Date: 26 October 2011
On behalf of: Planet Payment, Inc. (“the Company” or “Planet Payment”)
Embargoed until: 0730 hrs

Planet Payment
Reports First Half 2011 Results
Common Shares to Resume Trading

NET REVENUE AS RESTATED INCREASES 47%
NET INCOME $1.0 MILLION; ADJUSTED EBITDA $2.6 MILLION

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 six months ended June 30, 2011 and that the Company has adjusted its revenue presentation and reissued recent historical financial statements. As a result of this announcement the Company expects the temporary suspension of its shares on the AIM market to be lifted and the Company to be reinstated to the OTCQX market tier.

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

- Net revenue for the period increased 47% to $19.9m (H1 ’10: $13.5m).
- Consolidated gross billings increased 70% to $47.0m (H1 ’10:$27.7m). (See below for explanation of this metric)
- Gross foreign currency mark-up increased 86% to $40.2m (H1’10: $21.6m). (See below for explanation of this metric)
- Net income increased to $1.0m (H1’ 10 loss: ($2.3m)).
- Adjusted EBITDA for the period was $2.6m compared to a loss of ($0.4m) a year ago. See Table 1 for reconciliation of net income (loss) to Adjusted EBITDA.
- Settled multi-currency dollar volume increased 79% to $1,057.3m (H1 ’10: $592.2m).
- Multi-currency active merchant locations increased by 66% to 14,345 as of June 30, 2011 (as of June 30, 2010: 8,639).

In these results the Company has adopted an adjusted presentation of net revenue. During the process of preparing the Company to become a reporting company under U.S. securities laws, the Company, in consultation with its independent registered public accountant, Deloitte & Touche, LLP, reconsidered the presentation of its net revenue and concluded that it is more appropriate to report its multi-currency processing services revenue net of the gross foreign currency mark-up amounts that are shared with acquirers and their merchants. 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 as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 and for the six months ended June 30, 2010 should be restated. Details of the adjustments to our previously issued audited financial statements for the years ended December 31, 2008, 2009 and 2010 and the unaudited statements of operations and statements of cash flows for the six months ended June 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. 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; and (b) revenue earned and reported on payment processing services; and “Gross Foreign Currency Mark-up” (“gross mark-up") which represents the gross foreign currency mark-up amount on settled dollar volume processed using our multi-currency processing services.

Planet Payment's customers have continued to roll out our multi-currency processing solutions as reflected by a 66% increase in active multi-currency merchant locations over H1'10. During the first half of 2011 the total number of active merchant locations continued to grow, increasing by approximately 100% during the period.

During the first half 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.

In April 2011, the Company announced that investors led by Camden Partners had converted their entire outstanding principal amount of $9.0 million of convertible notes into an aggregate of 4,049,776 shares of common stock. In addition, the Company issued 425,000 shares of common stock in lieu of cash payments for accrued interest and a prepayment fee negotiated at the time of conversion. This transaction strengthened the Company's balance sheet and will eliminate related future interest expense.

In May 2011, the Company launched the MICROS Payment Gateway, which it operates under a worldwide license from MICROS Systems, Inc., to support payment solutions for merchants using MICROS point of sale and property management systems in the hospitality and retail industries.

Since the beginning of 2011, the Company has rolled out services in the United Arab Emirates, the Philippines and other Asia Pacific countries launched in 2010 and with additional acquirers in Canada. Network International announced in July that over 3,500 merchant locations in the UAE have signed agreements to offer the Company's Pay in Your Currency service. Planet Payment also continues to benefit from a robust new business pipeline and is currently working to implement additional acquiring bank, processor and merchant solutions.

During the first half of 2011, the claims under our "Time of Transaction Foreign Currency Conversion" patent applications have been found to be patentable in Singapore and Australia and we expect the patents in those countries to be granted shortly. These are in addition to the patents previously granted in the United States and other countries.

As announced on September 29, 2011, as a result of the reconsideration of the Company's revenue presentation, the Company delayed its results for the period beyond the deadlines required by AIM and OTCQX market rules. The Company therefore requested the AIM market to temporarily suspend trading in the Company's shares from that date and OTC Markets Group, Inc. temporarily removed the Company from its OTCQX tier. As a result of today's announcement the Company expects AIM to lift the suspension today and OTC Markets Group, Inc. to reinstate the Company to the OTCQX tier with effect from tomorrow. The Company's shares will thereafter resume trading on both markets, as they did prior to September 29, 2011.

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 Second Quarter Report, including its Consolidated Condensed Financial Statements (unaudited), as of December 31, 2010 and June 30, 2011 and for the six months ended June 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.

The audited Consolidated Financial Statements as of December 31, 2009 and 2010and for the years ended December 31, 2008, 2009 and 2010, together with the notes thereto and the updated auditors' opinion thereon have been reissued and are posted on the Company's website at www.planetpayment.com and at www.otcqx.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.

