worldwide, Inc.

a Delaware Corporation

/s/ Rick Weller

By: Rick Weller
Its: Chief Financial Officer

Exhibit 10.2

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 Daniel R. Henry, residing at 13160 Birch Overland Park, KS 66209 (“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 President/COO, 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 $290,000, 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;

(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, 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 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.

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 Section 6 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

Daniel R. Henry
13160 Birch
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.

/s/ Dan Henry

Daniel R. Henry

Euronet Worldwide, Inc.
a Delaware Corporation

/s/ Michael J. Brown

By: Michael J. Brown
Its: Chairman/CEO

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 Mr. Jeffrey Newman, a U.S. citizen residing in Neuilly Sur Seine, France ("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 any written or verbal employment agreement then in effect between Employer and Employee.

2. Service. During the Term, Employee shall serve as Executive Vice President and General Counsel, 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 $Euro 107,500, plus USD $107,500 per annum, 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.

(iii) Employee shall be entitled to a tax equalization payment compensating Employee for any excess of 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 (which 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 receiving or has received 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 Section 7 hereof 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 (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 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 through the full 24-month Severance Period 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;

(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, 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 or 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 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.

(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; Supersedure of Section 8. 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. If a Termination or Resignation occurs within the meaning of this Section 9, the provisions of Section 8 shall become ineffective, null, and void.

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 Section 7 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).

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	Jeff Newman 15 Avenue St. Foy 92200 Neuilly Sui Seine France

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.

/s/ J B. Newman

Jeffrey B. Newman

Euronet Worldwide, Inc.
a Delaware Corporation

/s/ Michael J. Brown

By: Michael J. Brown
Its: Chairman / CEO

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.

Exhibit 10.4

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 James P. Jerome, residing at 14408 Windsor, Leawood, KS 66224 ("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 Executive Vice President, Managing Director of Software 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 $200,000, 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;

(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, 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 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.

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 Section 6 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	James P. Jerome 14408 Windsor Leawood, KS 66224

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.

/s/ James P. Jerome

James P. Jerome

Euronet Worldwide, Inc.
a Delaware Corporation

/s/ Michael J. Brown

By: Michael J. Brown
Its: Chairman/CEO

Exhibit 10.5

DATED 19th February 2003

(1) e-pay Limited

and

(2) Paul Althasen

SERVICE AGREEMENT

Squire, Sanders & Dempsey
Royex House
5 Aldermanbury Square
London EC2V 7HR
Tel: 020 7776 5200
Fax: 020 7776 5233

THIS AGREEMENT is made on the 19th day of February 2003

BETWEEN:

(1) **e-pay Limited** (Company No 3695345) whose registered office is at 2nd Floor, Kelting House, Southerhay, Basildon, Essex, SS14 1EO ("**the Company**"); and

(2) **Paul Althasen** of 38 Lodwick, Shoeburyness, Southend-on Sea, SS3 9HW ("**the Executive**").

1 DEFINITIONS

In this Agreement the following words, expressions and abbreviations have the following meanings, unless the context otherwise requires:

"**Board**" means the Board of Directors from time to time

"**Group Company**" means any group undertaking of the Company as defined in Section 259 of the Companies Act 1985 (as amended).

2 POSITION

The Executive will act as Chief Executive and Director of the Company.

3 RESPONSIBILITIES

3.1 The Executive will carry out such duties and exercise such powers and functions on behalf of the Company or any Group Company as may from time to time be assigned to him by the Board and during the term of the Agreement the Executive shall, unless prevented by ill health or accident, devote the whole of his time, skill, ability and attention during his hours of work (which shall be the normal business hours of the Company from time to time and such additional hours as may be necessary to properly perform his duties) to the business of the Company or any Group Company.

3.2 The Executive will keep the Board at all times promptly and fully informed (in writing if so requested) of his conduct of the business of the Company and any Group Company and provide such explanations in connection with it as the Board may require.

3.3 The Executive shall perform his duties in a manner consistent with any and all applicable statutes, regulations and rules whether of the Company or Group Company and with the professional standards and the general custom and practice of the industry and shall faithfully and loyally serve the Company and any Group Company to the best of his ability and use his utmost endeavours to promote their interests in all respects.

3.4 The Executive shall not while employed by the Company without the prior consent of the Board either solely or jointly, directly or indirectly, carry on or be engaged or interested (whether as shareholder or otherwise) in any other business save that nothing in this clause shall prevent the Executive from holding up to 3% of the shares in any company whose shares are quoted on any recognised investment exchange. Subject to clause 3.1, the Company acknowledges and consents to the Employee's shareholding and directorship in Lodwick Homes Limited.

3.5 The Company shall be entitled during the continuance of the Executive's employment to make available his services to any Group Company for such periods as the Company reasonably thinks fit and the Executive shall enter into such agreement (in terms no less favourable than this Agreement) with such other Group Company as the Company may reasonably require to give full effect to such arrangements.

3.6 The Executive hereby represents that (a) he is not restricted in any material way from performing his duties set out in this contract as a result of any contract or under any law; and (b) that his due performance of his duties hereunder does not and will not violate the terms of any agreement to which he is bound. The Executive undertakes to indemnify and hold harmless the Company and any Group Company against all claims, costs, damages and expenses which the Company and/or any Group Company may incur in connection with any claim that the Executive is so restricted or that the terms of any such agreement are so violated.

4 DIRECTORSHIP

4.1 Except as otherwise stated in this Agreement, the Executive shall not prior to the termination of this Agreement resign or be subject to retirement by rotation as a director of the Company or any Group Company (unless the Articles of Association of the Company or the relevant Group Company as amended from time to time so provide).

4.2 On termination of this Agreement for whatever reason the Executive shall at the request of the Company resign forthwith without claim for compensation from all offices held by him in any Group Company or from any position which he occupies as a trustee in relation to the business of the Company or any Group Company and in the event of his failing to do so within seven days after the making of such requests the Company is hereby irrevocably authorised to appoint its Secretary for the time being as the agent of the Executive in his name and on his behalf to give notice of such resignation and do all other things requisite to give effect thereto.

5 PLACE OF EMPLOYMENT

The Executive shall be based at the Company's offices in Basildon.

6 TERM OF AGREEMENT

6.1 This Agreement shall commence on the date hereof ("the Commencement Date") and, subject to the provisions of this Agreement, shall continue for a fixed period of 2 years (until 19/02 2005) and thereafter unless and until terminated by either party giving to the other not less than 12 months' notice in writing.

6.2 The Executive's continuous employment with the Company commenced on 8 February 1999.

6.3 The Company reserves the right to require the Executive not to attend the Company's premises or the premises of any Group Company, or to provide the Executive with no work or to require the Executive to perform duties (including any modified duties the Company may reasonably require the Executive to perform) at such locations as the Company may reasonably require which shall include requiring the Executive to carry out duties that do not involve contact with the Company's clients or those of any Group Company, during any period of suspension or whilst the Executive is under notice of termination of the Agreement (served either by the Company or the Executive) provided that the Executive continues to be paid the salary and benefits to which the Executive is entitled under this Agreement. Notwithstanding that the Company may exercise any of its rights under this clause 6.3 it is expressly agreed that the Executive will continue to be bound by any implied contractual terms, including his duty of good faith and fidelity to the Company and may not work for a competitor until the expiry of this Agreement.

6.4 The Company shall have the discretion to terminate the Executive's employment lawfully without any notice or on notice less than that required by clause 6.1, by paying to the Executive a sum equal to, but no more than, the Salary in respect of that part of the period of notice in clause 6.1 which the Company has not given to the Executive less any appropriate tax and other statutory deductions. For the avoidance of doubt the Company shall not exercise this discretion during the fixed period referred to in clause 6.1. Should the Company exercise its discretion to terminate the Executive's employment in this way, all the Executive's post termination obligations contained in this Agreement, including in particular the restrictive covenants in clause 12, shall remain in full force and effect.

6.5 The Executive's employment shall automatically terminate on the day on which he reaches 65 years of age.

7 TERMINATION

7.1 The Company may terminate the Executive's employment without notice in the event that the Executive:

7.1.1 commits any serious breach of this Agreement or is guilty of any gross misconduct, gross incompetence, or any wilful neglect in the discharge of his duties;

7.1.2 repeats or continues (after warning) any breach of this Agreement;

7.1.3 is guilty of any fraud, dishonesty or conduct tending to bring himself, the Company or any Group Company into disrepute;

7.1.4 commits any act of bankruptcy or takes advantage of any statute for the time being in force offering relief for insolvent debtors;

7.1.5 is convicted of any criminal offence (other than minor offences under the Road Traffic Acts or the Road Safety Acts for which a fine or non-custodial penalty is imposed) which might reasonably be thought to affect adversely the performance of his duties;

7.1.6 is disqualified from holding office in the Company or in any other company by reason of any order made under the Company Directors Disqualification Act 1986 or any other enactment;

7.1.7 resigns as or otherwise ceases to be or becomes prohibited by law from being a director of the Company, otherwise than at the Company's request.

Any delay by the Company in exercising such right of termination will not constitute a waiver of it.

8 REMUNERATION

8.1 The Executive will be paid by the Company by way of remuneration for his services under this Agreement the salary at the rate of £135,000 per annum less appropriate deductions for tax and national insurance contributions. The Executive will be paid monthly in arrears, on or about the last working day of each month.

8.2 The Executive's salary shall be reviewed on an annual basis at the Company's discretion but there shall be no obligation on the Company to increase the Executive's salary or bonus following any such review.

8.3 The Company shall be entitled to deduct from the Executive's salary or pay in lieu of notice all monies owed by the Executive to the Company.

8.4 The Company shall reimburse the Executive for all reasonable and necessary expenses incurred by the Executive in connection with the performance of his duties. Such reimbursement is subject to the submission to the Company by the Executive of appropriate documentation receipts and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as revised by the Company from time to time.

9 BONUS

The Company may from time to time and except in respect of any period referred to in clause 6.3 pay to the Executive a bonus of up to 100% of annual salary. All bonus payments are discretionary and the Company reserves the right to amend from time to time the way in which bonus payments are calculated and paid. The Executive further

acknowledges that, even if he has been notified of a bonus award, it is a condition of payment that the Executive is not under notice and/or has not had his employment with the Company terminated for any reason whatsoever at the time of payment of the bonus and further that the termination by the Company of the Executive's employment prior to the date of payment of such bonus shall not in any circumstances give rise to a claim for compensation in lieu of such bonus. The Executive further acknowledges that, when the Company is exercising its discretion to award any bonus, it may take into account any factors which it considers relevant. Payment of any bonus in one year does not entitle the Executive to payment of bonus in any subsequent years.

10 HOLIDAYS

10.1 The Company's holiday year commences on 1 April and expires on 31 March (the "Holiday Year").

10.2 In addition to bank holidays the Executive shall be entitled to paid holiday in each Holiday Year of 40 working days. The timing of the holiday shall be approved by the Board in advance. The Executive must give reasonable notice to the Board of any requested holiday. Holiday must be taken in the Holiday Year in which it accrues.

10.3 Holiday entitlement may not be carried over to the next Holiday Year.

11 SICK PAY SCHEME

11.1 If the Executive is prevented by ill health from properly performing his duties under this Agreement he shall report this fact to the Company and within seven days of absence provide the Board with satisfactory evidence of his incapacity and continue to provide such evidence on a weekly basis during any period of absence.

