

Date: 16 December 2011
On behalf of: Planet Payment, Inc. (“the Company” or “Planet Payment”)
Embargoed until: 0700 hrs

Planet Payment Reports Results for Nine Months ended September 30, 2011 Trading Update

**NET REVENUE INCREASES 40%
NET INCOME \$0.6 MILLION; ADJUSTED EBITDA INCREASES TO \$3.2 MILLION
GROSS FOREIGN CURRENCY MARK-UP INCREASES 78%**

Planet Payment, Inc. (**UK: LSE:AIM: PPT and PPTR; USA: OTCQX: PLPM**), a leading provider of international payment processing and multi-currency processing services, today announced its results for the nine months ended September 30, 2011 (“YTD ‘11”).

During the first nine months of 2011, the Company again achieved strong operating results, highlighted as follows:

- Net revenue for the period increased 40% to \$29.5m (YTD '10: \$21.0m).
- Consolidated Gross Billings increased 64% to \$70.9m (YTD '10:\$43.2m). (See below for explanation of this metric)
- Gross Foreign Currency Mark-up increased 78% to \$60.7m (YTD'10: \$34.1m). (See below for explanation of this metric)
- Net income increased to \$0.6m (YTD'10 loss: (\$2.8m)).
- Adjusted EBITDA for the period was \$3.2m compared to a loss of (\$0.1m) a year ago. See Table 1 for reconciliation of net (loss) income to Adjusted EBITDA.
- Settled multi-currency dollar volume processed increased 76% to \$1,613m (YTD '10: \$916m).
- Total active merchant locations increased by 84% to over 25,000 as of September 30, 2011 (as of September 30, 2010: 13,610).

In these results the Company has adopted the presentation of net revenue explained in our earning release for the first half of 2011. While the Company does not believe that these presentational adjustments are material to its financial statements for any reported period, the Company concluded that the consolidated financial statements for the nine months ended September 30, 2010 should be restated. Details of the adjustments to our previously issued unaudited statements of operations and statements of cash flows for the nine months ended September 30, 2010 are set forth in Note 2 to the consolidated condensed financial statements included in this announcement and filed with OTCQX.

Planet Payment’s revenue growth reflects the increase in transaction processing volumes primarily driven by increases in active merchant locations. Planet Payment’s customers have continued to roll out our multi-currency processing solutions as reflected by a 51% increase in active multi-currency merchant locations over YTD’10. As previously announced, the Company is now reporting on two key metrics in its business. “Consolidated Gross Billings” which represents the aggregate of (a) gross foreign currency mark-up; plus (b) payment processing

services revenue; and “Gross Foreign Currency Mark-up” (“gross mark-up”) which represents the gross mark-up amount on settled dollar volume processed using our multi-currency processing services.

During the first nine months of 2011, the Company continued to expand its acquiring customer base in both existing and new markets, in particular announcing agreements with Global Payments to provide multi-currency services in the United States and Canada, complementing the existing agreements in the Asia Pacific region. In March, the Company announced the expansion of its agreement with Vantiv (formerly Fifth Third Processing Solutions), to offer Pay in Your Currency on ATMs throughout the United States. The Company has been actively implementing those solutions, with our customers during the period and they are nearing completion and launch. In addition, in response to market demand, we accelerated the expansion of our business development and relationship sales teams ahead of plan, in order to take advantage of market opportunities. Notably, during the quarter, we established our Mexican subsidiary, as our headquarters for the Latin America Caribbean region and hired a Managing Director for Latin America.

During the period the Company started the process of becoming a reporting company under U.S. Securities laws and continues to work with its advisors on that process. The Company will shortly be mailing a Notice of Special Meeting to shareholders, in order to approve various matters in relation to the Company’s capital and corporate structures.

Trading update

The Company is pleased to present a trading update for the year 2011. The fourth quarter has continued the seasonal trend of being our strongest period of the fiscal year. We estimate that our net revenue for the year ending December 31, 2011 will be in the range of \$41.0m to \$42.0m, with Gross Consolidated Billings in the range of \$98.0m to \$102.0m. Net income is estimated to be approximately \$2.6m for the year with Adjusted EBITDA of approximately \$6.0m.

Additional breakdown on the Company’s performance can be found in the *Management’s Discussion and Analysis of Financial Condition and Results of Operations appended to this release*. In accordance with the rules of the OTCQX market, the Company’s Third Quarter Report, including its Condensed Consolidated Financial Statements (unaudited), as of December 31, 2010 and September 30, 2011 and for the nine months ended September 30, 2011 and 2010 have been posted on the OTCQX website at www.otcqx.com and on the Company’s website at www.planetpayment.com.

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Forward-Looking Statements. Information contained in this announcement may include ‘forward-looking statements’. All statements other than statements of historical facts included herein, including, without limitation, those regarding the financial position, business strategy, plans and objectives of management for future operations of both Planet Payment and its business partners, are forward-looking statements. Such forward-looking statements are based on a number of assumptions regarding Planet Payment’s present and future business strategies, and the environment in which Planet Payment expects to

operate in future, which assumptions may or may not be fulfilled in practice. Actual results may vary materially from the results anticipated by these forward-looking statements as a result of a variety of risk factors, including, regulatory changes and changes in card association regulations and practices; general economic risk and volume of international travel and commerce and others. See the Company's Quarterly Report for the period, filed at www.otcqx.com for other risk factors which investors should consider. These forward-looking statements speak only as to the date of this announcement and cannot be relied upon as a guide to future performance. Planet Payment expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this announcement to reflect any changes in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Management's Discussion and Analysis of Financial Condition and Results of Operations

REISSUE OF HISTORICAL FINANCIAL STATEMENTS

During the process of preparing the Company to become a reporting company under U.S. securities laws, the Company reconsidered the presentation of its net revenue. The Audit Committee of the Board of Directors and management concluded on October 20, 2011 that the correct presentation of its multi-currency revenue is, net of the mark-up amounts shared with acquiring bank and processing customers and their merchants, with respect to such services. Management consulted with the Company's independent registered public accountant, Deloitte & Touche LLP regarding the issue. As a result, the Company has restated its unaudited consolidated financial statements for the nine months ended September 30, 2010. The Company does not believe that these presentational adjustments and the corrections referred to below are material to its financial statements for any reported period. The adjustments resulted in a reduction in revenue and the corresponding reduction in cost of revenue of \$22.2m.