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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 it is was more appropriate to present gross foreign currency mark-up amounts billed for multi-currency processing services, 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 audited consolidated financial statements for the years ended December 31, 2008, 2009 and 2010 and unaudited consolidated financial statements for the six months ended June 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 Company adjusted the presentation of multi-currency processing services revenues earned on our indirectly acquired business from gross to be net of the amounts related to certain third party revenue share arrangements. Historically, the Company has reported the gross foreign currency mark-up amounts billed, as revenue with the acquirer and merchant share of the gross mark-up being deducted from revenue as a cost of revenue. The financial statements for the years 2008, 2009 and 2010 and the six months ended June 30, 2010 have been adjusted to show as net revenue, the net amount the Company retains after paying these revenue share amounts. The adjustments resulted in a reduction of previously reported revenues and corresponding reductions in cost of revenue in those periods. For 2008, 2009 and 2010 the reduction in revenue and the corresponding reduction in cost of revenue are \$14.7 million, \$20.7 million and \$34.1 million, respectively and for the six months ended June 30, 2010 the reduction in revenue and the corresponding reduction in cost of revenue is \$14.1 million.

The Company has also taken the opportunity to make certain corrections to its financial statements, as explained in the notes thereto, which are unrelated to the adjustments referred to above and which are not considered material to the financial statements for any period. The complete restated audited Consolidated Financial Statements as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010, together with the notes thereto and the updated auditors' opinion thereon have been posted on the Company's website at www.planetpayment.com and at www.otcqx.com.

The previously issued Consolidated Financial Statements as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010, together with the notes thereto and auditors' opinion thereon, and previously issued unaudited Consolidated Financial Statements as of and for the six months ended June 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 six months ended June 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

Six Months Ended June 30, 2011 Compared to the Six Months Ended June 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 period was $2.6m compared to a loss of ($0.4m) a year ago. The increase in adjusted EBITDA for the first half reflects the increase in revenue and gross profit during the period. See Table 1 below for a reconciliation of Net loss to adjusted EBITDA.

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

	Six Months Ended June 30	
	2010	**2011**
Net (loss) income	$(2,252,066)	$ 975,725
Interest expense, net	600,295	287,770
Depreciation and amortization	825,287	1,180,421
Stock-based expense	419,423	226,491
Convertible debt prepayment fee	0	601,318
Income taxes	0	0
Derecognition of note payable	0	(660,000)
Adjusted EBITDA (non-GAAP)	$ (407,061)	$2,611,725

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 the Annual Reports for each year 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 six months ended June 30, 2010 and 2011 our net revenue was $13.5 million and $19.9 million, respectively. In the same periods, our net (loss) income was $(2.3) million and $1.0 million, respectively, and our Adjusted EBITDA was $(0.4) million and $2.6 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:

	Six months ended June 30,	
	2010	**2011**
KEY METRICS:		
Consolidated gross billings(1)	$27,686,282	$46,958,178
Adjusted EBITDA (non-GAAP)(2)	$(407,061)	$2,611,725
Capitalized expenditures	$1,194,128	$1,103,938
Total active merchant locations(3)	11,398	22,825
Multi-currency processing services key metrics:		
Active merchant locations(3)	8,639	14,345
Settled transactions processed(4)	3,025,017	4,901,354
Gross foreign currency mark-up(5)	$21,604,519	$40,152,003
Settled dollar volume processed(6)	$592,216,973	$1,057,312,571
Average net mark-up percentage on settled dollar volume processed(7)	1.26%	1.24%
Payment processing services key metrics:		
Active merchant locations(3)	2,807	8,496
Payment processing services revenue(8)	$6,081,763	$6,806,175

(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. For the six months ended June 30, 2010 and 2011, there were 48 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 ($7.5 million and $13.1 million for the six months ended June 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:

	Six months ended June 30,	
	2010	**2011**
ADJUSTED EBITDA:		
Net (loss) income	$(2,252,066)	$975,725
Interest expense	600,386	288,418
Interest income	(91)	(648)
Provision for income taxes	—	—
Depreciation and amortization	825,287	1,180,421
Stock-based expense	419,423	226,491
Convertible debt prepayment fee(1)	—	601,318
Derecognition of note payable(2)	—	(660,000)
Adjusted EBITDA (non-GAAP)	$(407,061)	$2,611,725

(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. For the six months ended June 30, 2011, we recorded other income due to the derecognition of the note payable in the amount of $0.66 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 six months ended June 30, 2010. Please refer to the immaterial restatement disclosure located in footnote 2 to the financial statements for further information.