11.2 Provided the Executive has complied with the conditions in clause 11.1, he shall continue to be paid a salary for the first 3 months' absence (whether continuous or intermittent) in any period of 12 consecutive months. Any sums paid to the Executive shall be inclusive of statutory sick pay. Thereafter, during any absence, the Executive is not entitled to receive any salary and any payments which the Company makes are entirely discretionary and can be withdrawn at any time.

11.3 At the request of the Company, the Executive shall, whether absent from work or not, co-operate in providing medical evidence or undergoing a medical examination arranged by the Company and consent to the disclosure of any report to the Company.

11.4 The payment of sick pay, in accordance with clause 11.2, is without prejudice to the Company's right to terminate this Agreement on the grounds of incapacity prior to the expiry of the Executive's right to payment. In the event that the Executive is incapable of performing his duties by reason of injuries sustained wholly or partly as a result of a third party's actions, all payments made to the Executive by the Company of salary or sick pay shall, to the extent that compensation is recoverable from that third party, constitute loans to the Executive and shall be repaid when and to the extent that the Executive recovers compensation for loss of earnings from such third party.

12 RESTRICTIVE COVENANTS

12.1 The Executive acknowledges that he is likely to obtain in the course of his employment with the Company knowledge of trade secrets, know-how, techniques, methods, lists, inventions, computer programs and software and other confidential information relating to the Company and any Group Company and their employees and clients, and in order to safeguard the goodwill of the Company and any Group Company in connection with their clients, suppliers and employees the Executive agrees to the restrictions set out in this clause 12.

12.2 On termination of this Agreement the Executive, whether on his own behalf or for any other person, firm or company, will not directly or indirectly for a period of 12 months:

(a) be employed or involved with any business developing or promoting any products or services that are competitive with products or services:

(i) being commercially developed or promoted by the Company during the Executive's employment; and

(ii) with which he was either personally concerned or for which the Executive was responsible with the Company whilst employed by the Company during the period of 12 months immediately preceding the termination of his employment (or, if shorter the period of the Executive's employment with the Company); and

(iii) in respect of which the Executive had access to any Confidential Information or trade secrets belonging to the Company or any Group Company in the 12 months immediately preceding the termination of his employment (or, if shorter, the period of the Executive's employment with the Company);

(b) entice, solicit or endeavour to entice or solicit away from the Company or any Group Company any officer, senior executive or consultant to the Company or any Group Company with whom he had personal dealings during the period of 12 months immediately preceding the termination of the Executive's employment (or, if shorter the period of the Executive's employment with the Company), provided that this clause 12.2 shall not prevent the Executive from employing general administrative staff of the Company or any Group Company;

(c) interfere or seek to interfere with the supply to the Company or any Group Company of any services by any supplier who, during the period of 12 months immediately preceding such termination, shall have supplied services to the Company or any Group Company and with whom the Executive had business dealings during the said period (or, if shorter, the period of the Executive's employment with the Company), nor will the Executive interfere or seek to interfere with the terms on which such supply is made;

(d) entice, solicit or endeavour to entice or solicit away from the Company or any Group Company the business of any person, firm or company who during the period of 12 months preceding the date of such termination (or, if shorter, the period of the Executive's employment with the Company) was a client of the Company or any Group Company with whom the Executive had contact as an Executive of the Company, provided that nothing contained in this clause 12 shall be deemed to prohibit the seeking or doing of business not in direct or indirect competition with the business of the Company or any Group Company;

(e) whether on his own behalf or in conjunction with any person, company, business entity or other organisation whatsoever in competition with the Company directly or indirectly deal with, the custom or business of any customer:-

(i) with whom the Executive has had contact or dealings on behalf of the Company during the 12 months immediately preceding the termination of his employment or, if less, the period of the Executive's employment with the Company; or

(ii) for whom the Executive was directly responsible and with whom employees reporting to the Executive have had contact or dealings on behalf of the Company during the 12 months immediately preceding the termination of his employment or, if less, the period of the Executive's employment with the Company.

12.3 Each of the restrictions aforesaid constitute an entirely separate, severable and independent restriction on the Executive.

12.4 While the restrictions aforesaid are considered by both parties to be reasonable in all circumstances, it is recognised that restrictions of the nature in question may fail for reasons unforeseen and accordingly it is hereby declared and agreed that if any of such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the Company and the Group but would be valid if part of the wording thereof were deleted and/or the periods (if any) thereof reduced and/or the area dealt with thereby reduced in scope the said restrictions shall apply with such modifications as may be necessary to make them valid and effective.

12.5 For the purposes of this clause 12 and clause 13 below, the Company is entering into these restrictions with the Executive on its own behalf and as agent for and/or as trustee of the business of any relevant member of any Group Company to which the Executive is seconded or to whom the Executive provides services.

12.6 It is agreed that the period of the post termination restrictions set out in this clause 12 will be reduced by the amount of the Executive's notice period where in accordance with clause 6.3 he is provided with no duties or duties not involving contact with the Group's clients.

13 CONFIDENTIAL INFORMATION

13.1 The Executive shall not at any time during or after the term of this Agreement

(a) other than when required in the ordinary course of business of the Company or any Group Company, use or disclose, directly or indirectly, to any person, firm, corporation, partnership, association or other entity, any trade secret, or Confidential Information; or

(b) make any oral or written statement about the Company or any Group Company and/or their financial status, business, compliance with laws, personnel, directors, officers, consultants, services, business methods or otherwise, which are intended or reasonably likely to disparage the Company or any Group Company or otherwise degrade their reputation in the business or legal community in which they operate or in the telecommunications industry.

13.2 Confidential Information means the information or physical material not generally known or available outside the Company and any Group Company or information or physical material entrusted to them by third parties. This includes, but is not limited to, inventions, confidential knowledge, trade secrets, copyrights, product ideas, techniques, processes, formulas, software (including source and object code), hardware configuration, computer programs, algorithms, mask words and/or any other information of any type relating to documentation, data, schematics, flow charts, mechanisms, research, development, engineering, manufacture improvements, assembly, installation, marketing, forecasts, sales, pricing, customers, the salaries, duties, qualifications, performance levels and terms of compensation of other employees and/or cost of other financial data concerning any of the foregoing the Company, any Group Company or their operations. Confidential information may be contained in material such as drawings, samples, procedures, specifications, reports, studies, customer or supplier lists, budgets, cost or price lists, compilations or computer programs, or maybe in the nature of unwritten knowledge or know how.

13.3 Nothing in this Agreement shall preclude the Executive from making a protected disclosure in accordance with the provisions set out in the Employment Rights Act 1996.

14 INVENTIONS, DESIGNS, COPYRIGHT AND OTHER INTELLECTUAL PROPERTY

14.1 In this clause 14, the term “Intellectual Property” means inventions (whether patentable or not, and whether or not patent protection has been applied for or granted), improvements, developments, discoveries, proprietary information, trade marks, trade names, logos, art work, slogans, know-how, processes, designs (whether or not registrable and whether or not design rights subsist in them), utility models, works in which copyright may subsist (including computer software and preparatory and design materials therefore), and all works protected by rights or forms of protection of a similar nature or having equivalent effect anywhere in the world.

14.2 Subject to the provisions of the Patents Act 1977, the Registered Designs Act 1949 and the Copyright Designs and Patents Act 1988, if at any time in the course of, or in connection with, his employment under this agreement, the Executive makes or discovers or participates in the making or discovery of any Intellectual Property directly or indirectly relating to, or capable of being used in, the business carried on by the Company or by any Group company, full details of the Intellectual Property shall immediately be disclosed in writing by him to the Company and the Intellectual Property shall be the absolute property of the Company immediately upon the creation of such Intellectual Property. At the request and expense of the Company, the Executive shall give and supply all such information, data, drawings and assistance as may be necessary or in the opinion of the Company desirable to enable the Company to exploit the Intellectual Property to the best advantage, and shall execute all documents and do all things which may be necessary or in the opinion of the Company desirable for obtaining patent or other protection for the Intellectual Property in such parts of the world as may be specified by the Company and for vesting the same in the Company or as it may direct.

14.3 The Executive hereby waives any and all moral rights he may have in respect of the Intellectual Property rights.

15 RETURN OF PROPERTY ON TERMINATION

15.1 Upon the termination of the Executive's employment with the Company for any reason, the Executive shall immediately deliver up to the Company or its authorised representative any property of the Company or any other Group Company which may be in his possession, custody or under his control.

16 HEALTH AND SAFETY

The Executive will be required to take reasonable care with regard to health and safety and to co-operate with the Company in complying with the requirements of the Health and Safety at Work Act 1974, and to ensure that the Company complies with all UK Health and Safety legislation for the proper protection and benefit of the other Executives of the Company.

17 DISCIPLINARY AND GRIEVANCE PROCEDURE

17.1 The Company's disciplinary policy is set out in the Staff Handbook, a copy of which will be provided to the Executive upon commencement of this Agreement. The Company will have the right to suspend the Executive on full pay on the grounds of suspected serious misconduct.

17.2 If the Executive has a grievance relating to his employment he should report it to an appropriate member of the Board. The Executive may be required to put the grievance in writing.

18 DATA PROTECTION

The Executive consents to the Company and any other Group company holding and processing, both electronically and manually, any data it collects in relation to the Executive (including sensitive personal data), in the course of the Executive's employment, for the purposes of the Company's and any Group Company's administration and management of their employees and business and for compliance with applicable procedures, laws and regulations and to the transfer, storage and processing by the Company or the Company's agent of such data outside the European Economic Area, in particular to and in the United States and any other country in which the Company has offices.

19 COLLECTIVE AGREEMENTS

There are no collective agreements currently in force which affect directly or indirectly the terms and conditions of the Executive's employment.

20 THIRD PARTY RIGHTS

Nothing in this Agreement is intended to confer rights of any third party under the Contracts (Rights of Third Parties) Act 1999 nor is any third party's consent required to vary or amend any term of this Agreement.

21 APPLICABLE LAW

21.1 This Agreement shall be governed by and interpreted in accordance with the laws of England and Wales.

21.2 The parties to this Agreement submit to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of or relating to this Agreement.

22 NOTICES

22.1 Any written notice required by this Agreement, including renewal requests or refusals, will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via recorded delivery mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company: The registered office

and if to the Executive: His last known home address

22.2 Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

23 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the listed parties and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter. The Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance. Nothing in this clause 23 shall operate to exclude or restrict either party’s liability for fraudulent misrepresentation.

EXECUTED as a **DEED** by	/s/ John Gardner	Director
[ ]	/s/ Tony Westlake	Director

EXECUTED as a **DEED** by **the Executive**

/s/ Paul Althasen

Executive

In the presence of:-

/s/ Bhaljinder Mander

Signature of Witness

/s/ Bhaljinder Mander

Name of Witness

22 Little Heath Rd

Address of Witness

Bexleytheate

Kent

DA7 JHF

Exhibit 10.6

DATED 19th February 2003

(1) **e-pay Limited**

and

(2) **John Gardiner**

SERVICE AGREEMENT

Squire, Sanders & Dempsey
Royex House
5 Aldermanbury Square
London EC2V 7HR
Tel: 020 7776 5200
Fax: 020 7776 5233

THIS AGREEMENT is made on the 19th day of February 2003

BETWEEN:

(1) **e-pay Limited** (Company No 3695345) whose registered office is at 2nd Floor, Kelting House, Southerhay, Basildon, Essex, SS14 1EO ("**the Company**"); and

(2) **John Gardiner** of Langtons, 40 High Road, Chigwell, Essex, IG7 6DL ("**the Executive**").