The previously issued unaudited Condensed Consolidated Financial Statements as of and for the nine months ended September 30, 2010, should no longer be relied upon. Similarly, related press releases, annual reports and stockholder communications describing the Company's financial statements for these periods should no longer be relied upon. Only the reissued statements for such periods should be relied upon. The restated unaudited consolidated statements of operations and cash flows for the nine months ended September 30, 2010 are included in the financial statements appended to this announcement and in the Company's OTCQX Second Quarter Report referenced above.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2011 Compared to the Nine Months Ended September 30, 2010

NON-GAAP MEASURES

The Company provides certain non-GAAP financial measures in this statement, in order to provide investors with additional perspective of underlying business trends and results. In addition management utilizes these measures in monitoring performance. These non-GAAP key business indicators, which include Adjusted EBITDA, should not be considered replacements for and should be read in conjunction with the GAAP financial measures.

EBITDA: Adjusted EBITDA for the nine month period was \$3.2m compared to a loss of (\$0.1 m) a year ago. The increase in adjusted EBITDA for the period reflects the increase in revenue and gross profit during the period. See Table 1 below for a reconciliation of Net (loss) income to adjusted EBITDA.

**Table 1. Reconciliation of Net (Loss) Income to Adjusted EBITDA
For the nine months ended September 30, 2010 and 2011**

	Nine Months Ended September 30	
	<u>2010</u>	<u>2011</u>
Net (loss) income	\$(2,831,657)	\$600,311
Interest expense, net	906,144	306,992
Depreciation and amortization	1,212,387	1,837,147

Stock-based expense	642,728	435,154
Convertible debt prepayment fee	0	601,318
Income taxes	0	106,260
Derecognition of note payable	0	<u>(700,000)</u>
Adjusted EBITDA (non-GAAP)	<u>\$(70,398)</u>	<u>\$3,187,182</u>

Management’s discussion and analysis of financial condition and results of operations

You should read the following discussion and analysis in conjunction with the information set forth under our consolidated financial statements and related notes thereto. The statements in this discussion regarding our expectations of our future performance, liquidity and capital resources, and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under “Risk factors” in this report and in the Annual and Quarterly Reports previously filed with OTCQX and elsewhere. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Key metrics and statistics

For the nine months ended September 30, 2010 and 2011 our net revenue was \$21.0 million and \$29.5 million, respectively. In the same periods, our net (loss) income was \$(2.8) million and \$0.6 million, respectively, and our Adjusted EBITDA was \$(0.1) million and \$3.2 million, respectively. Adjusted EBITDA is a financial measure not calculated in accordance with GAAP. For information on how we calculate Adjusted EBITDA and other non-GAAP measures, see below.

Our management relies on certain performance indicators to manage and assess our business. The key performance indicators set forth below help us evaluate growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts and assess operational efficiencies. We believe that improvements in these metrics will result in improvements in our financial performance over time. We monitor our non-GAAP financial measures and other business statistics as a measure of operating performance in addition to net (loss) income and the other measures included in our consolidated financial statements.

The following is a table consisting of non-GAAP financial measures and certain other business metrics and statistics that management monitors:

	Nine months ended September 30,	
	2010	2011
KEY METRICS:		
Consolidated gross billings(1)	\$43,225,609	\$70,903,471
Adjusted EBITDA (non-GAAP)(2)	\$(70,398)	\$3,187,182
Capitalized expenditures	\$1,712,944	\$1,573,772
Total active merchant locations (at period end) (3)	13,610	25,013
Multi-currency processing services key metrics:		
Active merchant locations (at period end) (3)	9,982	15,036
Settled transactions processed(4)	4,750,334	7,680,971
Gross foreign currency mark-up(5)	\$34,072,645	\$60,662,730
Settled dollar volume processed(6)	\$916,061,688	\$1,612,753,388
Average net mark-up percentage on settled dollar volume processed(7)	1.30%	1.20%
Payment processing services key metrics:		
Active merchant locations (at period end) (3)	3,682	9,993
Payment processing services revenue(8)	\$9,152,964	\$10,240,741

(1) Represents a) gross foreign currency mark-up (“Gross Mark-Up”, see note 5) plus, b) payment processing services revenue (see note 8).

(2) We define Adjusted EBITDA as GAAP net (loss) income adjusted to exclude (1) interest expense, (2) interest income, (3) provision (benefit) for income taxes, (4) depreciation and amortization, (5) stock-based expense from options and warrants and (6) certain other items management believes affect the comparability of operating results. Please see “Adjusted EBITDA” below for more information and for a reconciliation of Adjusted EBITDA to net (loss) income, the most directly comparable financial measure calculated and presented in accordance with GAAP.

