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EUROWEB INTERNATIONAL CORP

Form 8-K

October 03, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities and Exchange Act of 1934

Date of Report (Date of earliest reported): September 27, 2005

EUROWEB INTERNATIONAL CORP.
(Exact name of registrant as specified in charter)

Delaware	1-1200	13-3696015
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1138 Budapest, Vaci ut 141. Hungary
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: +36-1-8897000

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into a Material Definitive Agreement

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off- Balance Sheet Arrangement of a Registrant.

On July 21, 2005, Euroweb International Corp. ("Euroweb") and Euroweb Hungary Rt. ("Euroweb Hungary"), a wholly-owned subsidiary of Euroweb (collectively, Euroweb Hungary and Euroweb are hereinafter referred to as the "Company"), entered into a Sale and Purchase Agreement (the "Agreement") with Marivaux

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Investments Limited ("Marivaux") and Graeton Holdings Limited ("Graeton") (collectively, Marivaux and Graeton are hereinafter referred to as the "Sellers"), which are both registered under the laws of the Cyprus. Pursuant to the Agreement, the Company has agreed to acquire and, the Sellers have agreed to sell, 100% of the Seller's interest in Navigator Informatika Rt. ("Navigator"), a Hungarian company. In consideration for Marivaux's interest in Navigator, the Euoweb Hungary will pay Marivaux USD \$8,500,000 of which USD \$150,000 was paid upon signing of the Agreement and \$8,350,000 shall be paid upon closing. In addition, at closing, Euoweb shall issue Graeton 441,566 shares of common stock of Euoweb (the "Shares"). Euoweb Hungary will utilize \$6,000,000 (the "Funds") long term bank loan from Commerzbank Hungary ("Commerzbank") to finance the cash part of purchase price, while the remaining cash balance of the transaction \$2,350,000 will be financed from existing cash on hand.

On September 27, 2005, Euoweb Hungary entered into a loan contract with Commerzbank pursuant to which Commerzbank has agreed to loan the Funds to Euoweb Hungary. Euoweb Hungary is required to draw down the loan on or prior to October 10, 2005. The interest rate in connection with the loan is BUBOR plus 2.5%. Euoweb Hungary is required to make scheduled payments in connection with the loan in varying amounts from \$166,828 to \$354,513 commencing March 31, 2006 through June 30, 2010.

As security for providing the Funds, Euoweb Hungary granted a security interest in all of its assets, the assignment of its revenue, the assignment of all future dividends payable by Navigator and the pledge of all of the securities of Euoweb Hungary and Navigator held by Euoweb. Further, in the event that Euoweb Hungary fails to satisfy its obligations under the loan agreement with Commerzbank, Commerzbank holds an option to acquire all of the securities of Navigator.

Upon closing of the loan, the Euoweb Hungary will have obligations of \$6,000,000 issued to Commerzbank. The Loan will be a debt obligation arising other than in the ordinary course of business, which constitutes a direct financial obligation of the Company.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

Exhibit No.	Description
10.1	Sale and Purchase Agreement by and between the Company and the Sellers dated July 21, 2005 (1)
10.2	Registration Rights Agreement dated July 21, 2005 (1)
10.3	Loan Agreement dated September 27, 2005 by and between Commerzbank Rt. and Euoweb International Corp.

(1) Incorporated by reference to the Form 8-K Current Report filed with the Securities and Exchange Commission on July 26, 2005.

SIGNATURES

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

EUOWEB INTERNATIONAL CORPORATION

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By: /s/ CSABA TORO

Name: Csaba Toro

Title: Chief Executive Officer

Date: October 3, 2005
Budapest, Hungary