1 DEFINITIONS

In this Agreement the following words, expressions and abbreviations have the following meanings, unless the context otherwise requires:

"**Board**" means the Board of Directors from time to time

"**Group Company**" means any group undertaking of the Company as defined in Section 259 of the Companies Act 1985 (as amended).

2 POSITION

The Executive will act as Managing Director of the Company.

3 RESPONSIBILITIES

3.1 The Executive will carry out such duties and exercise such powers and functions on behalf of the Company or any Group Company as may from time to time be assigned to him by the Board and during the term of the Agreement the Executive shall, unless prevented by ill health or accident, devote the whole of his time, skill, ability and attention during his hours of work (which shall be the normal business hours of the Company from time to time and such additional hours as may be necessary to properly perform his duties) to the business of the Company or any Group Company.

3.2 The Executive will keep the Board at all times promptly and fully informed (in writing if so requested) of his conduct of the business of the Company and any Group Company and provide such explanations in connection with it as the Board may require.

3.3 The Executive shall perform his duties in a manner consistent with any and all applicable statutes, regulations and rules whether of the Company or Group Company and with the professional standards and the general custom and practice of the industry and shall faithfully and loyally serve the Company and any Group Company to the best of his ability and use his utmost endeavours to promote their interests in all respects.

3.4 The Executive shall not while employed by the Company without the prior consent of the Board either solely or jointly, directly or indirectly, carry on or be engaged or interested (whether as shareholder or otherwise) in any other business save that nothing in this clause shall prevent the Executive from holding up to 3% of the shares in any company whose shares are quoted on any recognised investment exchange.

3.5 The Company shall be entitled during the continuance of the Executive's employment to make available his services to any Group Company for such periods as the Company reasonably thinks fit and the Executive shall enter into such agreement (in terms no less favourable than this Agreement) with such other Group Company as the Company may reasonably require to give full effect to such arrangements.

3.6 The Executive hereby represents that (a) he is not restricted in any material way from performing his duties set out in this contract as a result of any contract or under any law; and (b) that his due performance of his duties hereunder does not and will not violate the terms of any agreement to which he is bound. The Executive undertakes to indemnify and hold harmless the Company and any Group Company against all claims, costs, damages and expenses which the Company and/or any Group Company may incur in connection with any claim that the Executive is so restricted or that the terms of any such agreement are so violated.

4 DIRECTORSHIP

4.1 Except as otherwise stated in this Agreement, the Executive shall not prior to the termination of this Agreement resign or be subject to retirement by rotation as a director of the Company or any Group Company (unless the Articles of Association of the Company or the relevant Group Company as amended from time to time so provide).

4.2 On termination of this Agreement for whatever reason the Executive shall at the request of the Company resign forthwith without claim for compensation from all offices held by him in any Group Company or from any position which he occupies as a trustee in relation to the business of the Company or any Group Company and in the event of his failing to do so within seven days after the making of such requests the Company is hereby irrevocably authorised to appoint its Secretary for the time being as the agent of the Executive in his name and on his behalf to give notice of such resignation and do all other things requisite to give effect thereto.

5 PLACE OF EMPLOYMENT

The Executive shall be based at the Company's offices in Basildon.

6 TERM OF AGREEMENT

6.1 This Agreement shall commence on the date hereof ("the Commencement Date") and, subject to the provisions of this Agreement, shall continue for a fixed period of 2 years (until 19/02 2005) and thereafter unless and until terminated by either party giving to the other not less than 12 months' notice in writing.

6.2 The Executive's continuous employment with the Company commenced on 8 February 1999.

6.3 The Company reserves the right to require the Executive not to attend the Company's premises or the premises of any Group Company, or to provide the Executive with no work or to require the Executive to perform duties (including any modified duties the Company may reasonably require the Executive to perform) at such locations as the Company may reasonably require which shall include requiring the Executive to carry out duties that do not involve contact with the Company's clients or those of any Group Company, during any period of suspension or whilst the Executive is under notice of termination of the Agreement (served either by the Company or the Executive) provided that the Executive continues to be paid the salary and benefits to which the Executive is entitled under this Agreement. Notwithstanding that the Company may exercise any of its rights under this clause 6.3 it is expressly agreed that the Executive will continue to be bound by any implied contractual terms, including his duty of good faith and fidelity to the Company and may not work for a competitor until the expiry of this Agreement.

6.4 The Company shall have the discretion to terminate the Executive's employment lawfully without any notice or on notice less than that required by clause 6.1, by paying to the Executive a sum equal to, but no more than, the Salary in respect of that part of the period of notice in clause 6.1 which the Company has not given to the Executive less any appropriate tax and other statutory deductions. For the avoidance of doubt the Company shall not exercise this discretion during the fixed period referred to in clause 6.1. Should the Company exercise its discretion to terminate the Executive's employment in this way, all the Executive's post termination obligations contained in this Agreement, including in particular the restrictive covenants in clause 12, shall remain in full force and effect.

6.5 The Executive's employment shall automatically terminate on the day on which he reaches 65 years of age.

7 TERMINATION

7.1 The Company may terminate the Executive's employment without notice in the event that the Executive:

7.1.1 commits any serious breach of this Agreement or is guilty of any gross misconduct, gross incompetence, or any wilful neglect in the discharge of his duties;

7.1.2 repeats or continues (after warning) any breach of this Agreement;

7.1.3 is guilty of any fraud, dishonesty or conduct tending to bring himself, the Company or any Group Company into disrepute;

7.1.4 commits any act of bankruptcy or takes advantage of any statute for the time being in force offering relief for insolvent debtors;

7.1.5 is convicted of any criminal offence (other than minor offences under the Road Traffic Acts or the Road Safety Acts for which a fine or non-custodial penalty is imposed) which might reasonably be thought to affect adversely the performance of his duties;

7.1.6 is disqualified from holding office in the Company or in any other company by reason of any order made under the Company Directors Disqualification Act 1986 or any other enactment;

7.1.7 resigns as or otherwise ceases to be or becomes prohibited by law from being a director of the Company, otherwise than at the Company's request.

Any delay by the Company in exercising such right of termination will not constitute a waiver of it.

8 REMUNERATION

8.1 The Executive will be paid by the Company by way of remuneration for his services under this Agreement the salary at the rate of £149,000 per annum less appropriate deductions for tax and national insurance contributions. The Executive will be paid monthly in arrears, on or about the last working day of each month.

8.2 The Executive's salary shall be reviewed on an annual basis at the Company's discretion but there shall be no obligation on the Company to increase the Executive's salary or bonus following any such review.

8.3 The Company shall be entitled to deduct from the Executive's salary or pay in lieu of notice all monies owed by the Executive to the Company.

8.4 The Company shall reimburse the Executive for all reasonable and necessary expenses incurred by the Executive in connection with the performance of his duties. Such reimbursement is subject to the submission to the Company by the Executive of appropriate documentation receipts and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as revised by the Company from time to time.

9 BONUS

The Company may from time to time and except in respect of any period referred to in clause 6.3 pay to the Executive a bonus of up to 100% of annual salary. All bonus payments are discretionary and the Company reserves the right to amend from time to time the way in which bonus payments are calculated and paid. The Executive further acknowledges that, even if he has been notified of a bonus award, it is a condition of payment that the Executive is not under notice and/or has not had his employment with the Company terminated for any reason whatsoever at the time of payment of the bonus and further that the termination by the Company of the Executive's employment prior to the date of payment of such bonus shall not in any circumstances give rise to a claim for compensation in lieu of such bonus. The Executive further acknowledges

that, when the Company is exercising its discretion to award any bonus, it may take into account any factors which it considers relevant. Payment of any bonus in one year does not entitle the Executive to payment of bonus in any subsequent years.

10 HOLIDAYS

10.1 The Company's holiday year commences on 1 April and expires on 31 March (the "Holiday Year").

10.2 In addition to bank holidays the Executive shall be entitled to paid holiday in each Holiday Year of 30 working days. The timing of the holiday shall be approved by the Board in advance. The Executive must give reasonable notice to the Board of any requested holiday. Holiday must be taken in the Holiday Year in which it accrues.

10.3 Holiday entitlement may not be carried over to the next Holiday Year.

11 SICK PAY SCHEME

11.1 If the Executive is prevented by ill health from properly performing his duties under this Agreement he shall report this fact to the Company and within seven days of absence provide the Board with satisfactory evidence of his incapacity and continue to provide such evidence on a weekly basis during any period of absence.

11.2 Provided the Executive has complied with the conditions in clause 11.1, he shall continue to be paid a salary for the first 3 months' absence (whether continuous or intermittent) in any period of 12 consecutive months. Any sums paid to the Executive shall be inclusive of statutory sick pay. Thereafter, during any absence, the Executive is not entitled to receive any salary and any payments which the Company makes are entirely discretionary and can be withdrawn at any time.

11.3 At the request of the Company, the Executive shall, whether absent from work or not, co-operate in providing medical evidence or undergoing a medical examination arranged by the Company and consent to the disclosure of any report to the Company.

11.4 The payment of sick pay, in accordance with clause 11.2, is without prejudice to the Company's right to terminate this Agreement on the grounds of incapacity prior to the expiry of the Executive's right to payment. In the event that the Executive is incapable of performing his duties by reason of injuries sustained wholly or partly as a result of a third party's actions, all payments made to the Executive by the Company of salary or sick pay shall, to the extent that compensation is recoverable from that third party, constitute loans to the Executive and shall be repaid when and to the extent that the Executive recovers compensation for loss of earnings from such third party.

12 RESTRICTIVE COVENANTS

12.1 The Executive acknowledges that he is likely to obtain in the course of his employment with the Company knowledge of trade secrets, know-how, techniques,

methods, lists, inventions, computer programs and software and other confidential information relating to the Company and any Group Company and their employees and clients, and in order to safeguard the goodwill of the Company and any Group Company in connection with their clients, suppliers and employees the Executive agrees to the restrictions set out in this clause 12.

12.2 On termination of this Agreement the Executive, whether on his own behalf or for any other person, firm or company, will not directly or indirectly for a period of 12 months:

(a) be employed or involved with any business developing or promoting any products or services that are competitive with products or services:

(i) being commercially developed or promoted by the Company during the Executive's employment; and

(ii) with which he was either personally concerned or for which the Executive was responsible with the Company whilst employed by the Company during the period of 12 months immediately preceding the termination of his employment (or, if shorter the period of the Executive's employment with the Company); and

(iii) in respect of which the Executive had access to any Confidential Information or trade secrets belonging to the Company or any Group Company in the 12 months immediately preceding the termination of his employment (or, if shorter, the period of the Executive's employment with the Company);

(b) entice, solicit or endeavour to entice or solicit away from the Company or any Group Company any officer, senior executive or consultant to the Company or any Group Company with whom he had personal dealings during the period of 12 months immediately preceding the termination of the Executive's employment (or, if shorter the period of the Executive's employment with the Company), provided that this clause 12.2 shall not prevent the Executive from employing general administrative staff of the Company or any Group Company;

(c) interfere or seek to interfere with the supply to the Company or any Group Company of any services by any supplier who, during the period of 12 months immediately preceding such termination, shall have supplied services to the Company or any Group Company and with whom the Executive had business dealings during the said period (or, if shorter, the period of the Executive's employment with the Company), nor will the Executive interfere or seek to interfere with the terms on which such supply is made;

(d) entice, solicit or endeavour to entice or solicit away from the Company or any Group Company the business of any person, firm or company who during the period of 12 months preceding the date of such termination (or, if shorter, the period of the Executive's employment with the Company) was a client of the Company or any Group Company with whom the Executive had contact as an

Executive of the Company, provided that nothing contained in this clause 12 shall be deemed to prohibit the seeking or doing of business not in direct or indirect competition with the business of the Company or any Group Company;

(e) whether on his own behalf or in conjunction with any person, company, business entity or other organisation whatsoever in competition with the Company directly or indirectly deal with, the custom or business of any customer:-

(i) with whom the Executive has had contact or dealings on behalf of the Company during the 12 months immediately preceding the termination of his employment or, if less, the period of the Executive's employment with the Company; or

(ii) for whom the Executive was directly responsible and with whom employees reporting to the Executive have had contact or dealings on behalf of the Company during the 12 months immediately preceding the termination of his employment or, if less, the period of the Executive's employment with the Company.