- (3) We consider a merchant location to be active as of a date if the merchant completed at least one revenue-generating transaction at the location during the 90-day period ending on such date. The total number of active merchant locations exceeds the total number of merchants, as merchants may have multiple locations. As of September 30, 2010 and 2011, there were 54 and 16 active merchant locations, respectively, that used both our multi-currency processing services and our payment processing services. These amounts are included in multi-currency and payment processing active merchant locations but are not included in total active merchant locations.
- (4) Represents settled transactions processed using our multi-currency processing services.
- (5) Gross foreign currency mark-up, represents the gross mark-up amount on settled dollar volume processed using our multi-currency processing services. Gross mark-up represents multi-currency processing services net revenue plus amounts paid to acquiring banks and their merchants associated with such multi-currency processing transactions. Management believes this metric is relevant because it provides the reader an indication of the gross mark-up derived from multi-currency transactions processed through our platform during a given period. Refer to our revenue recognition policy in Note 3 and segment disclosure in Note 13 of our consolidated financial statements for information on our net revenue from multi-currency processing services.
- (6) Represents settled dollar volume processed using our multi-currency processing services.
- (7) Represents the average net mark-up percentage earned on settled dollar volume processed using our multi-currency processing services. The average net mark-up percentage on settled dollar volume processed is calculated by taking the reported total multi-currency processing services net revenue (\$11.9 million and \$19.3 million for the nine months ended September 30, 2010 and 2011, respectively) and dividing by settled dollar volume processed (See note 6).
- (8) Represents revenue earned and reported on payment processing services.

Adjusted EBITDA

This discussion includes information about Adjusted EBITDA that is not prepared in accordance with GAAP. Adjusted EBITDA is not based on any standardized methodology prescribed by GAAP and is not necessarily comparable to similar measures presented by other companies. A reconciliation of this non-GAAP measure is included below.

Adjusted EBITDA is a non-GAAP financial measure that represents GAAP net (loss) income adjusted to exclude (1) interest expense, (2) interest income, (3) provision (benefit) for income taxes, (4) depreciation and amortization, (5) stock-based expense from options and warrants and (6) certain other items management believes affect the comparability of operating results.

Management believes that Adjusted EBITDA, when viewed with our results under GAAP and the accompanying reconciliations, provides useful information about our period-over-period growth and provides additional information that is useful for evaluating our operating performance. Adjusted EBITDA is presented because management believes it provides additional information with respect to the performance of our fundamental business activities and is also frequently used by securities analysts, investors and other interested parties in the evaluation of comparable companies. We also rely on Adjusted EBITDA as a primary measure to review and assess the operating performance of our company and our management team in connection with our executive compensation.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for, analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- non-cash compensation is and will remain a key element of our long-term incentive compensation for our employees, although we exclude it from Adjusted EBITDA when evaluating our ongoing performance for a particular period; and
- Adjusted EBITDA does not include the impact of certain charges or gains resulting from matters we consider not to be indicative of our ongoing operations.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only as a supplement to our GAAP results.

The following table sets forth the reconciliation of Adjusted EBITDA to net (loss) income, our most directly comparable financial measure in accordance with GAAP:

	Nine months ended September 30,	
	2010	2011
ADJUSTED EBITDA:		
Net (loss) income.....	\$(2,831,657)	\$600,311
Interest expense	906,286	307,796
Interest income	(142)	(804)
Provision for income taxes	—	106,260
Depreciation and amortization	1,212,387	1,837,147
Stock-based expense.....	642,728	435,154
Convertible debt prepayment fee(1).....	—	601,318
Derecognition of note payable(2).....	—	(700,000)
Adjusted EBITDA (non-GAAP).....	<u>\$(70,398)</u>	<u>\$3,187,182</u>

- (1) In April 2011, the convertible debt holders converted the outstanding principal amount of \$9.0 million under convertible notes issued in 2007 and 2008 into an aggregate of 4,049,776 shares of common stock. In addition, we issued 127,318 shares of common stock valued at \$0.3 million in lieu of cash payments for accrued interest and 297,682 shares of common stock valued at \$0.6 million as a prepayment fee negotiated at the time of conversion. The shares issued for the accrued interest and the prepayment fee were valued at the average closing price of our common stock on AIM under the symbol “PPTR” during the period immediately prior to the conversion.
- (2) In 2003, we entered into an agreement with FHMS and FTB and recorded a liability. Due to a breach of the contractual terms by FHMS and FTB, we did not believe we were liable to repay these amounts. As of March 31, 2011, the statute of limitations had expired on \$0.66 million of the \$0.7 million balance and as of September 30, 2011 the statute of limitations had expired on the remaining \$40,000. For the nine months ended September 30, 2011, we recorded other income due to the derecognition of the note payable in the amount of \$0.7 million.

Results of operations

The following table sets forth our consolidated results of operations. The period-to-period comparison of financial results is not necessarily indicative of financial results to be achieved in future periods.

Certain adjustments and reclassifications have been made to the financial statements for the nine months ended September 30, 2010. Please refer to the immaterial restatement disclosure located in footnote 2 to the financial statements for further information.