	Six months ended June 30,	
	2010	**2011**
Revenue:		
Multi-currency processing services revenue	$7,466,825	$13,060,832
Payment processing services revenue	6,081,763	6,806,175
Net revenue	13,548,588	19,867,007
Operating expenses:		
Cost of revenue:		
Payment processing services fees	4,849,162	5,643,131
Processing and service costs	3,502,063	4,387,906
Total cost of revenue	8,351,225	10,031,037
Selling, general and administrative expenses	6,849,134	8,631,157
Total operating expenses	15,200,359	18,662,194
(Loss) income from operations	(1,651,771)	1,204,813
Other (expense) income:		
Interest expense	(600,386)	(288,418)
Interest income	91	648
Other income, net	—	58,682
Total other expense, net	(600,295)	(229,088)
(Loss) income before provision for income taxes	(2,252,066)	975,725
Provision for income taxes	—	—
Net (loss) income	$(2,252,066)	$975,725

Comparison of the six months ended June 30, 2011 and 2010

Revenue

	Six months ended June 30, 2011	2010	Variance Amount	Percent
Multi-currency processing services revenue	$13,060,832	$7,466,825	$5,594,007	75%
Payment processing services revenue	6,806,175	6,081,763	724,412	12
Net revenue	$19,867,007	$13,548,588	$6,318,419	47

Net revenue increased $6.3 million, or 47%, to $19.9 million for the six months ended June 30, 2011 from $13.6 million for the six months ended June 30, 2010. The increase in revenue was primarily due to the overall increase by 100%, or 11,427, in total active merchant locations processing transactions through our multi-currency and payment processing services as of June 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 $5.6 million, or 75%, to $13.1 million for the six months ended June 30, 2011 from $7.5 million for the six months ended June 30, 2010. The increase in multi-currency processing services revenue was driven by increases in the following key business metrics:

	Six months ended June 30, 2011	2010	Variance Amount	Percent
Active merchant locations (at period end)	14,345	8,639	5,706	66%
Settled transactions processed	4,901,354	3,025,017	1,876,337	62
Gross mark-up	$40,152,003	$21,604,519	$18,547,484	86
Settled dollar volume processed	$1,057,312,571	$592,216,973	$465,095,598	79
Average net mark-up % on settled dollar volume processed	1.24%	1.26%	(0.02)%	(2)

The 79% increase in settled dollar volume processed resulted in a $5.9 million increase in revenue, offset by a 0.02% decrease in our average net mark-up percentage on settled dollar volume processed which resulted in a $0.3 million decrease to revenue. The primary reasons for the increase in settled dollar volume processed were a 66% increase in active merchant locations, which resulted from the addition of new active merchant locations in existing markets, our entry into five new APAC markets in the second quarter of 2010, which had a greater impact on the six months ended June 30, 2011, and the continued improvement in the global economy. 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 $0.7 million, or 12%, to $6.8 million for the six months ended June 30, 2011 from $6.1 million for the six months ended June 30, 2010. The increase was primarily due to increased transaction volume in the Canadian market from the second quarter of 2010 to the second quarter of 2011.

Cost of revenue

	Six months ended June 30,		Variance	
	2011	2010	Amount	Percent
Payment processing services fees	$5,643,131	$4,849,162	$793,969	16%
Processing and service costs	4,387,906	3,502,063	885,843	25
Total cost of revenue	$10,031,037	$8,351,225	$1,679,812	20

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 $0.8 million, or 16%, to $5.6 million for the six months ended June 30, 2011 from $4.8 million for the six months ended June 30, 2010 is as a result of the increase in payment processing services revenue, coupled with pricing mix of services for the second quarter of 2011.

Processing and service costs

Processing and service costs increased $0.9 million, or 25%, to $4.4 million for the six months ended June 30, 2011 from $3.5 million for the six months ended June 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 $0.2 million to support the growth in our existing business and the launches into new markets, and an increase in depreciation and amortization expense of $0.3 million primarily related to software development additions, partially offset by a $0.2 million decrease in various minor expenses.

Selling, general and administrative expenses

	Six months ended June 30,		Variance	
	2011	2010	Amount	Percent
Selling, general and administrative expenses	$8,631,157	$6,849,134	$1,782,023	26%

Selling, general and administrative expenses increased $1.8 million, or 26%, to $8.6 million for the six months ended June 30, 2011 from $6.8 million for the six months ended June 30, 2010. The increase in selling, general and administrative expenses was primarily the result of increased salary, compensation and related benefit costs of $1.1 million primarily due to general headcount additions to support the growth in our existing business, the launches into new markets and increased bonus compensation, and recovery of $0.5 million of doubtful accounts in the first half of 2010, which reduced the selling, general and administrative expenses for the six months ended June 30, 2010.