12.3 Each of the restrictions aforesaid constitute an entirely separate, severable and independent restriction on the Executive.

12.4 While the restrictions aforesaid are considered by both parties to be reasonable in all circumstances, it is recognised that restrictions of the nature in question may fail for reasons unforeseen and accordingly it is hereby declared and agreed that if any of such restrictions shall be adjudged to be void as going beyond what is reasonable in all the circumstances for the protection of the interests of the Company and the Group but would be valid if part of the wording thereof were deleted and/or the periods (if any) thereof reduced and/or the area dealt with thereby reduced in scope the said restrictions shall apply with such modifications as may be necessary to make them valid and effective.

12.5 For the purposes of this clause 12 and clause 13 below, the Company is entering into these restrictions with the Executive on its own behalf and as agent for and/or as trustee of the business of any relevant member of any Group Company to which the Executive is seconded or to whom the Executive provides services.

12.6 It is agreed that the period of the post termination restrictions set out in this clause 12 will be reduced by the amount of the Executive's notice period where in accordance with clause 6.3 he is provided with no duties or duties not involving contact with the Group's clients.

13 CONFIDENTIAL INFORMATION

13.1 The Executive shall not at any time during or after the term of this Agreement

(a) other than when required in the ordinary course of business of the Company or any Group Company, use or disclose, directly or indirectly, to any person, firm, corporation, partnership, association or other entity, any trade secret, or Confidential Information; or

(b) make any oral or written statement about the Company or any Group Company and/or their financial status, business, compliance with laws, personnel, directors, officers, consultants, services, business methods or otherwise, which are intended or reasonably likely to disparage the Company or any Group Company or otherwise degrade their reputation in the business or legal community in which they operate or in the telecommunications industry.

13.2 Confidential Information means the information or physical material not generally known or available outside the Company and any Group Company or information or physical material entrusted to them by third parties. This includes, but is not limited to, inventions, confidential knowledge, trade secrets, copyrights, product ideas, techniques, processes, formulas, software (including source and object code), hardware configuration, computer programs, algorithms, mask words and/or any other information of any type relating to documentation, data, schematics, flow charts, mechanisms, research, development, engineering, manufacture improvements, assembly, installation, marketing, forecasts, sales, pricing, customers, the salaries, duties, qualifications, performance levels and terms of compensation of other employees and/or cost of other financial data concerning any of the foregoing the Company, any Group Company or their operations. Confidential information may be contained in material such as drawings, samples, procedures, specifications, reports, studies, customer or supplier lists, budgets, cost or price lists, compilations or computer programs, or maybe in the nature of unwritten knowledge or know how.

13.3 Nothing in this Agreement shall preclude the Executive from making a protected disclosure in accordance with the provisions set out in the Employment Rights Act 1996.

14 INVENTIONS, DESIGNS, COPYRIGHT AND OTHER INTELLECTUAL PROPERTY

14.1 In this clause 14, the term “Intellectual Property” means inventions (whether patentable or not, and whether or not patent protection has been applied for or granted), improvements, developments, discoveries, proprietary information, trade marks, trade names, logos, art work, slogans, know-how, processes, designs (whether or not registrable and whether or not design rights subsist in them), utility models, works in which copyright may subsist (including computer software and preparatory and design materials therefore), and all works protected by rights or forms of protection of a similar nature or having equivalent effect anywhere in the world.

14.2 Subject to the provisions of the Patents Act 1977, the Registered Designs Act 1949 and the Copyright Designs and Patents Act 1988, if at any time in the course of, or in connection with, his employment under this agreement, the Executive makes or discovers or participates in the making or discovery of any Intellectual Property directly or indirectly relating to, or capable of being used in, the business carried on by

the Company or by any Group company, full details of the Intellectual Property shall immediately be disclosed in writing by him to the Company and the Intellectual Property shall be the absolute property of the Company immediately upon the creation of such Intellectual Property. At the request and expense of the Company, the Executive shall give and supply all such information, data, drawings and assistance as may be necessary or in the opinion of the Company desirable to enable the Company to exploit the Intellectual Property to the best advantage, and shall execute all documents and do all things which may be necessary or in the opinion of the Company desirable for obtaining patent or other protection for the Intellectual Property in such parts of the world as may be specified by the Company and for vesting the same in the Company or as it may direct.

14.3 The Executive hereby waives any and all moral rights he may have in respect of the Intellectual Property rights.

15 RETURN OF PROPERTY ON TERMINATION

15.1 Upon the termination of the Executive's employment with the Company for any reason, the Executive shall immediately deliver up to the Company or its authorised representative any property of the Company or any other Group Company which may be in his possession, custody or under his control.

16 HEALTH AND SAFETY

The Executive will be required to take reasonable care with regard to health and safety and to co-operate with the Company in complying with the requirements of the Health and Safety at Work Act 1974, and to ensure that the Company complies with all UK Health and Safety legislation for the proper protection and benefit of the other Executives of the Company.

17 DISCIPLINARY AND GRIEVANCE PROCEDURE

17.1 The Company's disciplinary policy is set out in the Staff Handbook, a copy of which will be provided to the Executive upon commencement of this Agreement. The Company will have the right to suspend the Executive on full pay on the grounds of suspected serious misconduct.

17.2 If the Executive has a grievance relating to his employment he should report it to an appropriate member of the Board. The Executive may be required to put the grievance in writing.

18 DATA PROTECTION

The Executive consents to the Company and any other Group company holding and processing, both electronically and manually, any data it collects in relation to the Executive (including sensitive personal data), in the course of the Executive's employment, for the purposes of the Company's and any Group Company's

administration and management of their employees and business and for compliance with applicable procedures, laws and regulations and to the transfer, storage and processing by the Company or the Company's agent of such data outside the European Economic Area, in particular to and in the United States and any other country in which the Company has offices.

19 COLLECTIVE AGREEMENTS

There are no collective agreements currently in force which affect directly or indirectly the terms and conditions of the Executive's employment.

20 THIRD PARTY RIGHTS

Nothing in this Agreement is intended to confer rights of any third party under the Contracts (Rights of Third Parties) Act 1999 nor is any third party's consent required to vary or amend any term of this Agreement.

21 APPLICABLE LAW

21.1 This Agreement shall be governed by and interpreted in accordance with the laws of England and Wales.

21.2 The parties to this Agreement submit to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of or relating to this Agreement.

22 NOTICES

22.1 Any written notice required by this Agreement, including renewal requests or refusals, will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via recorded delivery mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company: The registered office

and if to the Executive: His last known home address

22.2 Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

23 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the listed parties and supersedes all prior agreements, understandings and arrangements, both oral and

written, between the parties with respect to such subject matter. The Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance. Nothing in this clause 23 shall operate to exclude or restrict either party's liability for fraudulent misrepresentation.

EXECUTED as a **DEED** by	/s/ John Gardiner	Director
[ ]	/s/ A J Westlake	Director

EXECUTED as a **DEED** by **the Executive**	John Gardiner Executive
In the presence of:-	/s/ Bhaljinder Mander
	Signature of Witness
	Bhaljinder Mander
	Name of Witness
	19 C Strand London
	Address of Witness
	WC2R 1JN

Exhibit 10.7

EURONET LONG-TERM INCENTIVE STOCK OPTION PLAN

(As Amended and in effect as of June 24, 2003)

1. Purpose of Plan. The purpose of the Euronet Long-Term Incentive Plan (the "Plan") is to (i) increase the ownership of common stock of Euronet Services Inc. (the "Company") by those key employees or independent consultants who are primarily responsible for the continued growth, development and financial success of the Company and its subsidiaries, and (ii) attract and retain such employees and consultants and reward them for the continued profitable performance of the Company and its subsidiaries.

The Plan was adopted by the Board of Directors of the Company (the Board") on December 17, 1996. Certain stock option grants were made to employees and consultants of the Company or its subsidiaries in agreements made prior to the date of adoption of this Plan ("Prior Grants"). This Plan is intended to incorporate all such grants which shall, from the date the grantees under such grants so acknowledge, be governed by this Plan.

2. Definitions. The following definitions are applicable herein:

"Adoption Date" — December 17, 1996, the date on which the original version of this Plan was adopted by the Board.

"Award" — individually or collectively, Options granted hereunder.

"Board" — the Board of Directors of the Company.

"Company" — Euronet Services Inc., acting for purposes of this plan through the Board. The term "Company" as used herein shall also include any successor to the Company as provided in Section 9.6 of this Plan.

"Date of Grant" — the date on which the grant of an Award is authorized by the Company or such other date as may be specified by the Company in such authorization.

"Date of Retirement" — the date on which an employee of the Company or a Subsidiary retires from such employment or the effective date of an Early Retirement.

"Early Retirement" — the retirement of an employee of the Company or a Subsidiary prior to the legally mandated age of retirement, if any, or that age provided in applicable policies of the Company as such may be instituted from time to time.

"Eligible Person" — any person employed or retained as a consultant by the Company or a Subsidiary on a regular basis who satisfies all of the requirements of Section 5.3.

"Fair Market Value" — the greater of (i) the per share price at which shares of the Company were issued to or purchased by any party in the last transaction occurring prior to the date of the exercise of the Option, and (ii) the net book value of the Company, divided by the number of the Company shares outstanding at the time of the exercise of an Award by a

Participant; provided that the Fair Market Value shall always be at least equal to the par value of the Stock. In the event that a public market is created for shares, then the Fair Market Value of a share of common stock on any day shall be the closing sale quotation on the market with respect to which such shares are traded as reported for such day or, if no such quotation is reported for such day, the average of the high bid and low asked price of common stock as reported for such day. If no quotation is made for the applicable day, the Fair Market Value of a share of common stock on such day shall be determined in the manner set forth in the preceding sentence using quotations for the next preceding day for which there were quotations, provided that such quotations shall have been made within the ten (10) "trading" days preceding the applicable day. Notwithstanding the foregoing, if no such information is available or if otherwise deemed necessary or appropriate by the Option Committee, the Fair Market Value of a share of common stock on any day shall be determined in good faith by the Option Committee taking into account all relevant material facts and circumstances.

"Group of Persons" — a "group" as such term is defined in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder (the "Exchange Act").

"Option" or "Stock Option" — an option granted under Section 5 of this Plan.

"Option Committee" — an Option Committee created by the Board. It is acknowledged that no such committee exists as of the time of the adoption of this Plan and until such creation all functions attributed hereunder to the Option Committee shall be exercised by the Board.

"Optionee" — any person to whom an Option is granted under this Plan.