	Nine months ended September 30,	
	2010	2011
Revenue:		
Multi-currency processing services revenue.....	\$11,873,716	\$19,286,394
Payment processing services revenue.....	9,152,964	10,240,741
Net revenue.....	21,026,680	29,527,135
Operating expenses:		
Cost of revenue:		
Payment processing services fees.....	7,423,046	8,273,579
Processing and service costs.....	5,175,096	6,758,294
Total cost of revenue.....	12,598,142	15,031,873
Selling, general and administrative expenses.....	10,354,051	13,580,381
Total operating expenses.....	22,952,193	28,612,254
(Loss) income from operations.....	(1,925,513)	914,881
Other (expense) income:		
Interest expense.....	(906,286)	(307,796)
Interest income.....	142	804
Other income, net.....	—	98,682
Total other expense, net.....	(906,144)	(208,310)
(Loss) income before provision for income taxes.....	(2,831,657)	706,571
Provision for income taxes.....	—	106,260
Net (loss) income.....	\$(2,831,657)	\$600,311

Comparison of the nine months ended September 30, 2011 and 2010

Revenue

	Nine months ended September 30,		Variance	
	2011	2010	Amount	Percent
Multi-currency processing services revenue.....	\$19,286,394	\$11,873,716	\$7,412,678	62%
Payment processing services revenue.....	10,240,741	9,152,964	1,087,777	12
Net revenue.....	\$29,527,135	\$21,026,680	\$8,500,455	40

Net revenue increased \$8.5 million, or 40%, to \$29.5 million for the nine months ended September 30, 2011 from \$21.0 million for the nine months ended September 30, 2010. The increase in revenue was primarily due to the overall increase by 84%, or 11,403, in total active merchant locations processing transactions through our multi-currency and payment processing services as of September 30, 2011. Additionally, we believe our business was positively impacted by the global shift toward electronic payment transactions, increased international travel and commerce and increased e-commerce on a global scale.

Multi-currency processing services revenue

Multi-currency processing services revenue increased \$7.4 million, or 62%, to \$19.3 million for the nine months ended September 30, 2011 from \$11.9 million for the nine months ended September 30, 2010. The increase in multi-currency processing services revenue was driven by changes in the following key business metrics:

	Nine months ended September 30,		Variance	
	2011	2010	Amount	Percent
Active merchant locations (at period end).....	15,036	9,982	5,054	51%
Settled transactions processed.....	7,680,971	4,750,334	2,930,637	62
Gross mark-up.....	\$60,662,730	\$34,072,645	\$26,590,085	78

Settled dollar volume processed.....	\$1,612,753,388	\$916,061,688	\$696,691,700	76
Average net mark-up % on settled dollar volume processed.....	1.20%	1.30%	(0.10)%	(8)

The 76% increase in settled dollar volume processed resulted in a \$8.3 million increase in revenue, offset by a 0.10% decrease in our average net mark-up percentage on settled dollar volume processed which resulted in a \$0.9 million decrease to revenue. The primary reasons for the increase in settled dollar volume processed were a 51% increase in active merchant locations, which resulted from the addition of new active merchant locations in existing markets, our entry into seven new markets in APAC and CEMEA during 2010, which had a greater impact on the nine months ended September 30, 2011. This resulted in a 62% increase in settled transactions processed through our multi-currency processing services. The decrease in the average net mark-up percentage on settled dollar volume processed was primarily due to the different mark-ups applied to different customers and for a variety of services.

Payment processing services revenue

Payment processing services revenue is primarily earned from transactions originating in North America. Payment processing services revenue increased \$1.1 million, or 12%, to \$10.2 million for the nine months ended September 30, 2011 from \$9.1 million for the nine months ended September 30, 2010. The increase was primarily due to increased transaction volume in the Canadian market from the nine months of 2010 to the nine months of 2011.

Cost of revenue

	Nine months ended September 30,		Variance	
	2011	2010	Amount	Percent
Payment processing services fees.....	\$8,273,579	\$7,423,046	\$850,533	11%
Processing and service costs.....	6,758,294	5,175,096	1,583,198	31
Total cost of revenue.....	<u>\$15,031,873</u>	<u>\$12,598,142</u>	<u>\$2,433,731</u>	<u>19</u>

Payment processing services fees

Payment processing services fees primarily consist of third party transactions fees, which may include sponsorship fees, interchange and card association fees and assessments. The increase of \$0.9 million, or 11%, to \$8.3 million for the nine months ended September 30, 2011 from \$7.4 million for the nine months ended September 30, 2010 is as a result of the increase in payment processing services revenue, coupled with pricing mix of services for the first nine months of 2011.

Processing and service costs

Processing and service costs increased \$1.6 million, or 31%, to \$6.8 million for the nine months ended September 30, 2011 from \$5.2 million for the nine months ended September 30, 2010. The increase in processing and service costs was primarily the result of increased salary, compensation and related benefit costs of \$0.6 million and an increase in technology expense of \$0.4 million to support the growth in our existing business and the launches into new markets, and an increase in depreciation and amortization expense of \$0.5 million primarily related to software development additions.

Selling, general and administrative expenses

	Nine months ended September 30,		Variance	
	2011	2010	Amount	Percent
Selling, general and administrative expenses	\$13,580,381	\$10,354,051	\$3,226,330	31%

Selling, general and administrative expenses increased \$3.2 million, or 31%, to \$13.6 million for the nine months ended September 30, 2011 from \$10.4 million for the nine months ended September 30, 2010. The increase in selling, general and administrative expenses was primarily the result of increased salary, compensation and related benefit costs of \$1.7 million primarily due to general headcount additions to support the growth in our existing business, the launches into new markets and increased bonus compensation, \$0.9 million in various selling, general and administrative expenses due to headcount additions and overall growth in the business, and recovery of \$0.6 million of doubtful accounts in the first half of 2010, which reduced the selling, general and administrative expenses for the nine months ended September 30, 2010.

Other (expense) income, net

	Nine months ended September 30,		Variance	
	2011	2010	Amount	Percent
Interest expense	\$(307,796)	\$(906,286)	\$598,490	*
Interest income	804	142	662	*
Other income, net	98,682	—	98,682	*
Total other expense, net	<u>\$(208,310)</u>	<u>\$(906,144)</u>	<u>\$697,834</u>	*

* Percentages not meaningful.