Other (expense) income, net

	Six months ended June 30,		Variance	
	2011	2010	Amount	Percent
Interest expense	$(288,418)	$(600,386)	$311,968	*
Interest income	648	91	557	*
Other income, net	58,682	—	58,682	*
Total other expense, net	$(229,088)	$(600,295)	$371,207	*

* Percentages not meaningful.

Total other expense, net, decreased $0.4 million, to $0.2 million for the six months ended June 30, 2011 from a non-operating expense of $0.6 million for the six months ended June 30, 2010. The decrease is primarily due to recording six months of interest expense on our convertible debt for the six months ended June 30, 2010 compared to four months of interest expense for the six months ended June 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

	Six months ended June 30,	
	2010	**2011**
Cash (used in) provided by operating activities	$(1,314,124)	$2,846,274
Cash used in investing activities	(1,196,831)	(1,015,478)
Cash (used in) provided by financing activities	(93,478)	110,464

Operating activities

Cash provided by operating activities during the six months ended June 30, 2011 was $2.8 million, comprising $2.6 million cash generated by operations and a net increase in our operating assets and liabilities of $0.2 million. This net increase in our operating assets and liabilities of $0.2 million primarily consisted of a $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 a $0.9 million increase in accounts payable and accrued expenses. Cash generated by operations of $2.6 million was inclusive of net income of $1.0 million and total net non-cash charges of $1.7 million. Significant non-cash adjustments to net income primarily included: (i) depreciation and amortization expense of $1.2 million, (ii) non-cash interest expense on convertible and term debt of $0.3 million, (iii) stock option expense of $0.2 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 six months ended June 30, 2010 was $1.3 million, comprising $0.5 million cash used in operations and a net increase in our operating assets and liabilities of $0.8 million. This net increase in our operating assets and liabilities of $0.8 million consisted of (i) $0.5 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, coupled with (ii) a decrease in accounts payable and accrued expenses of $0.3 million due to timing of payments. Cash used in operations of $1.3 million was inclusive of a net loss of $2.3 million, offset by total non-cash charges of $1.8 million. Significant non-cash adjustments to net loss primarily included: (i) depreciation and amortization expense of $0.8 million, (ii) non-cash interest expense on convertible and term debt of $0.6 million and (iii) stock option expense of $0.4 million.

Investing activities

Cash used in investing activities for the six months ended June 30, 2010 and 2011 was $1.2 million and $1.0 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 six months ended June 30, 2010 and 2011 was not meaningful.

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

	December 31, 2010	June 30, 2011
Current assets:		
Cash and cash equivalents	$5,182,499	$7,123,759
Restricted cash	2,060,357	2,149,355
Accounts receivable, net of allowances of $1.4 million as of December 31, 2010 and June 30, 2011	3,326,111	3,310,037
Prepaid expenses and current other assets	638,953	1,295,633
Total current assets	11,207,920	13,878,784
Other assets:		
Restricted cash	750,000	661,540
Property and equipment, net	1,384,310	1,384,594
Software development costs, net	4,635,799	4,844,927
Intangible assets, net	945,681	883,601
Security deposits and other assets	245,281	216,590
Total other assets	7,961,071	7,991,252
Total assets	$19,168,991	$21,870,036
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$591,461	$423,090
Accrued expenses	495,457	1,562,341
Due to merchants	2,294,252	2,362,600
Current portion of term debt and capital leases	917,834	330,167
Total current liabilities	4,299,004	4,678,198
Long-term liabilities:		
Long-term portion of capital leases	213,351	236,991
Convertible debt	8,979,926	—
Total long-term liabilities	9,193,277	236,991
Total liabilities	13,492,281	4,915,189
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 June 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 50,775,629 issued and outstanding as of December 31, 2010 and June 30, 2011, respectively	460,684	507,756
Additional paid-in capital	83,459,133	93,702,967
Warrants	1,607,723	1,617,499
Accumulated other comprehensive loss	(27,600)	(25,870)
Accumulated deficit	(79,845,668)	(78,869,943)
Total stockholders' equity	5,676,710	16,954,847
Total liabilities and stockholders' equity	$19,168,991	$21,870,036

The accompanying notes are an integral part of these financial statements

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

	Six months ended June 30,	
	2010	**2011**
Revenue:		
Net revenue	$13,548,588	$19,867,007
Operating expenses:		
Cost of revenue:		
Payment processing services fees	4,849,162	5,643,131
Processing and service costs	3,502,063	4,387,906
Total cost of revenue	8,351,225	10,031,037
Selling, general and administrative expenses	6,849,134	8,631,157
Total operating expenses	15,200,359	18,662,194
(Loss) income from operations	(1,651,771)	1,204,813
Other (expense) income:		
Interest expense	(600,386)	(288,418)
Interest income	91	648
Other income, net (Notes 6 and 7)	—	58,682
Total other expense, net	(600,295)	(229,088)
(Loss) income before provision for income taxes	(2,252,066)	975,725
Provision for income taxes	—	—
Net (loss) income	$(2,252,066)	$975,725
Basic net (loss) income per share applicable to common stockholders	$(0.06)	$0.02
Diluted net (loss) income per share applicable to common stockholders	$(0.06)	$0.02
Weighted average common stock outstanding (basic)	39,230,963	47,837,945
Weighted average common stock outstanding (diluted)	39,230,963	56,829,616