"Option Period" or "Option Periods" — the period or periods during which an Option is exercisable as described in Section 5.6.

"Option Shares" — shares purchase by an Optionee under an Option.

"Owner" — a person or Group which owns shares, including a beneficial owner as defined under the Exchange Act.

"Participant" — an Eligible Person who has been granted an Award under this Plan.

"Person" — any individual or legal entity of any form whatsoever.

"Plan" — this Euronet Long Term Incentive Stock Option Plan.

"Securities Act" — the laws and regulations of any jurisdiction governing the issuance and trading of securities, including, without limitation, the U.S. Securities Act of 1933.

"Stock Option Agreement" — an agreement entered into by an Optionee and the Company pursuant to Section 5 of this Plan.

"Subsidiary" — any corporation of which 50% or more of the outstanding voting stock or voting power is beneficially owned, directly or indirectly, by the Company.

"Termination" — termination of the employment or the consulting arrangement of a person with the Company or any Subsidiary. The Company may, in its discretion, determine whether any "leave of absence" constitutes a Termination for purposes of this Plan and the impact, if any, of any such leave of absence on Awards made under this Plan. The Company shall have the right to determine whether the termination of a Participant's employment or consulting arrangement is a dismissal for cause and the date of Termination in such case, which date the Company may retroactively deem to be the date of the action that constitutes cause for dismissal. Such determinations of the Company shall be final, binding and conclusive.

"Vested Shares" — shares of Stock with respect to which an Optionee's purchase right under an Option has vested in accordance with the terms of Section 5.6.

3. Effective Date and Duration.

3.1 Effective Date. This Plan shall be effective as of the Adoption Date.

3.2 Period for Grant of Awards. Awards may be made as provided herein for a period of ten (10) years after the Adoption Date.

3.3 Termination. This Plan shall continue in effect until all matters relating to the payment of Awards and administration of the Plan have been settled.

4. Administration.

4.1 The Board; Option Committee. The Plan shall be administered in accordance with the terms of this Plan document by the Board or a committee thereof, provided that all questions of interpretation regarding the terms and conditions pursuant to which Awards are granted, exercised or forfeited under the provisions hereof, shall be subject to the determination of the Board or the Option Committee, as the case may be. Any such determination shall be final and binding upon all parties affected thereby.

4.2 Indemnification. Each member of the Board or the Option Committee (and each person to whom any of them has delegated any authority or power under this Plan) shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or incurred by such person in connection with or resulting from any claim, action, suit, or proceeding to which such person may be a party or in which such person may be involved by reason of any action or failure to act under the Plan; and (ii) any and all amounts paid by such person in satisfaction of judgment in any such action, suit, or proceeding relating to the Plan. Each person covered by this indemnification shall give the Company an opportunity, at its own expense, to handle and defend the same before such person undertakes to handle and defend it on such person's own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Articles of Incorporation or By-Laws of the Company or any of its Subsidiaries, as a matter of law, or otherwise, or of any other power that the Company may have to indemnify such person or hold such person harmless.

4.3 Reliance on Reports. Each member of the Board or the Option Committee (and each person to whom any of them has delegated any authority or power under this Plan) shall be fully justified in relying or acting in good faith upon any report made

by the independent public accountants of the Company and its Subsidiaries and upon any other information furnished in connection with the Plan. In no event shall any person who is or shall have been a member of the Board or the Option Committee be liable for any determination made or other action taken or any omission to act in reliance upon any such report or information or for any action taken, including the furnishing of information, or failure to act, if in good faith.

5. Stock Options.

5.1 Grant of Stock Options. The Company may, from time to time, grant Stock Options for shares of common stock in the Company to one or more Eligible Persons, provided that: (i) all grants must be approved in advance by the Board or by the Option Committee acting on behalf of the Board; (ii) the aggregate number of shares of Stock subject to Stock Options under this Plan, subject to any adjustment pursuant to Section 5.11, may not exceed Two Million Four Hundred Thirteen Thousand Five Hundred and Eighty-Six (2,413,586) shares, plus all Prior Grants; (iii) in the event that a Stock Option lapses or the rights of the Participant to whom it as granted terminate, any shares of Stock subject to such Option shall again be available for the grant of an Option to another Eligible Person under this Plan; and (iv) shares of Stock delivered by the Company under this Plan may be either authorized and unissued Stock, Stock held in the treasury of the Company or Stock purchased on the open market (including private purchases), in accordance with any applicable Securities Act.

5.2 Payment Nature of Option. All Options granted shall be in consideration of services performed for the Company or its Subsidiaries by the Optionee. All Options granted shall constitute a special incentive payment to the Optionee and shall not be taken into account in computing the amount of salary or compensation of the Optionee for the purpose of determining any benefits under any pension, retirement, profit-sharing, bonus, life insurance or other benefit plan of the Company or under any agreement between the Company and the Optionee, unless such plan or agreement specifically otherwise provides.

5.3 Eligibility. Key employees and consultants of the Company and its Subsidiaries (including employees and consultants who are members of the Board) who, in the opinion and sole discretion of the Company, are primarily responsible for the continued growth and development and financial success of the business of the Company or one or more of its Subsidiaries shall be eligible to be granted Awards under the Plan. Subject to the provisions of this Plan, the Company may from time to time select from such Eligible Persons those to whom Awards shall be granted and determine the nature and amount of each Award. The Company shall not be under any obligation to grant any employee or consultant of the Company or its Subsidiaries an Award under this Plan.

5.4 Non-Uniform Determinations. The Company's determinations under this Plan need not be uniform and may be made by it selectively among Eligible Persons who receive, or are eligible to receive, Options (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Company shall be entitled, among other things, to make non-uniform and selective determinations which may, inter alia, reflect the specific terms of individual employment or consulting agreements, and to enter into non-uniform and selective Option Agreements, as to (a) the persons qualified to receive Options and (b) the terms and conditions of Options.

5.5 Number of Shares of Stock Subject to Option. In determining the size of Options to be granted, the Company shall take into account a prospective Participant's job responsibilities, level, performance, potential, cash compensation level, the Fair Market Value of the Stock at the time of granting the Award, as well as such other considerations it deems appropriate.

5.6 Stock Option Terms. Each Option granted under this Plan shall be evidenced by a Stock Option Agreement between the Company and the Participant under terms and conditions approved by the Company, provided, however, that unless otherwise provided in the Stock Option Agreement, the following terms and conditions shall apply:

(1) The Optionee's right to exercise the Options granted shall vest over a period of five years, in five tranches, each equal to one-fifth of the total number of shares of Stock which are the subject of an Option grant. One tranche shall vest on each anniversary of the Date of Grant for five years after the Date of Grant.

(2) The Options are exercisable with respect to Vested Shares either in total or in part, with a partial exercise not affecting the exercisability of the balance of the Option.

(3) Each Option shall cease to be exercisable as to any share of Stock, at the earliest of (i) the Optionee's purchase of the entire amount of Stock to which the Option relates or (ii) the lapse of the Option in accordance with Section 5.8 below.

(4) Options are not transferable by the Optionee except by will or the laws of descent and distribution and shall be exercisable (i) during the Optionee's lifetime only by the Optionee, or by the Optionee's guardian or legal representative or (ii) after an Optionee's death by the Optionee's beneficiary or representative of the estate of the Optionee as provided in Section 5.8. In the event a Stock Option Agreement establishes an Option Period which does not begin immediately upon the grant thereof, such agreement may initially provide, or the Company may at any time thereafter unilaterally amend it to provide, for the immediate exercisability of the Option granted therein upon the occurrence of events determined by the Company, in its sole discretion, to justify such immediate exercisability.

(5) The Option price per share of Stock shall be 100% of the Fair Market Value at the Date of Grant. The Option price shall be payable in cash, in full, at the time of the exercise of the Option.

5.7 Dividend Equivalency. Any Option may, in the discretion of the Company, provide for dividend equivalency rights under which the Participant shall be entitled to additional payments, in the nature of compensation, equal to the amount of dividends which would have been paid, during the period such Option is held, on the number of shares of Stock equal to the number of shares subject to such Option.

5.8 Lapse of Option. An Option will lapse upon the first occurrence of one of the following circumstances: (i) 10 years from the Date of Grant; (ii) on the 90th day following the Optionee's Date of Retirement; (iii) on the date which is 60 days after an Optionee's Termination; or (iv) at the expiration of the Option Period set forth in the Stock Option Agreement; provided that the Option Committee may, on a case by case basis, permit extension of the period of time within which an Optionee may exercise Options beyond the 90-day,

60-day or six month periods provided in subsections (ii) and (iii) above, and the following sentence, respectively. If, however, the Optionee dies within the Option Period and prior to the lapse of the Option, the Option shall lapse unless it is exercised within the Option Period or one year from the date of the Optionee's death, whichever is earlier, by the Optionee's beneficiary, legal representative or representatives or by the person or persons entitled to do so under the Optionee's will or, if the Optionee shall fail to designate a beneficiary or make a testamentary disposition of such Option or shall die intestate, by the person or persons entitled to receive said Option under the applicable laws of descent and distribution.

5.9 Change in Control.

(1) "Change In Control" shall be deemed to have occurred upon the happening of any of the following events: (i) any Person or Group of Persons (other than any shareholder of the Company as of the Adoption Date), becomes the Owner, directly or indirectly, whether by purchase, acquisition or otherwise, of 50% or more of the outstanding shares of the Company; or (ii) the Company's shareholders approve an agreement to merge, consolidate, liquidate, or sell all or substantially all of the Company's assets. The Company shall give prompt notice to all Optionees in the event it becomes aware that a Change In Control has occurred.

(2) Upon the event of a Change in Control: (i) any Option outstanding prior to the date of the Change in Control shall become, notwithstanding any other provision of this Plan or any Stock Option Agreement, fully vested and immediately exercisable; and (ii) the Company may, in its sole discretion and subject to the provisions of Section 7 below, amend any Stock Option Agreement in such manner as it deems appropriate, but only as to those Options which have not been exercised.

(3) Whenever deemed appropriate by the Company, any action referred to in Section 5.9(2)(ii) may be made conditional upon the consummation of the applicable Change in Control transaction.

5.10 Restrictions. In furtherance of the foregoing, at the time of any exercise of an Option, the Company may, if it shall determine it necessary or desirable for any reason, require the Optionee, as a condition to the exercise thereof, to deliver to the Company a written representation of the Optionee's present intention to purchase the Stock for investment and not for distribution. Each Option shall also be subject to the requirement that, if at any time the Company determines, in its discretion, that either (i) the registration or qualification of Stock subject to an Option under any Securities Act, or (ii) the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issue or purchase of Stock thereunder, the Option may not be exercised in whole or in part unless such registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company.

5.11 Changes in Capital Structure. In the event of any change in the outstanding shares of Stock by reason of any stock dividend or split, recapitalization, combination or exchange of shares or other similar changes in the Stock, then appropriate adjustments shall be made in the shares of Stock theretofore awarded to the Optionees and in the aggregate number of shares of Stock which may be awarded pursuant to the Plan. Such adjustments shall be made by the Company and shall be binding and conclusive for all purposes. Additional shares of Stock issued to a Optionee as the result of any such change shall bear the same restrictions as the shares of Stock to which they relate.

6. Other Payments or Options. Nothing contained in this Plan shall be deemed, in any way, to limit or restrict the Company from granting an option to purchase Stock or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

7. Amendment and Termination. The Board may, from time to time, suspend, discontinue, revise or amend this Plan in any respect whatsoever provided however that no such amendment shall materially impair any rights or materially increase any obligations under any outstanding Award without the consent of the Participant (or, upon the Participant's death or adjudication of mental incapacity, the person having the right to exercise the Award).