Total other expense, net, decreased \$0.7 million, to \$0.2 million for the nine months ended September 30, 2011 from a non-operating expense of \$0.9 million for the nine months ended September 30, 2010. The decrease was primarily due to recording nine months of interest expense on our convertible debt for the nine months ended September 30, 2010 compared to four months of interest expense for the nine months ended September 30, 2011, as all of the debt converted in April 2011. In addition, we recorded \$0.7 million in other income due to the derecognition of a note payable for which the statute of limitations expired and that management did not believe we were liable to repay, which was almost entirely offset by the recognition of a \$0.6 million as a prepayment fee negotiated at the time of conversion of our convertible debt in April 2011.

Cash flows

	Nine months ended September 30,	
	2010	2011
Cash (used in) provided by operating activities	\$(260,708)	\$2,243,402
Cash used in investing activities.....	(2,212,870)	(1,446,538)
Cash (used in) provided by financing activities	(135,985)	33,135

Operating activities

Cash provided by operating activities during the nine months ended September 30, 2011 was \$2.2 million, comprising \$3.1 million cash generated by operations and a net decrease in our operating assets and liabilities of \$0.9 million. This net decrease in our operating assets and liabilities of \$0.9 million primarily consisted of a \$2.8 million increase in accounts receivable and other current assets, driven by an increase in activity in our multi-currency processing services business during the period, offset by a \$1.9 million increase in accounts payable and accrued expenses. Cash generated by operations of \$3.1 million was inclusive of net income of \$0.6 million and total net non-cash charges of \$2.5 million. Significant non-cash adjustments to net income primarily included: (i) depreciation and amortization expense of \$1.8 million, (ii) non-cash interest expense on convertible and term debt of \$0.3 million, (iii) stock option expense of \$0.4 million, and (iv) prepayment fee negotiated at the time of conversion of convertible debt of \$0.6 million, offset by the derecognition of other income of \$0.7 million related to the expiration of the statute of limitations on a note payable.

Cash used in operating activities during the nine months ended September 30, 2010 was \$0.3 million, comprising \$0.2 million cash used in operations and a net decrease in our operating assets and liabilities of \$0.1 million. This net decrease in our operating assets and liabilities of \$0.1 million consisted of (i) \$0.7 million increase in accounts receivable and other current assets, driven by an increase in activity in our multi-currency processing services business during the period, offset by an increase in due to merchants of \$0.6 million due to increased transaction volume in our ACH business. Cash used in operations of \$0.3 million was inclusive of a net loss of \$2.8 million, offset by total non-cash charges of \$2.7 million. Significant non-cash adjustments to net loss primarily included: (i) depreciation and amortization expense of \$1.2 million, (ii) non-cash interest expense on convertible and term debt of \$0.9 million and (iii) stock option expense of \$0.6 million.

Investing activities

Cash used in investing activities for the nine months ended September 30, 2010 and 2011 was \$2.2 million and \$1.4 million, respectively, which was primarily attributable to our investment in the business through capital expenditures for network infrastructure and investments in software development.

Financing activities

Cash (used in) provided by financing activities for the nine months ended September 30, 2010 and 2011 was not meaningful.

Planet Payment, Inc. condensed consolidated balance sheets (unaudited)

	December 31, 2010	September 30, 2011
Current assets:		
Cash and cash equivalents.....	\$5,182,499	\$6,012,498
Restricted cash.....	2,060,357	1,908,651
Accounts receivable, net of allowances of \$1.4 million as of December 31, 2010 and September 30, 2011	3,326,111	4,331,803
Prepaid expenses and current other assets	638,953	2,350,513
Total current assets.....	11,207,920	14,603,465
Other assets:		
Restricted cash.....	750,000	622,766
Property and equipment, net	1,384,310	1,216,227
Software development costs, net.....	4,635,799	4,929,934
Intangible assets, net	945,681	839,357
Security deposits and other assets.....	245,281	210,807
Total other assets.....	7,961,071	7,819,091
Total assets	\$19,168,991	\$22,422,556
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$591,461	\$418,437
Accrued expenses	495,457	2,572,914
Due to merchants.....	2,294,252	2,134,397
Current portion of term debt and capital leases	917,834	263,043
Total current liabilities	4,299,004	5,388,791
Long-term liabilities:		
Long-term portion of capital leases	213,351	234,600
Convertible debt	8,979,926	—
Total long-term liabilities.....	9,193,277	234,600
Total liabilities	13,492,281	5,623,391
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Convertible preferred stock—4,000,000 shares authorized, \$0.01 par value: Series A—2,243,750 issued and outstanding as of December 31, 2010 and September 30, 2011; \$8,975,000 aggregate liquidation preference	22,438	22,438
Common stock—70,000,000 and 80,000,000 shares authorized, \$0.01 par value, 46,068,496 and 51,714,051 issued and outstanding as of December 31, 2010 and September 30, 2011, respectively	460,684	517,140
Additional paid-in capital.....	83,459,133	93,926,548
Warrants	1,607,723	1,622,651
Accumulated other comprehensive loss.....	(27,600)	(44,255)
Accumulated deficit	(79,845,668)	(79,245,357)
Total stockholders' equity.....	5,676,710	16,799,165
Total liabilities and stockholders' equity	\$19,168,991	\$22,422,556