The accompanying notes are an integral part of these financial statements

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

	Six months ended June 30,	
	2010	**2011**
Cash flows from operating activities:		
Net (loss) income	$(2,252,066)	$975,725
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Stock option expense	353,129	216,715
Depreciation and amortization expense	825,287	1,180,421
(Recovery) provision for doubtful accounts	(36,703)	56,082
Non-cash interest expense on convertible debt	400,775	254,636
Non-cash interest expense on term debt	167,574	—
Warrant expense	66,294	9,776
Derecognition of note payable	—	(660,000)
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	(1,091,792)	(88,998)
Increase in accounts receivables, prepaid expenses and other current assets	(479,316)	(696,688)
Decrease in security deposits and other assets	24,612	28,691
(Decrease) increase in accounts payable and accrued expenses	(275,275)	888,737
Increase in due to merchants	996,576	68,348
Other	(13,219)	11,511
Net cash (used in) provided by operating activities	(1,314,124)	2,846,274
Cash flows from investing activities:		
(Increase) decrease in restricted cash	(2,703)	88,460
Purchase of property and equipment	(190,027)	(168,392)
Capitalized software development	(987,225)	(886,103)
Purchase of intangible assets	(16,876)	(49,443)
Net cash used in investing activities	(1,196,831)	(1,015,478)
Cash flows from financing activities:		
Proceeds from issuance of common stock	—	238,310
Principal payments on capital lease obligations	(93,478)	(127,846)
Net cash (used in) provided by financing activities	(93,478)	110,464
Effect of exchange rate changes on cash and cash equivalents(*)	—	—
Net (decrease) increase in cash and cash equivalents	(2,604,433)	1,941,260
Beginning of period	3,752,423	5,182,499
End of period	$1,147,990	$7,123,759
Supplemental disclosure:		
Cash paid for:		
Interest	$32,037	$33,782
Income taxes	—	—
Non-cash investing and financing activities:		
Convertible debt converted to common stock	$—	$8,979,926
Common stock issued as payment of accounts payable		20,000
Warrants issued as payment of accounts payable	66,294	9,776
Assets acquired under capital leases	132,585	223,815
Derecognition of note payable	—	660,000
Prepayment fee on conversion of convertible debt	—	601,318

(*) For the six months ended June 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—70,000,000 shares authorized							
	Shares issued	Shares par value	Issued	Par value	Additional paid-In capital	Warrants	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity	Comprehensive income
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	
Warrants exercised	—	—	15,206	152	(152)	—	—	—	—	
Options exercised	—	—	207,151	2,072	216,238	—	—	—	218,310	
Warrant expense	—	—	—	—	—	9,776	—	—	9,776	
Stock option expense	—	—	—	—	216,715	—	—	—	216,715	
Cumulative translation adjustment	—	—	—	—	—	—	1,730	—	1,730	$1,730
Net income	—	—	—	—	—	—	—	975,725	975,725	975,725
Comprehensive income										$977,455
Balance—June 30, 2011	2,243,750	$22,438	50,775,629	$507,756	$93,702,967	$1,617,499	$(25,870)	$(78,869,943)	$16,954,847	

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") is a provider of international payment processing and multi-currency processing services. The Company provides its services to over 22,000 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."

Effective September 30, 2011, as a result of the Company not issuing its financial statements for the six months ended June 30, 2011 the Company requested that AIM temporarily suspend trading in its shares until such financial statements are issued. As of October 1, 2011, the OTC Markets Group temporarily removed the Company from the OTCQX, but the Company's shares continued to trade on the OTC Markets Pink Link system. However, the Company expects to resume trading on AIM and the OTCQX tier upon the filing of these financial statements.

Basis of presentation

The 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 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 six months ended June 30, 2011, the Company evaluated subsequent events through October 24, 2011, the date on which these interim financial statements were available to be issued. There were no event or transactions, other than those events disclosed in Notes 1 and 11, occurring during this subsequent reporting period that require recognition or disclosure in the financial statements.