8. Miscellaneous Provisions.

8.1 Non-transferability. Except as otherwise provided by the Option Committee on a case by case basis, no benefit provided under this Plan shall be subject to alienation or assignment by a Optionee (or by any person entitled to such benefit pursuant to the terms of this Plan), nor shall it be subject to attachment or other legal process of whatever nature. Any attempted alienation, assignment or attachment shall be void and of no effect whatsoever. Payment shall be made only to the Optionee entitled to receive the same or said Optionee's authorized legal representative.

8.2 No Employment Right or Right of Retainer. Neither this Plan nor any action taken hereunder shall be construed as giving any right to be retained as an officer, employee or consultant of the Company or any of its Subsidiaries.

8.3 Tax Withholding. Either the Company or a Subsidiary, as appropriate, shall have the right to deduct from all Awards paid in cash any taxes as it deems to be required by law to be withheld with respect to such cash payments. In the case of Awards paid in Stock, the employee or other person receiving such Stock may be required to pay to the Company or a Subsidiary, as appropriate, the amount of any such taxes which the Company or a Subsidiary is required to withhold with respect to such Stock. At the request of an Optionee, or as required by law, upon the exercise of an Option, such sums as may be required for the payment of any estimated or accrued income tax liability may be withheld or paid by the Optionee to the Company and remitted to the governmental entity entitled to receive the same.

8.4 Fractional Shares. Any fractional shares concerning Awards shall be eliminated at the time of payment or payout by rounding down for fractions of less than one-half and rounding up for fractions of equal to or more than one-half. No cash settlements shall be made with respect to fractional shares eliminated by rounding.

8.5 Government and Other Regulations. The obligation of the Company to make payment of Awards in Stock or otherwise shall be subject to all applicable laws, rules and regulations, and to such approvals by any government agencies as may be required. If Stock awarded under the Plan may in certain circumstances be exempt from registration under the Securities Act, the Company may restrict its transfer in such manner as it deems advisable to ensure such exempt status.

8.6 Company Successors. In the event the Company becomes a party to a merger, consolidation, sale of substantially all of its assets or any other corporate reorganization in which the Company will not be the surviving corporation or in which the holders of the Stock will receive securities of another corporation (in any such case, the "New Company"), then the New Company shall assume the rights and obligations of the Company under this Plan.

8.7 Governing Law. All matters relating to the Plan or to Awards granted hereunder shall be governed by the laws of the State of Delaware.

8.8 Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any other pension, retirement, profit-sharing or group insurance plan of the Company or any Subsidiary.

8.9 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

8.10 Titles and Headings. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles and headings, shall control.

IN WITNESS WHEREOF, the Company has caused this Plan to be adopted effective as of December 3, 1996.

EURONET SERVICES INC.

____

Michael J. Brown, President, C.E.O. and
Chairman of the Board

Exhibit 10.8

EURONET WORLDWIDE, INC.

STOCK OPTION PLAN

(As amended through June 24, 2003)

1. Purpose

This Stock Option Plan (the "Plan") for Euronet Worldwide, Inc. (the "Company") is intended to provide incentive (i) to officers and other key employees of the Company and (ii) to certain non-employee Directors and independent contractors providing services to the Company by providing those persons with opportunities to purchase shares of the Company's Common Stock under (a) incentive stock options ("Incentive Stock Options") as such term is defined under Section 422 of the Internal Revenue Code of 1986, as amended and (b) other stock options ("Non-Qualified Options").

2. Definitions

As used in this Plan, the following words and phrases shall have the meanings indicated:

(a) "Board" shall mean the Board of Directors of the Company.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Committee" shall mean the Option Committee of the Board.

(d) "Common Stock" shall mean the Common Stock, $0.02 par value, of the Company.

(e) "Company" shall mean Euronet Worldwide, Inc., a Delaware corporation.

(f) "Fair Market Value" per share as of a particular date shall mean (i) the closing sales price per share of Common Stock on the principal national securities exchange, if any, on which the shares of Common Stock shall then be listed for the last preceding date on which there was a sale of such Common Stock on such exchange, or (ii) if the shares of Common Stock are not then listed on a national securities exchange, the last sales price per share of Common Stock entered on a national inter-dealer quotation system for the last preceding date on which there was a sale of such Common Stock on such national inter-dealer quotation system, or (iii) if no closing or last sales price per share of Common Stock is entered on a national inter-dealer quotation system, the average of the closing bid and asked prices for the shares of Common Stock in the over-the-counter market for the last preceding date on which there was a quotation for such Common Stock in such market, or (iv) if no price can be determined under the preceding alternatives, then the price per share as most recently determined by the Board, which shall make such determinations of value at least once annually.

(g) “Good Reason” shall mean any of the following events, which has not been either consented to in advance by the Participant in writing or cured by the Company within a reasonable period of time not to exceed 30 days after the Participant provides written notice thereof: (i) the requirement that the Participant’s principal service for the Company be performed more than 30 miles from the Participant’s primary office as of an Accelerating Event (as defined in Section 12 hereof), (ii) other than as part of an across-the-board reduction affecting all similarly-situated employees, a material reduction in the Participant’s base compensation in effect immediately before the Accelerating Event; (iii) other than as part of an across-the-board reduction affecting all similarly-situated employees, the failure by the Company to continue to provide the Participant with the same level of overall compensation and benefits provided immediately before the Accelerating Event, or the taking of any action by the Company which would directly or indirectly reduce any of such benefits or deprive the Participant of any material fringe benefit; (iv) the assignment to the Participant of duties and responsibilities materially different from those associated with his position immediately before the Accelerating Event; or (v) a material diminution or reduction, on or after an Accelerating Event, in the Participant’s responsibilities or authority, including reporting responsibilities in connection with the Participant’s service with the Company.

(h) “Group of Persons” — a “group” as such term is defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder (the “Exchange Act”).

(i) “Incentive Stock Option” means one or more Options to purchase Common Stock which, at the time such Options are granted under this Plan or any other such plan of the Company, qualify as incentive stock options under Section 422 of the Code.

(j) “Non-Qualified Option” shall mean any Option that is not an Incentive Stock Option.

(k) “Option Price” shall mean the purchase price of shares of Common Stock covered by an Option.

(l) “Parent” shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if, at the time of granting an Option, each of the corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(m) “Plan” shall mean this Stock Option Plan.

(n) “Option” shall mean any option issued pursuant to this Plan.

(o) “Optionee” shall mean any person to whom an Option is granted under this Plan.

(p) “Subsidiary” shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of granting an Option, each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(q) “Ten Percent Shareholder” shall mean an Optionee who, at the time an Option is granted, owns directly or indirectly (within the meaning of section 425(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company, its Parent or a Subsidiary.

3. General Administration.

(a) The Plan shall be administered by the Committee.

(b) The Committee shall have the authority in its discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Options; to determine the Option Price; to determine the persons to whom, and the time or times at which, Options shall be granted; to determine the number of shares to be covered by each Option; to interpret the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the Option Agreements (which need not be identical) entered into in connection with Options granted under the Plan; and to make all other determinations deemed necessary or advisable for the administration of the Plan.

(c) No member of the Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any Option granted hereunder.

4. Granting of Options

Options may be granted under the Plan at any time prior to February 1, 2008.

5. Eligibility

(a) Options may be granted to any director, officer, key employee or outside consultant of the Company. In determining from time to time the officers and employees to whom Options shall be granted and the number of shares to be covered by each Option, the Committee shall take into account the duties of the respective officers and employees, their present and potential contributions to the success of the Company and such other factors as the Committee shall deem relevant in connection with accomplishing the purposes of the Plan.

(b) At the time of the grant of each Option under the Plan, the Committee shall determine whether or not such Option is to be designated an Incentive Stock Option. Incentive Stock Options shall not be granted to a director or a consultant who is not an employee of the Company. The length of the exercise period of Incentive Stock Options shall be governed by Section 7(e)(2) of the Plan; the exercise period of all other Options will be governed by Section 7(e)(3).

(c) An Option designated as an Incentive Stock Option can, prior to its exercise, be changed to a Non-Qualified Option if the Optionee consents to amend his Option Agreement to provide that the exercise period of such Option will be governed by Section 7(e)(2) of the Plan.

6. Stock

The stock subject to the Options shall be shares of the Common Stock. Such shares may, in whole or in part, be authorized but unissued shares contributed directly by the Company or shares which shall have been or which may be acquired by the Company. The aggregate number of shares of Common Stock as to which Options may be granted from time to time under the Plan shall be 2,000,000 shares. The limitation established by the preceding sentence shall be subject to adjustment as provided in Section 7(j) hereof. If any outstanding Option under the Plan for any reason expires or is terminated without having been exercised in full, the shares of Common Stock allocable to the unexercised portion of such Option shall (unless the Plan shall have been terminated) become available for subsequent grants of Options under the Plan in the following year.

7. Terms and Conditions of Options

Each Option granted pursuant to the Plan shall be evidenced by Option Agreements in such forms as the Committee may from time to time approve. Options shall comply with and be subject to the following terms and conditions:

(a) **Option Price**. Each Option shall state the Option Price, which in the case of Incentive Stock Options shall be not less than one hundred percent (100%) of the Fair Market Value of the shares of Common Stock on the date of grant of the Option; provided, however, that in the case of an Incentive Stock Option granted to a Ten Percent Shareholder, the Option Price shall not be less than one hundred ten percent (110%) of such fair market value. The Option Price per share for Non-Qualified Options shall also not be less than the Fair Market Value value of a share of Common Stock on the effective date of grant of the Option. The Option Price shall be subject to adjustment as provided in Section 7(j) hereof. The date on which the Committee adopts a resolution expressly granting an Option shall generally be considered the day on which such Option is granted. However, the Committee may, in its sole discretion, grant a series of sequential Options to an Optionee pursuant to a single resolution adopted by the Committee. Such a series of sequential Options will be treated as granted as of the specific future dates designated by the Committee and such Options will have an Option Price determined in each case by reference to the Fair Market Value of Common Stock as of the respective future dates as of which the Options are

deemed granted. For example, as of May 15, 1998, the Committee could, in its sole discretion, grant a series of Options to an Optionee equal to 1,000 shares of Common Stock which could be deemed by the Committee to be granted at the rate of 250 shares as of June 1, 1998 and at the the rate of 250 shares as of the first day of each of the next three calendar months thereafter for an Option Price in each case equivalent to the Fair Market Value of 250 shares of Common Stock as of each of the deemed grant days.

(b) **Restrictions.** Any Common Stock issued under the Plan may contain restrictions including, but not limited to, limitations on transferability, as the Committee may determine.

(c) **Value of Shares**. Options may be granted to any eligible person for shares of Common Stock of any value, provided that the aggregate Fair Market Value (determined at the time the Option is granted) of the stock with respect to which Incentive Stock Options are exercisable for the first time by the Optionee during any calendar year (under all the plans of the Company, its Parent and its Subsidiaries) shall not exceed $100,000.

(d) **Medium and Time of Payment**. The Option Price shall be paid in full, at the time of exercise, in cash or, with the approval of the Committee, in shares of Common Stock having a Fair Market Value in the aggregate equal to such Option Price or in a combination of cash and such shares, provided that any shares of Common Stock used to pay the Option Price must have been held by the Optionee for no less than six (6) months.