The accompanying notes are an integral part of these financial statements

**Planet Payment, Inc. condensed consolidated statements of operations
(unaudited)**

	Nine months ended September 30,	
	2010	2011
Revenue:		
Net revenue	\$21,026,680	\$29,527,135
Operating expenses:		
Cost of revenue:		
Payment processing services fees	7,423,046	8,273,579
Processing and service costs	5,175,096	6,758,294
Total cost of revenue	12,598,142	15,031,873
Selling, general and administrative expenses	10,354,051	13,580,381
Total operating expenses	22,952,193	28,612,254
(Loss) income from operations.....	(1,925,513)	914,881
Other (expense) income:		
Interest expense	(906,286)	(307,796)
Interest income	142	804
Other income, net (Notes 6 and 7).....	—	98,682
Total other expense, net.....	(906,144)	(208,310)
(Loss) income before provision for income taxes	(2,831,657)	706,571
Provision for income taxes	—	106,260
Net (loss) income	\$(2,831,657)	\$600,311
Basic net (loss) income per share applicable to common stockholders	\$(0.07)	\$0.01
Diluted net (loss) income per share applicable to common stockholders	\$(0.07)	\$0.01
Weighted average common stock outstanding (basic).....	39,316,392	48,834,130
Weighted average common stock outstanding (diluted).....	39,316,392	51,593,111

The accompanying notes are an integral part of these financial statements

Planet Payment, Inc. condensed consolidated statements of cash flows (unaudited)

	Nine months ended September 30,	
	2010	2011
Cash flows from operating activities:		
Net (loss) income	\$(2,831,657)	\$600,311
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Stock option expense	555,120	420,226
Depreciation and amortization expense	1,212,387	1,837,147
(Recovery) provision for doubtful accounts	(36,703)	75,384
Non-cash interest expense on convertible debt	604,484	254,636
Non-cash interest expense on term debt	252,750	—
Warrant expense	87,608	14,928
Common stock issued for payment of account payable	—	20,000
Derecognition of note payable	—	(700,000)
Non-cash prepayment fee on conversion of convertible debt	—	601,318
Changes in operating assets and liabilities, net of effect of acquisition:		
Increase in settlement assets	68,334	151,706
Increase in accounts receivables, prepaid expenses and other current assets	(741,438)	(2,792,636)
Decrease in security deposits	36,470	34,474
(Decrease) increase in accounts payable and accrued expenses	(44,070)	1,889,505
Increase (decrease) in due to merchants	561,973	(159,855)
Other	14,034	(3,742)
Net cash (used in) provided by operating activities	(260,708)	2,243,402
Cash flows from investing activities:		
(Increase) decrease in restricted cash	(499,926)	127,234
Purchase of property and equipment	(352,964)	(80,935)
Capitalized software development	(1,338,878)	(1,431,347)
Purchase of intangible assets	(21,102)	(61,490)
Net cash used in investing activities	(2,212,870)	(1,446,538)
Cash flows from financing activities:		
Proceeds from issuance of common stock	—	247,764
Principal payments on capital lease obligations	(135,985)	(214,629)
Net cash (used in) provided by financing activities	(135,985)	33,135
Effect of exchange rate changes on cash and cash equivalents(*)	—	—
Net (decrease) increase in cash and cash equivalents	(2,609,563)	829,999
Beginning of period	3,752,423	5,182,499
End of period	\$1,142,860	\$6,012,498
Supplemental disclosure:		
Cash paid for:		
Interest	\$49,052	\$53,160
Income taxes	—	\$106,260
Non-cash investing and financing activities:		
Convertible debt converted to common stock	\$—	\$8,979,926
Assets acquired under capital leases	223,481	283,103
Derecognition of note payable	—	700,000
Prepayment fee on conversion of convertible debt	—	601,318

(*) For the nine months ended September 30, 2010 and 2011, the effect of exchange rate changes on cash and cash equivalents was less than \$1,000.

The accompanying notes are an integral part of these financial statements

Planet Payment, Inc. condensed consolidated statements of changes in convertible preferred stock and stockholders' equity and comprehensive income (unaudited)

	Convertible preferred stock \$0.01 par value— 4,000,000 shares authorized Series A		Common stock \$0.01 par value— 80,000,000 shares authorized		Additional paid-In capital	Warrants	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity	Comprehensive income
	Shares issued	Shares par value	Issued	Par value						
Balance—December 31, 2010	2,243,750	\$22,438	46,068,496	\$460,684	\$83,459,133	\$1,607,723	\$(27,600)	\$(79,845,668)	\$5,676,710	
Stock issued.....	—	—	4,484,776	44,848	9,811,033	—	—	—	9,855,881	
Restricted stock.....	—	—	915,000	9,150	—	—	—	—	9,150	
Warrants exercised.....	—	—	15,206	152	(152)	—	—	—	—	
Options exercised.....	—	—	230,573	2,306	236,308	—	—	—	238,614	
Warrant expense.....	—	—	—	—	—	14,928	—	—	14,928	
Stock option expense.....	—	—	—	—	420,226	—	—	—	420,226	
Cumulative translation adjustment.....	—	—	—	—	—	—	(16,655)	—	(16,655)	\$(16,655)
Net income.....	—	—	—	—	—	—	—	600,311	600,311	600,311
Comprehensive income.....	—	—	—	—	—	—	—	600,311	600,311	\$583,656
Balance—September 30, 2011	2,243,750	\$22,438	51,714,051	\$517,140	\$93,926,548	\$1,622,651	\$(44,255)	\$(79,245,357)	\$16,799,165	

The accompanying notes are an integral part of these financial statements

Planet Payment, Inc.

Notes to condensed consolidated financial statements

1. Business description and basis of presentation

Business description

Planet Payment, Inc. (“Planet Payment,” the “Company,” “we,” or “our”) together with its wholly owned subsidiaries is a provider of international payment processing and multi-currency processing services. The Company provides its services to over 25,000 active merchant locations in 16 countries and territories across the Asia Pacific region, North America, the Middle East, Africa and Europe, primarily through its acquiring bank and processor customers, as well as through its own direct sales force. The Company’s point-of-sale and e-commerce services are integrated within the payment card transaction flow and enable its acquiring customers to process and reconcile payment transactions in multiple currencies, geographies and channels. The Company is a registered third party processor with the major card associations and operates in accordance with industry standards, including the Payment Card Industry, or PCI, Security Council’s Data Security Standards.