Unaudited consolidated interim financial information

The accompanying unaudited consolidated interim financial statements as of June 30, 2011 and for the six months ended June 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 six months ended June 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, as more fully described in the table below, the Company's management determined that it had certain other errors related to the presentation of goodwill impairment, discontinued operations, software license intangible asset, and restricted cash. Furthermore, the Company's management determined that it had not properly recorded certain capital leases and certain amounts due to merchants. Finally, the Company's management determined that there were errors in the amounts included within the disclosures for future minimum rental payments under noncancelable operating leases, future minimum rental payments under capital leases, future minimum payments under acquiring bank sponsorship agreements disclosures, the disclosure in the tax footnote for net operating losses, disclosure for unamortized stock-based expense, the disclosure for intrinsic value of options. The Company has corrected the amounts within each disclosure.

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 as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 and for the six months ended June 30, 2010 should be restated.

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 Operation 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 which financial statements are not being presented in this report, and for the six months ended June 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 services 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 years ended December 31, 2008, 2009 and 2010, for which these financial statements are not being presented in this report, and the for the six months ended June 30, 2010.

	Year Ended December 31,						Six Months Ended June 30,	
	2008		2009		2010		2010	
	As Previously Reported	**As Adjusted**	**As Previously Reported**	**As Adjusted**	**As Previously Reported**	**As Adjusted**	**As Previously Reported**	**As Adjusted**
Net revenue	$36,188,610	$21,185,878(1)(6)	$47,254,706	$26,319,319(1)(6)	$64,653,725	$30,553,164(1)	$27,686,281	$13,548,588(1)
Cost of revenue:								
Processing services fees	24,712,399	9,808,434(1)(6)	30,962,835	10,175,430(1)(6)	44,152,201	10,051,640(1)	18,986,855	4,849,162(1)
Processing and service costs	—	6,434,693(2)	—	6,282,743(2)	—	6,980,981(2)	—	3,502,063(2)
Software licenses impairment	—	—	—	—	—	1,108,514(5)	—	—
Total cost of revenue	24,712,399	16,243,127	30,962,835	16,458,173	44,152,201	18,141,135	18,986,855	8,351,225
Selling, general and administrative expenses	21,752,048	15,365,254(2)(6)	18,886,377	12,822,449(2)(4)(6)	21,575,212	14,304,448(2)(6)	10,370,348	6,849,134(2) (6)
Goodwill impairment	—	129,887(3)	—	—	—	—	—	—
Total operating expenses	46,464,447	31,738,268	49,849,212	29,280,622	65,727,413	32,445,583	29,357,203	15,200,359
Loss from operations	(10,275,837)	(10,552,390)	(2,594,506)	(2,961,303)	(1,073,688)	(1,892,419)	(1,670,922)	(1,651,771)
Other (expense) income:								
Interest expense	(988,510)	(1,015,633)(6)	(1,189,843)	(1,236,504)(6)	(1,134,786)	(1,169,578)(6)	(581,235)	(600,386)(6)
Interest income	140,191	140,191	18,702	18,702	429	429	91	91
Goodwill/Software licenses impairment	(129,887)	—(3)	—	—	(1,108,514)	—(5)	—	—
Total other expense, net	(978,206)	(875,442)	(1,171,141)	(1,217,802)	(2,242,871)	(1,169,149)	(581,144)	(600,295)
Loss from continuing operations, before provision for income taxes	(11,254,043)	(11,427,832)	(3,765,647)	(4,179,105)	(3,316,559)	(3,061,568)	(2,252,066)	(2,252,066)
Provision for income taxes	(1,681)	(1,681)	(4,095)	(4,095)	(3,219)	(3,219)	—	—
Loss from continuing operations	(11,255,724)	(11,429,513)	(3,769,742)	(4,183,200)	(3,319,778)	(3,064,787)	(2,252,066)	(2,252,066)
Income (loss) from discontinued operations, net of taxes	272,847	272,847	(257,596)	—(4)	—	—	—	—
Net loss	$(10,982,877)	$(11,156,666)	$(4,027,338)	$(4,183,200)	$(3,319,778)	$(3,064,787)	$(2,252,066)	$(2,252,066)
Basic net loss per share from continuing operations	$(0.42)	$(0.43)	$(0.11)	$(0.12)	$(0.08)	$(0.08)	$(0.06)	$(0.06)
Basic net income (loss) per share from discontinued operations	$0.01	$0.01	$(0.01)	$—	$—	$—	$—	$—
Basic and diluted net loss per share applicable to common stockholders	$(0.41)	$(0.42)	$(0.12)	$(0.12)	$(0.08)	$(0.08)	$(0.06)	$(0.06)

(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. All periods presented 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 2008, 2009 and 2010 and the six months ended June 30, 2010, the reduction in revenue and the corresponding reduction in cost of revenue is $14.7 million, $20.7 million, $34.1 million and $14.1 million, respectively. 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 $6.4 million, $6.3 million, $7.0 million and $3.5 million, for the years ended December 31, 2008, 2009, and 2010 and the six months ended June 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) A correction to reclassify the $0.1 million goodwill impairment charge from a component of Other (expense) income to its own line item as a component of Total operating expenses.