(e) Term and Exercise of Options.

(1) Unless the applicable Option Agreement otherwise provides, each Option granted to an independent contractor performing services for the Company shall be vested immediately and each Option granted to an employee or Director shall become vested and first exercisable in the following installments:

Anniversary Date of Grant	Percentage Exercisable
Less than One	0%
One	20%
Two	40%
Three	60%
Four	80%
Five	100%

(2) Incentive Stock Options shall be exercisable over the exercise period specified by the Committee in the Option Agreement, but in no event shall such period exceed ten (10) years from the date of the grant of each such Incentive Stock Option; provided, however, that in the case of an Incentive Stock Option granted to a Ten Percent Shareholder, the exercise period shall not exceed five (5) years from

the date of grant of such Option. Non-Qualified Options shall be exercisable over a period not to exceed ten (10) years. The exercise period of any Option shall be subject to earlier termination as provided in Section 7(g) and 7(h) hereof. An Option may be exercised, as to any or all full shares of Common Stock as to which the Option has become exercisable, by giving written notice of such exercise to the Committee; provided that an Option may not be exercised at any one time as to less than 100 shares (or such number of shares as to which the Option is then exercisable if such number of shares is less than 100).

(f) **Dividend Equivalency**

Any Option may, in the discretion of the Committee, provide for dividend equivalency rights under which the Optionee shall be entitled to additional payments, in the nature of compensation, equal to the amount of dividends which would have been paid, during the period such Option is held, on the number of shares of Common Stock equal to the number of shares subject to such Option.

(g) **Termination of Employment**. Except as provided in this Section 7(g) and Section 7(h) hereof and except with respect to Options granted to an independent contractor performing services for the Company, an Option may only be exercised by persons who are employees or of the Company or any Parent or Subsidiary of the Company (or a corporation or a Parent or Subsidiary of such corporation issuing or assuming the Option in a transaction to which Section 425(a) of the Code applies), who have remained continuously, a director or so employed since the date of grant of the Option. In the event all association of an Optionee with the Company (as an employee or director) shall terminate (other than by reason of death), all Options or unexercised portions thereof granted to such Optionee which are then exercisable may, unless earlier terminated in accordance with their terms, be exercised within sixty (60) days after such termination; provided, however, that if the association of the Optionee with the Company shall terminate for “cause” (as determined by the Committee), all Options theretofore granted to such Optionee shall, to the extent not theretofore exercised, terminate forthwith, and provided further that the Committee may, on a case by case basis, permit extension of the period of time within which an Optionee may exercise Options beyond such 60 day period. A bona fide leave of absence shall not be considered a termination or break in continuity of employment for any purpose of the Plan so long as the period of such leave does not exceed ninety (90) days or such longer period during which the Optionee’s right to reemployment is guaranteed by statute or by contract. Where the period of such leave exceeds ninety (90) days and the Optionee’s right to reemployment is not guaranteed, the Optionee’s employment will be deemed to have terminated on the ninety-first (1st) day of such leave. Nothing in the Plan or in any Option granted pursuant hereto shall confer upon an employee any

right to continue in the employ of the Company or any of its divisions or Parent or Subsidiaries or interfere in any way with the right of the Company or any such divisions or Parent or Subsidiary to terminate or change the terms of such employment at any time.

(h) **Death of Optionee**. If an Optionee who was an outside consultant when his Option was granted shall die, all Options heretofore granted to such Optionee may be exercised at any time during the remaining period of their terms by the personal representative of the Optionee's estate or by a person who acquired the right to exercise such Options by bequest or inheritance or otherwise by reason of death of the Optionee. If an Optionee shall die while a director of or employed by the Company or any Parent or Subsidiary of the Company, all Options theretofore granted to such Optionee may, unless earlier terminated in accordance with their terms and to the extent already vested and exercisable, be exercised by the Optionee or by the Optionee's beneficiary or personal representative of the Optionee's estate or by a person who acquired the right to exercise such Option by bequest or inheritance or otherwise by reason of death of the Optionee, at any time within one year after the date of death of the Optionee.

(i) **Nontransferability of Options**. Options granted under the Plan shall not be transferable other than by will or by the laws of descent and distribution, and Options may be exercised, during the lifetime of the Optionee, only by the Optionee. Notwithstanding the preceding sentence, the Committee, in its sole discretion, may permit the assignment or transfer of a Non-Qualified Option and the exercise thereof by a person other than an Optionee, on such terms and conditions as the Committee may determine.

(j) **Effect of Certain Changes**.

(1) If there is any change in the number of shares of Common Stock through the declaration of stock dividends, recapitalization resulting in stock splits, or combinations or exchanges of such shares, then the number of shares of Common Stock available for Options, the number of such shares covered by outstanding Options, and the price per share of such Options shall be proportionately adjusted to reflect any increase or decrease in the number of issued shares of Common Stock; provided, however, that any fractional shares resulting from such adjustment shall be eliminated.

(2) In the event of a proposed dissolution or liquidation of the Company, or in the event of any corporate separation or division, including but not limited to, a split-up, a split-off or spin-off, the Committee may provide that the holder of each Option then exercisable shall have the right to exercise such Option (at its then Option Price) solely for the kind and amount of shares of stock and other securities, property, cash or any combination thereof receivable

upon such dissolutions or liquidation, or corporate separation or division; or the Committee may provide, in the alternative, that each Option granted under the Plan shall terminate as of a date to be fixed by the Committee, provided, however, that no less than thirty (30) days' written notice of the date so fixed shall be given to each Optionee, who shall have the right, during the period of thirty (30) days preceding such termination, to exercise the Options as to all or any part of the shares of Common Stock covered thereby, including shares as to which such Options would not otherwise be exercisable.

(3) [first sentence deleted] If while unexercised or unvested Options remain outstanding under the Plan (i) the Company executes a definitive agreement to merge or consolidate with or into another corporation or to sell or otherwise dispose of substantially all its assts, or (ii) more than 50% of the Company's then outstanding voting stock is acquired by any person or Group of Persons (any such event being an "Accelerating Event"), then from and after any later date on which a Participant's service with the Company (including any successor) terminated involuntary or for Good Reason (any such date being referred to herein as the "Acceleration Date"), all Options granted to the Participants shall be exercisable and vested in full, whether or not otherwise exercisable or vested. Following the Acceleration Date, (a) the Committee shall, in the case of a merger, consolidation or sale or disposition of assets, promptly make an appropriate adjustment to the number and class of shares of Common Stock available for Options, and to the amount and kind of shares or other securities or property receivable upon exercise of any outstanding Options after the effective date of such transaction, and the price thereof, and (b) the Committee may, in its discretion, permit the cancellation of outstanding Options in exchange for a cash payment in an amount per share subject to any such option determined by the Committee in its sole discretion, but not less than the difference between the Option Price per share and the Fair Market Value per share of Common stock on the Acceleration Date.

(4) Paragraphs (2) and (3) of this Section 7(i) shall not apply to a merger or consolidation in which the Company is the surviving corporation and shares of Common Stock are not converted into or exchanged for stock, securities or any other corporation, cash or any other thing of value. Notwithstanding the preceding sentence, in case of any consolidation or merger of another corporation into the Company in which the Company is the continuing corporation and in which there is a reclassification or change (including a change to the right to receive cash or other property) of the shares of Common Stock (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination, but including any change in such shares into two or more classes or series of shares), the Committee may provide that the holder of each Option then exercisable shall have the right to exercise such Option solely for the kind and amount of shares of stock and other securities (including

those of any new direct or indirect parent of the Company), property, cash or any combination thereof receivable by the holder of the number of shares of Common Stock for which such Option might have been exercised upon such reclassification, change, consolidation or merger.

(5) In the event of a change in the Common Stock as presently constituted, which is limited to a change of all of its authorized shares with par value into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

(6) To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive, provided that each Option granted pursuant to this Plan and designated an Incentive Stock Option shall not be adjusted in a manner that causes the Option to fail to continue to qualify as an Incentive Stock Option within the meaning of Section 422 of the Code.

(7) Except as hereinbefore expressly provided in this Section 7(i), the Optionee shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger, or consolidation, and any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Option Price of shares of Common Stock subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

(j) **Rights as a Shareholder.** An Optionee or a transferee of an Option shall have no rights as a shareholder with respect to any shares covered by his Option until the date of the issuance of a stock certificate to him for such shares. No adjustments shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 7(i) or Section 7(f) hereof.

(k) **Other Provisions.** The Option Agreements authorized under the Plan shall contain such other provisions, including, without limitation, (i) the imposition of restrictions upon the exercise of an Option and (ii) the inclusion of any condition not inconsistent with an Option designated by the Committee as an

Incentive Stock Option qualifying as an Incentive Stock Option, as the Committee shall deem advisable, including provisions with respect to compliance with federal and applicable state securities laws. In furtherance of the foregoing, at the time of any exercise of an Option, the Committee may, if it shall determine it necessary or desirable for any reason, require the Optionee as a condition to the exercise thereof, to deliver to the Committee a written representation of the Optionee's present intention to purchase the Common Stock for investment and not for distribution. If such representation is required to be delivered, an appropriate legend may be placed upon each certificate delivered to the Optionee upon his exercise of part or all of an Option and a stop transfer order may be placed with the transfer agent. Each such option shall also be subject to the requirement that, if at any time the Committee determines, in its discretion, that either (i) the listing, registration or qualification of Common Stock subject to an Option upon any securities exchange or under any state, federal or foreign law, or (ii) the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the issue or purchase of Common Stock thereunder, the Option may not be exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Committee. An Optionee shall not have the power to require or oblige the Company to register any Common Stock subject to an Option.

8. Agreement by Optionee Regarding Withholding Taxes

(a) No later than the date of exercise of any Option granted hereunder, the Optionee will pay to the Company or make arrangements satisfactory to the Board regarding payment of any federal, state or local taxes of any kind required by law to be withheld upon the exercise of such Option, and

(b) The Company shall, to the extent permitted or required by law, have the right to deduct from any payment of any kind otherwise due to the Optionee any federal, state or local taxes of any kind required by law to be withheld upon the exercise of such Option.

9. Term of Plan

Options may be granted pursuant to the Plan from time to time within a period of ten (10) years from the date on which the Plan is adopted by the Board, provided that no Options granted under the Plan shall become exercisable unless and until the Plan shall have been approved by the Company's shareholders.

10. Savings Clause

Notwithstanding any other provision hereof, this Plan is intended to qualify as a plan pursuant to which Incentive Stock Options may be issued under Section 422 of the Code. If this Plan or any provision of this Plan shall be held to be invalid or to fail to meet the requirements of Section 422 of the Code or the regulations promulgated thereunder, such invalidity or failure shall not affect the remaining parts of this Plan, but rather it shall be construed and enforced as if the Plan or the affected provision thereof, as the case may be, complied in all respects with the requirements of Section 422 of the Code.

11. Amendment and Termination of the Plan

The Board may at any time and from time to time suspend, terminate, modify or amend the Plan, provided that any amendment that would materially increase the aggregate number of shares of Common Stock as to which Options may be granted under the Plan, materially increase the benefits accruing to participants under the Plan, or materially modify the requirements as to eligibility for participation in the Plan shall be subject to the approval of the holders of a majority of the Common Stock voting at a meeting at which a quorum is present, except that any such increase or modification that may result from adjustments authorized by Section 7(i) hereof shall not require such approval. Except as provided in Section 7 hereof, no suspension, termination, modification or amendment of the Plan may adversely affect any Option previously granted unless the written consent of the Optionee is obtained.