Company structure

Planet Payment was incorporated in the State of Delaware on October 12, 1999 as Planet Group Inc. and changed its name to Planet Payment, Inc. on June 18, 2007.

Since March 20, 2006, shares of the Company’s common stock have traded on the Alternative Investment Market of the London Stock Exchange, or AIM, under the symbols “PPT” and “PPTR.” Since November 19, 2008, shares of the Company’s common stock have traded on the OTCQX market tier operated by OTC Markets Group, Inc., or the OTCQX, in the United States under the symbol “PLPM.”

Basis of presentation

The condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The December 31, 2010 consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by GAAP.

The accompanying consolidated financial statements include the accounts of Planet Payment, Inc. and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated.

For the nine months ended September 30, 2011, the Company evaluated subsequent events through December 15, 2011, the date on which these interim financial statements were available to be issued. There were no events or transactions occurring during this subsequent reporting period that require recognition or disclosure in the consolidated financial statements.

Unaudited consolidated interim financial information

The accompanying unaudited consolidated interim financial statements as of September 30, 2011 and for the nine months ended September 30, 2010 and 2011 are unaudited and have been prepared on the same basis as the annual consolidated financial statements. In the opinion of management, the unaudited financial information for the interim periods presented reflects all adjustments, which are normal and recurring, necessary for a fair presentation of a statement of results of operations, financial position and cash flows. Operating results for the nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

2. Immaterial restatement

Subsequent to the issuance of the Company's 2010 financial statements, the Company's management determined that it had an error in its presentation of multi-currency processing services revenue. Multi-currency processing services revenue was previously presented gross of amounts related to certain third party revenue share arrangements. The Company reconsidered the requirements of EITF 99-19, *Reporting Revenue Gross as a Principal Versus Net as an Agent*, included in the Revenue Recognition Topic Accounting Standards Codification ("ASC") topic 605 as it related to its multi-currency processing services revenue stream and concluded that based on the terms of its contractual arrangements that ASC 605-45 was not applicable to its facts and circumstances, that the Company was earning a processing fee for its service, and only the multi-currency processing services fee earned by the Company should be presented within the income statement without including the third party revenue sharing fees in either revenue or expense. In addition, the Company's management determined that it had not properly recorded certain capital leases and certain amounts due to merchants and corrected the presentation of restricted cash.

While we do not believe these errors to be material to our financial statements for any reported period, the Company's management concluded that the consolidated financial statements for the nine months ended September 30, 2010 should be restated. For further information refer to the Report filed with OTCQX on October 26, 2011 for the restated annual consolidated financial statements as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010.

Furthermore, as more fully described in the following two paragraphs, in preparation of becoming an SEC registrant, the Company made certain changes to the previously issued Condensed Consolidated Statement of Operations and Balance Sheet to conform to the SEC format for public filers. The "As Previously Reported" lines within the table below conform to the SEC format for public filers and therefore reflects the condensation of the previously reported line item for the nine months ended September 30, 2010.

On the Condensed Consolidated Statement of Operations, the Company condensed the previously reported two revenue lines into a single "Net revenue" (net of provisions for sales credits) line, condensed the previously reported two costs of sales lines into a single "Payment processing service fees" cost of revenue line which excludes the aforementioned third party revenue share arrangements fees, and disaggregated the previously reported total operating expense line items into the "Selling, general and administrative expense" line and reclassified certain amounts to the "Processing and service cost" cost of revenue line, which was an added cost of revenue line item.

On the Condensed Consolidated Balance Sheet, the Company condensed the previously reported "Restricted cash" and "Settlement assets" lines into a single "Restricted cash" line within total current assets and reclassified certain amounts that were previously incorrectly included within total current assets to "Restricted cash" within total other assets, broke out the previously reported "Intangible assets, net" line into "Intangible assets, net" and "Software development costs, net" (the "Software development costs, net" consisted of amounts that were previously disclosed as "capitalized projects" and "software" in Footnote 4 of the previously issued financial statements) and broke out the previously reported "Accounts payable and accrued expenses" line into "Accounts payable" and "Accrued expenses."

The following table sets forth the effects of the correcting adjustments (hereafter in this Note referred to as “adjustments”) on affected line items based on the new SEC format within our previously reported Consolidated Statements of Operations for the nine months ended September 30, 2010.

	Nine Months Ended September 30, 2010	
	As Previously Reported	As Adjusted
Net revenue.....	\$43,225,609	\$21,026,680(1)
Cost of revenue:		
Payment processing services fees	29,491,668	7,423,046(1)(3)
Processing and service costs	—	5,175,096(2)
Total cost of revenue	29,491,668	12,598,142
Selling, general and administrative expenses.....	15,556,572	10,354,051(2)(3)
Total operating expenses	45,048,240	22,952,193
Loss from operations	(1,822,631)	(1,925,513)
Other (expense) income:		
Interest expense	(878,862)	(906,286)(3)
Interest income	142	142
Total other expense, net.....	(878,720)	(906,144)
Net loss	\$(2,701,351)	\$(2,831,657)
Basic and diluted net loss per share applicable to common stockholders	\$(0.07)	\$(0.07)

(1) Multi-currency processing services revenue was previously presented gross of amounts related to certain third party revenue share arrangements. The Company reconsidered the requirements of ASC 605-45 as it related to its multi-currency processing services revenue stream and concluded that based on the terms of its contractual arrangements ASC 605-45 was not applicable to its facts and circumstances, that the Company was earning a processing fee for its service, and that its multi-currency processing services revenue should be presented net of amounts related to certain third party revenue share arrangements. The nine months ended September 30, 2010 have been corrected to show the transaction fee that the Company earns for its processing services. The effect of the correction resulted in a reduction of previously reported revenues and corresponding reductions in cost of revenue in those periods. For the nine months ended September 30, 2010, the reduction in revenue and the corresponding reduction in cost of revenue is \$22.2 million. Refer to the Company’s summary of significant accounting policies for further information regarding the Company’s accounting policy on revenue recognition.