(4) A correction to reclassify the $0.3 million write-off of a note receivable from a component of Income (loss) from discontinued operations to SG&A under continuing operations. This correction resulted in the correction of the basic net loss per share from continuing and discontinued operations presented in the table above.

(5) A correction to reclassify the $1.1 million software licenses impairment charge from a component of Other (expense) income to its own line item as component of Total cost of revenue.

(6) For the year ended December 31, 2010, the Company recorded a $0.3 million out-of-period adjustment to increase the due to merchant liability and increase SG&A. A correction was made to adjust the 2010 out-of-period amount by reducing $0.3 million in 2010 and to record the correct due to merchant liability in the proper periods. The correction resulted in an increase to the liability of $0.2 million, a reduction to Net revenue of $0.3 million, a reduction to Processing services fees of $0.2 million, and an increase to SG&A of $0.1 million for 2008. The correction resulted in an increase to the liability

of $0.2 million, a reduction to Net revenue of $0.2 million, and a reduction to Processing services fees of $0.1 million for 2009. In addition, the Company recorded various other inconsequential adjustments for each respective period affecting Interest expense and SG&A line items by less than $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, 2009 (not included in this report) and 2010.

	As of December 31,			
	2009		2010	
	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted
Assets line items affected:				
Restricted cash (current)	$2,763,498	$2,263,498(7)	$2,810,357	$2,060,357(7)
Total current assets	9,684,789	9,184,789	11,957,920	11,207,920
Restricted cash (non-current)	—	500,000(7)	—	750,000(7)
Property and equipment, net	992,633	1,362,055(8)(13)	1,127,768	1,384,310(8)(13)
Software development costs, net	3,790,189	3,715,838(13)	4,769,157	4,635,799(9)(13)
Intangible assets, net	1,083,074	1,083,074	945,681	945,681
Total other assets	6,163,424	6,958,495	7,087,887	7,961,071
Total assets	15,848,213	16,143,284	19,045,807	19,168,991
Liability line items affected:				
Due to merchants	$1,763,498	$2,093,149(11)	$2,294,252	$2,294,252
Current portion of term debt and capital leases	4,742,817	4,840,044(10)	808,288	917,834(10)
Total current liabilities	7,361,465	7,788,343	4,189,458	4,299,004
Long-term portion of term debt and capital leases	56,467	254,320(12)	125,053	213,351(14)
Total long-term liabilities	9,036,402	9,234,246	9,104,979	9,193,277
Total liabilities	16,397,867	17,022,589	13,294,437	13,492,281
Accumulated deficit	(76,451,230)	(76,780,881)	(79,771,008)	(79,845,668)
Total stockholders' (deficit) equity	(549,654)	(879,305)	5,751,370	5,676,710

(7) Represents a correction to reclassify $0.5 million and $0.8 million, as of December 31, 2009 and 2010, respectively, of restricted cash from a component of current assets to a component of total other assets. Reclassification had no impact on other financial statements.

(8) Represents a correction to property and equipment related to previously unrecorded capital leases of $0.3 million and $0.2 million, as of December 31, 2009 and 2010, respectively, with a corresponding amount recorded to current and long-term portions of capital leases liabilities.

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

(10) Represents a correction of $0.1 million liability related to the current portion of capital leases noted in note (8) above.

(11) Represents a correction of $0.3 million related to a previous unrecorded due to merchants liability.

(12) Represents a correction of $0.2 million liability related to the long-term portion of capital leases noted in note (8) above.

(13) Represents a correction to reclassify $0.1 million as of December 31, 2009 and 2010, respectively, from software development cost, net to property and equipment, net.

(14) Represents a correction of $0.1 million liability related to the long-term portion of capital leases noted in note (8) 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 years ended December 31, 2008, 2009 and 2010, for which these financial statements are not being presented in this report, and the six months ended June 30, 2010.