12. Nonexclusivity of the Plan

Neither the adoption of the Plan by the Board nor the submission of the Plan to stockholders of the Company for approval shall be construed as creating any limitations on the power or authority of the Board to adopt such other or additional incentive or other compensation arrangements of whatever nature as the Board may deem necessary or desirable or preclude or limit the continuation of any other plan, practice or arrangement for the payment of compensation or fringe benefits to employees generally, or to any class or group of employees, which the Company or any Subsidiary now has lawfully put into effect, including, without limitation, any retirement, pension, savings and stock purchase plan, insurance, death and disability benefits and executive short-term incentive plans.

13. Nature of Payments

(a) All Options granted shall be in consideration of services performed for the Company by the Optionee.

(b) All Options granted shall constitute a special incentive benefit to the Optionee and shall not be taken into account in computing the amount of salary or compensation of the Optionee for the purpose of determining any benefits under any pension, retirement, profit-sharing, bonus, life insurance or other benefit plan of the Company or under any agreement between the Company and the Optionee, unless such plan or agreement specifically otherwise provides.

14. Nonuniform Determinations

The Committee's determinations under this Plan need not be uniform and may be made by it selectively among persons who receive, or are eligible to receive, Options (whether or not such persons are similarly situated). Without limiting the generality of the foregoing, the Committee shall be entitled, among other things, to make nonuniform and selective determinations which may, inter alia, reflect the specific terms of individual employment agreements, and to enter into nonuniform and selective Option Agreements, as to the persons to receive Options and the terms and conditions of Options.

15. Section Headings

The section headings contained herein are for the purpose of convenience only and are not intended to define or limit the contents of said sections.

Adopted by the Board of Directors on ___________, 1998.

Attest:

______________________________ ______________________________

Secretary

Date:________________

Exhibit 21.1

Euronet Subsidiaries

As of December 31, 2003, the Euronet's 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
- EFT Processing Services LLC ("Dash"), incorporated in Arkansas, United States of America (in liquidation)
- Euronet Holding N.V., incorporated in the Netherlands Antilles (in liquidation)
- Euronet EFT Services Hellas, incorporated in Greece
- Euronet Services Private Limited, incorporated in India
- 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
- PaySpot, Inc., incorporated in Delaware, United States
- Euronet Sigma Nusantara, incorporated in Indonesia, of which 80% of the shares are owned by EFT Services Holdings B.V.
- CashNet Telecommunications Egypt SAE ("CashNet"), an Egyptian company limited by shares, of which 10% 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 Australia owns 40% of the share capital.

EXHIBIT 31.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER

I, Michael J. Brown, Chairman and Chief Executive Officer, certify that:

(i) I have reviewed this annual report on Form 10-K of Euronet Worldwide, Inc.;

(ii) Based on my knowledge, this annual 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 annual report;

(iii) Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

(iv) 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) 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 annual report is being prepared;

b) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation;

c) disclosed in this annual 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; and

(v) 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 15, 2004

/s/ Michael J. Brown

Michael J. Brown
Chairman and Chief Executive Officer

CERTIFICATIONS OF PRINCIPAL ACCOUNTING OFFICER

I, Rick L. Weller, Chief Financial Officer, certify that:

(i) I have reviewed this annual report on Form 10-K of Euronet Worldwide, Inc.;

(ii) Based on my knowledge, this annual 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 annual report;

(iii) Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

(iv) 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) 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 annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered to this annual report based on such evaluation;

c) disclosed in this annual 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; and

(v) 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 15, 2004

/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, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of 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:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) 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 15, 2004

In connection with the Annual Report on Form 10-K of Euronet Worldwide, Inc. (the “Company”) for the period ended December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of 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:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) 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
March 15, 2004

EXHIBIT 99.1

RISK FACTORS

You should consider carefully the following risk factors in evaluating us, our business and an investment in our securities. Any of the following risks, as well as other risks and uncertainties, could harm our business and financial results and cause the value of our securities to decline, which in turn could cause you to lose all or a part of your investment. The risks below are not the only ones facing our company. Additional risks not currently known to us or that we currently deem immaterial also may impair our business.

We have incurred net losses for almost all of our operating history. We may continue to generate net losses for the foreseeable future while we concentrate on expansion of our business.

For the year ended December 31, 2003, we had net income of approximately $11.8 million. For the year ended December 31, 2002 we a net loss of approximately $6.5 million. For the year ended December 31, 2001 we had nominal net income of $0.7 million for the year ended December 31, 2000 we had a net loss of approximately $49.6 million and for the year ended December 31, 1999 we had a net loss of $30.9 million. Also excluding the $18.0 million gain in 2003, this results in an aggregate net loss of approximately $92.5 million for the five-year period of January 1, 2000 through December 31, 2003. We may experience operating losses again while we continue to concentrate on expansion of our business and increasing our market share. If we cannot achieve and sustain operating profitability or positive cash flow from operations, we may not be able to meet our debt service or working capital requirements.

We have substantial indebtedness, and we will need a substantial increase in cash flows to continue to be able to meet our debt service obligations.

We have substantial indebtedness. As of December 31, 2003 and 2002, our total liabilities were approximately $223.6 million and $60.4 million, respectively, and our total assets were approximately $303.8 million and $66.7 million, respectively. We incurred this indebtedness in part as a result of our issuance of certain 12 3/8% Senior Discount Notes that fall due on July 1, 2006. Interest payments under these notes became due beginning on January 1, 2003.

We may be required to refinance a portion of our debt to ensure that we are able to repay such debt on a timely basis. In addition, if the opportunity of a strategic acquisition arises or if we enter into new contracts that require the installation or servicing of ATM machines or POS terminals on a faster pace than anticipated, we may require additional financing for these purposes and to fund our working capital needs. This additional financing may be in the form of additional indebtedness that would increase our overall leverage.

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

- we must substantially increase our net cash flow to meet our debt service obligations and to fund adequately our planned capital expenditures and operations;
- 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; or
- 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.

In addition, 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.

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

We cannot assure you that we will be able successfully to integrate our recent acquisitions, including the transact acquisition and our acquisition of e-pay, or any future acquisitions, which could aversely 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:

- our integration plan for our recent 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; or
- 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 vender 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.K., Australia, New Zealand, Ireland, Poland, the U.S. and Germany. 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. 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, which could, in turn, negatively impact our financial results. If mobile phone operators experience decreased demand for their products and 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, 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.

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 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. 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. certain 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 e-pay and transact, and finding and retaining qualified personnel in Europe are essential 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 e-pay's and transact's businesses depends in large part upon the retention of e-pay's founders, Paul Althasen and John Gardiner, and transact's founders, Bernd Artinger and Jürgen Platt. 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. 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;
- 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.

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 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 to the banks' customers, which may cause a decline in the use of our ATM 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 influence greatly 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 switches. If a bankcard association fails to settle transactions in accordance with those rules, we are dependent upon cooperation from such organizations or switches 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. 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 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 all of our Segments 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, such as EDS, GTECH Holdings Corporation, First Data Corporation or Global Payments, Inc. may also establish ATM networks or offer outsourcing services that compete with us in various markets. Competitive factors in our EFT Processing Segment business 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 — Several companies offer electronic recharge services for mobile phone airtime on POS terminals in the markets where we do business. These companies include, but are not necessarily limited to Alphyra, Paypoint, Omega Logic, Barclays Merchant Services and Anpost in the U.K.; On-Q and Ezipin in Australia; Milo, Kolporter and GTech in Poland; TeleCash Kommunikations-Service, GZS, ADT Jalex, ANTHROS and EVS in Germany; and PRE-Solutions, InComm and Everything Prepaid in the U.S.

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 50% 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 infrastructure is 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.

As the volume of transactions increases, we believe the principal factor in competition will be quality and price, as competitors may offer lower commissions to secure business.

In addition to the above competitive factors, it is possible that mobile operators themselves may take over the distribution of their own prepaid mobile phone time. They would be able to terminate our contracts with them, which could have a material adverse impact on our business.

Software Solutions Segment — We believe we are the leading supplier of electronic financial transaction processing software for the IBM iSeries (formerly AS/400) platform. Other suppliers service the software requirements of large mainframe systems and UNIX-based platforms.

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) wireless banking software systems, and (v) full EFT software, including Applied Communications Inc. (ACI), Mosaic Software and Oasis Software International.

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, payments between company-countries and the related effects on income tax, value-added tax (VAT), transfer tax and share registration tax. From time to time, we may be reviewed by tax authorities and 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, Greece, Croatia, India, Australia, New Zealand 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 all of the countries in which we have subsidiaries, 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 euro and British pound sterling. Additionally, 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. 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.

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. 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.

The terms of our certificate of incorporation and bylaws, and of Delaware law generally, may discourage the acquisition of our company and may impede a change in control of our company.

Among other things, the provisions of our certificate of incorporation and bylaws have the following effects:

- they classify our board of directors into three classes serving staggered three-year terms;
- they permit our board of directors, without further stockholder approval, to issue preferred stock;
- they prohibit us from engaging in some types of business combinations with interested stockholders; or
- they do not permit our stockholders to call special stockholder meetings.

These provisions could diminish the opportunities for a stockholder to participate in tender offers, including tender offers at a price above the market value of our Common Stock at the time of the offer. The issuance of preferred stock could also adversely affect the voting power of the holders of Common Stock and impede a change in control of our company. In addition, our board of directors recently adopted a stockholder rights plan, which may impede a change in control of our company.

Our directors and officers, together with the entities with which they are associated, owned about 20% of our Common Stock as of January 5, 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 40% of our outstanding Common Stock, while not currently traded publicly, could be publicly traded in blocks in the future.

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 January 5, 2004, we had approximately 29.6 million shares of Common Stock outstanding of which more than 11.7 million shares (including the shares we issued in the transact acquisition, the Fletcher financing and the Precept acquisition), or about 40%, are not currently traded on the public market. About 6.7 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 SEC. Rule 144 limits the number of shares that affiliates can publicly sell during each 90-day period. However, over the course of time, these shares have the potential to be publicly traded, perhaps in large blocks. Moreover, some of these shareholders can require us to register transactions to sell their shares, which would permit them to sell shares without regard to the Rule 144 limitations. In this connection, we agreed as part of the transact acquisition, the Fletcher financing and the Precept acquisition to register through this prospectus 6,010,659 shares of our Common Stock (subject to adjustment) for resale.

An additional 10 million shares of Common Stock could be added to the total outstanding Common Stock through the exercise of options and warrants or the issuance of additional shares of our Common Stock to the selling stockholders. 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 January 5, 2004, we had an aggregate of 5.7 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, 2.8 million options are currently vested, which means they can be exercised at any time. We have 254,010 warrants outstanding in connection with our issuance of 12 3/8% Senior Discount Notes. Additionally, we may issue up to 4 million shares of our Common Stock to the selling stockholders under certain circumstances described below under “The Selling Stockholders,” as well as under certain circumstances with respect to contingent “earn-out” payments in connection with our acquisition of the assets of transact and AIM. Therefore, approximately 10 million shares could potentially be added to the total current outstanding Common Stock through the exercise of options and warrants or the issuance of additional shares to the selling stockholders, and thereby dilute the ownership percentage of current owners.

Of the 5.7 million total options outstanding, an aggregate of 1.9 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, the warrants and the shares issuable to the selling stockholders 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.