(2) In preparation of becoming an SEC registrant, the Company condensed the previously reported operating expense line items into the Selling, General, & Administrative (“SG&A”) line and reclassified certain amounts to the Processing and service costs line. The Company reclassified \$5.2 million, for the nine months ended September 30, 2010, respectively, from SG&A to Processing and service costs for costs related to running the Company’s technology platform infrastructure, including: compensation and related benefits related to the infrastructure personnel, internet connectivity, hosting and data storage expenses, amortization expense on acquired intangibles and capitalized software development costs and a portion of overhead. The amounts that remained in SG&A related to compensation and related benefit costs for our sales, marketing, customer service and administrative functions, facility costs, public company costs, administrative professional services fees and a portion of overhead.

(3) The Company recorded various other inconsequential correcting adjustments affecting Interest expense and SG&A line items by \$27,000 and payment processing service fee by \$0.1 million.

The following table sets forth the effects of the adjustments on affected line items, based on the new SEC format, within our previously reported Consolidated Balance Sheets as of December 31, 2010.

As of December 31, 2010

	As Previously Reported	As Adjusted
Assets line items affected:		
Restricted cash (current).....	\$2,810,357	\$2,060,357(4)
Total current assets.....	11,957,920	11,207,920
Restricted cash (non-current)	—	750,000(4)
Property and equipment, net.....	1,127,768	1,384,310(5)(8)
Software development costs, net	4,769,157	4,635,799(6)(8)
Total other assets	7,087,887	7,961,071
Total assets	19,045,807	19,168,991
Liability line items affected:		
Current portion of term debt and capital leases	808,288	917,834(7)
Total current liabilities	4,189,458	4,299,004
Long-term of term debt and capital leases....	125,053	213,351(9)
Total long-term liabilities	9,104,979	9,193,277
Total liabilities.....	13,294,437	13,492,281
Accumulated deficit.....	(79,771,008)	(79,845,668)
Total stockholders' equity	5,751,370	5,676,710

(4) Represents a correction to reclassify \$0.8 million, as of December 31, 2010 of restricted cash from a component of current assets to a component of total other assets. Reclassification had no impact on other financial statements.

(5) Represents a correction to property and equipment related to previously unrecorded capital leases of \$0.2 million, as of December 31, 2010 with a corresponding amount recorded to current and long-term portions of capital leases liabilities.

(6) Represents the adjustment of incorrectly capitalizing software development costs of \$0.1 million.

(7) Represents a correction of \$0.1 million liability related to the current portion of capital leases noted in note (5) above.

(8) Represents a correction to reclassify \$0.1 million as of December 31, 2010 from software development cost, net to property and equipment, net.

(9) Represents a correction of \$0.1 million liability related to the long-term portion of capital leases noted in note (5) above.

The following table sets forth the effects of the adjustments on affected line items, based on the new SEC format, within our previously reported Consolidated Statements of Cash Flows for the nine months ended September 30, 2010.

	Nine Months Ended		Footnotes
	September 30,		
	2010		
Cash flow statement line items affected:	As Previously Reported	As Adjusted	
Net loss	\$(2,701,351)	\$(2,831,657)	
Net cash used in operating activities.....	(1,234,531)	(260,708)	(10)(11)(12)(13)(16)
Net cash used in investing activities	(1,933,020)	(2,212,870)	(12)(14)
Proceeds from issuance of common stock.....	400,775	—	(10)
Principal payments on capital lease obligations	—	(135,985)	(15)(16)
Net cash provided by financing activities	557,988	(135,985)	(10)(15)(16)(17)

(10) Represent a correction to reclassify common stock issued to pay accrued interest on loans of \$0.4 million from financing activity to non-cash financing activity and non-cash interest adjustment in operating activities.

(11) Represents the correction of a previously overstated due to merchants liability of \$0.8 million.

(12) Represents the correction to reclassify \$0.5 million of long-term restricted cash from an operating activity to an investing activity.

(13) Represents the correction of a previously overstated settlement asset of \$0.9 million.

(14) Represents the correction of previously recording assets acquired under capital lease of \$0.2 million as a purchase of property and equipment to a non-cash investing activity.

(15) Represents the amount of principal payment on capital leases that was not previously recorded as a financing activity.

(16) Represents a correction to reclassify \$0.1 million from Principal payments on capital lease obligations to Depreciation and amortization expense in relation to the items within note (14) above.

(17) Represents a correction that was made to remove the balances previously recorded as “Proceeds from loan payable” under cash flows from changes in Financing activities of \$0.2 million for the nine months ended September 30, 2010. Subsequently there is no “Proceeds from loan payable” line within the cash Flow statement.

In accordance with the rules of the OTCQX market, the Company's Third Quarter Report, including its Consolidated Condensed Financial Statements (unaudited), as of December 31, 2010 and September 30, 2011 and

for the nine months ended September 30, 2011 and 2010 have been posted on the OTCQX website at www.otcqx.com and on the Company's website at www.planetpayment.com.