	Year Ended December 31, 2008		2009		2010		Six Months Ended June 30, 2010	
	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted	As Previously Reported	As Adjusted
Cash flow statement line items affected:								
Net loss	$(10,982,877)	$(11,156,666)	$(4,027,338)	$(4,183,200)	$(3,319,778)	$(3,064,787)	$(2,252,066)	$(2,252,066)
Depreciation and amortization expense	1,166,309	1,203,644(15)	1,456,042	1,537,674(15)	1,672,423	1,769,650(15)		
Write-off of note receivable			212,629	257,596(17)				
Non-cash interest expense on term debt					324,444	295,743(20)		
Warrant expense	—	318,974(16)	—	231,366(16)				
Increase (decrease) in accounts payable and accrued expenses	608,233	289,259(16)	(797,452)	(1,073,787)(16)(17)				
Increase in due to merchants	1,310,368	1,484,157(18)	453,130	608,992(18)	530,755	201,103(18)		
Net cash (used in) provided by operating activities	(7,964,116)	(7,926,781)	(900,050)	(818,422)	287,842	280,594	(1,669,275)	(1,314,124)(15)(16)(27)(28)
Purchase of property and equipment			(184,544)	(143,370)(26)	(525,619)	(300,540)(25)		
Capitalized software development	(1,062,180)	(1,496,738)(22)	(1,386,777)	(1,804,822)(22)	(1,650,268)	(1,970,349)(19)(22)		
Purchase of intangible assets	(552,582)	(118,025)(22)	(617,628)	(121,305)(22)(26)	(474,360)	(79,618)(22)		
Net cash provided by (used in) investing activities	2,418,849	2,418,848	(2,684,216)	(2,564,764)	(2,650,247)	(2,350,507)	(1,326,686)	(1,196,831)(26)
Proceeds from issuance of common stock					6,030,002	6,058,702(20)	400,775	—(27)
Principal payments on capital lease obligations	—	(37,335)(15)	(20,157)	(101,789)(15)	(89,917)	(187,144)(15)	—	(93,478)(15)
Net cash provided by financing activities	2,934,857	2,897,522	7,080,317	6,879,238	3,820,081	3,527,589	486,744	(93,478)(15)(23)(27)
(Decrease) increase in cash and cash equivalents							(2,509,217)	(2,604,433)(28)
Cash and cash equivalents — Beginning of period							3,752,423	3,752,423
Cash and cash equivalents —End of period							1,243,206	1,147,990(28)
Supplemental disclosure line items affected:								
Cash paid for interest	41,059	68,183(21)	9,549	56,211(21)	30,850	65,642(21)	—	32,037(21)
Common stock issued to pay accrued interest					1,132,638	1,103,936(20)		
Assets acquired under capital leases	—	222,990(24)	—	252,136(23)(24)(26)	—	223,965(23)(25)	—	132,585(26)
Warrants issued as payment of accounts payable							—	66,294(16)

(15) Represents a correction to reclassify $37,000, $0.1 million, $0.1 million and $0.1 million for the years ended December 31, 2008, 2009 and 2010 and the six months ended June 30, 2010, respectively, from Principal payments on capital leases obligations to Depreciation and amortization expense in relation to the items within note (8) above.

(16) A correction to reclassify $0.3 million, $0.2 million and $0.1 million for the years ended December 31, 2008 and 2009 and the six months ended June 30, 2010, respectively, of warrant expense from a component of Changes in operating assets and liabilities to a component of Adjustments to reconcile net loss to net cash (used in) provided by operating activities.

(17) Represents a correction to reclassify $45,000 for the year ended December 31, 2009 of a write-off of a note receivable from a component of Changes in operating assets and liabilities to a component of Adjustments to reconcile net loss to net cash (used in) provided by operating activities.

(18) Represents the correction of previously unrecorded amounts of due to merchants for the years ended December 31, 2008, 2009 and 2010 of $0.2 million, $0.1 million and $(0.3) million, respectively.

(19) Represents a correction of the capitalized software development cost associated with note (9) above.

(20) Represents a correction to reclassify approximately $28,000 from non-cash interest expense on term debt to Proceeds from issuance Common Stock. Item also impacts non-cash disclosure of Common stock issued to pay accrued interest by a reduction of approximately $28,000.

(21) Represents a correction of interest related to capital leases noted in note (8) above.

(22) Represents the reclassification of software intangible asset of $0.4 million, $0.4 million and $0.4 million for the years ended December 31, 2008, 2009, and 2010, respectively, to capitalized software development related to the change in presentation described above in the consolidated balance sheet related to intangible asset, net to conform to the SEC format.

(23) 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 $0.1 million, $0.2 million, and $0.1 million for the year ended December 31, 2009, 2010, and the six months ended June 30. 2010, respectively, and amounts are now disclosed as supplemental non-cash information as it related to assets acquired under capital leases. Subsequently there is no “Proceeds from loan payable” line within the Cash Flow Statement.

(24) Represents the correction of unrecorded capital lease assets acquired of $0.2 million and $0.1 million for the year ended December 31, 2008, and 2009, respectively.

(25) Represent a correction to reclassify capital lease assets acquired of $0.2 million from purchase of property and equipment to a non-cash investing activity.

(26) Represents the correction to reclassify capital lease assets acquired of $0.1 million from investing activities to a non-cash investing activity.

(27) 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.

(28) Represents the correction to reclassify $0.1 million from cash and cash equivalents to restricted cash as it should have been recorded as a settlement asset.

In accordance with the rules of the OTCQX market, the Company's Second Quarter Report, including its Consolidated Condensed Financial Statements (unaudited), as of December 31, 2010 and June 30, 2011 and for the six months ended June 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.