Planet Payment, Inc

Quarterly Report &
Consolidated Condensed Financial Statements
Three and Nine Months ended September 30, 2010

Principal Offices
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Planet Payment, Inc

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QUARTERLY REPORT FOR THIRD QUARTER OF 2010

Incorporating

Consolidated Condensed Financial Statements (unaudited)
As of and for the Three and Nine Months ended September 30, 2010 and 2009 and as of December 31, 2009

PLANET PAYMENT, INC.

QUARTERLY REPORT FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010

Issuer:
Planet Payment, Inc.

Principal Executive Offices:

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Long Beach, NY 11561

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Investor Relations Contact

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Shares Outstanding:

(i) As of September 30, 2010

(ii) Authorized Shares
  a. Common Stock: 70,000,000 shares
  b. Preferred Stock: 4,000,000 shares

(iii) Number of Shares Outstanding
  a. Common Stock: 39,487,252
  b. Preferred Stock: 2,243,750 (convertible into 6,851,144 shares of Common Stock)

(iv) Public Float: 33,133,469 Common Shares

(v) Beneficial Shareholders of Record: 284

PLANET PAYMENT, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS
AS OF SEPTEMBER 30, 2010 AND DECEMBER 31, 2009

	2010	2009
	(unaudited)	(audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,142,860	$ 3,752,423
Other current assets	8,074,735	5,932,366
Total current assets	9,217,595	9,684,789
PROPERTY AND EQUIPMENT, net	1,359,152	992,633
Intangible assets, net	5,298,967	4,873,263
Other assets	261,058	297,528
TOTAL	$ 16,136,772	$ 15,848,213
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities	9,199,464	7,361,465
Long-term and convertible debt-less current maturities	9,132,308	9,036,402
Total liabilities	18,331,772	16,397,867
Stockholders' (deficit):	(2,195,000)	(549,654)
TOTAL	$ 16,136,772	$ 15,848,213

See notes to consolidated condensed financial statements.

PLANET PAYMENT, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE:				
Multicurrency processing revenue	$ 12,468,126	$ 8,506,885	$ 34,072,645	$ 22,571,928
Processing & other revenue	3,071,202	3,242,568	9,152,964	10,437,654
Total Revenue	15,539,328	11,749,453	43,225,609	33,009,582
COST OF SALES:				
Multicurrency processing cost of sales	8,061,235	5,163,557	22,198,929	13,863,956
Processing & other cost of sales	2,443,577	2,470,807	7,292,739	7,538,820
Total cost of sales	10,504,812	7,634,364	29,491,668	21,402,776
Gross Profit	5,034,516	4,115,089	13,733,941	11,606,806
Total operating expenses	5,186,228	4,624,527	15,556,572	13,839,329
Loss From Operations	(151,712)	(509,438)	(1,822,631)	(2,232,523)
Total other expense	(297,572)	(295,944)	(878,720)	(873,856)
Loss before Provision for Income Taxes	(449,284)	(805,382)	(2,701,350)	(3,106,379)
Provision for income taxes	-	-	-	-
Net Loss	$ (449,284)	$ (805,382)	$ (2,701,350)	$ (3,106,379)

See notes to consolidated condensed financial statements.

PLANET PAYMENT, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009

	Nine Months Ended September 30	
	2010	2009
	(unaudited)	(unaudited)
Cash flows from operating activities:		
Net loss	(2,701,350)	(3,106,378)
Other cash flows from operating activities	1,466,819	1,922,276
Net cash used in operating activities	(1,234,531)	(1,184,102)
Cash flows from investing activities:		
Capital expenditures	(1,933,020)	(2,044,681)
Net cash used in investing activities	(1,933,020)	(2,044,681)
Cash flows from financing activities:		
Proceeds from issuance of common stock	400,776	3,000,359
Proceeds from convertible debt and loans payable	-	457,775
Proceeds from long term debt	157,212	-
Payment of capital-raising expense	-	(175,896)
Net cash provided by financing activities	557,988	3,282,238
Increase / (decrease) in cash and cash equivalents	(2,609,563)	53,455
Cash and cash equivalents—beginning of period	3,752,423	246,848
Cash and cash equivalents—end of period	$ 1,142,860	$ 300,303

See notes to consolidated condensed financial statements

PLANET PAYMENT, INC.

CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' DEFICIT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 (UNAUDITED)

	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	Par Value	Shares Issued	Par Value	Additional Paid-In Capital	Warrants	Cumulative Translation Adjustment	Accumulated Deficit	Total Stockholders Deficit
BALANCE—DECEMBER 31, 2009	2,243,750	$ 22,438	39,170,213	$ 391,701	$ 73,969,455	$ 1,517,983	$ 0	$ (76,451,230)	(549,654)
Stock issued			303,371	3,034	397,742				400,776
Warrants exercised									0
Options exercised			13,668	137	(137)				0
Value of warrants issued						87,607			87,607
Stock option expense					555,120				555,120
Cumulative Translation Adjustment							12,501		12,501
Net loss								(2,701,350)	(2,701,350)
BALANCE—September 30 2010	2,243,750	$ 22,438	39,487,252	$ 394,872	$ 74,922,179	$ 1,605,590	$ 12,501	$ (79,152,580)	$ (2,195,000)

See notes to consolidated financial statements.

Notes to Consolidated Condensed Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description — Planet Payment, Inc. (the "Company") was incorporated in the State of Delaware in October 1999 as Planet Group, Inc. and changed its name to Planet Payment, Inc. on June 18, 2007. The Company enables processors, acquiring banks and their merchants to accept, process and reconcile credit card transactions in multiple currencies, allowing cardholders to view prices and settle transactions in their native currency. The *Pay in Your Currency*™ service is the Company's suite of multi-currency processing solutions, which includes a multi-currency pricing e-commerce service and a Dynamic Currency Conversion service. The Company's *BuyVoice*™, a mobile payment and commerce solution, allows merchants to accept payments and sell product to customers using any mobile or landline phone. With the acquisition of the *iPAY*™ business, the Company also offers comprehensive Internet processing solutions for credit card and electronic check payments. On March 20, 2006, the Company's common shares were admitted to trading on the London Stock Exchange's Alternative Investment Market (AIM) market. On November 19, 2008, the Company's common shares were also admitted to trading on the OTCQX market tier operated by Pink OTC Markets Inc in the United States.

The Company is a registered third-party processor for acquiring banks under Visa, MasterCard, Discover, American Express and JCB card association rules. Visa and MasterCard operating regulations require the Company to be sponsored by an acquirer in order to process card transactions; the Company has third party processor agreements with American Express and JCB. The Company is currently registered with Visa and MasterCard for each bank with which it has a processing agreement. Accordingly, although not a member of either card association (all members are banks), the Company is required to comply with all applicable card association rules.

Interim Period Format and Scope of Condensed Statements — In the opinion of management, the unaudited consolidated condensed financial statements include all adjustments, which consist of normal recurring accruals, necessary to present fairly the financial position as of September 30, 2010 and December 31, 2009, the results of operations for the three and nine months ended September 30, 2010 and 2009, the cash flows for the nine months ended September 30, 2010 and 2009 and the changes in shareholders' equity/deficit for the nine months ended September 30, 2010. In accordance with accounting principles generally accepted in the United States of America for interim financial information, these statements do not include certain information and footnote disclosures required for complete annual financial statements. The results of operations for the three and nine months ended September 30, 2010 and 2009 and the cash flows for the nine months ended September 30, 2010 and 2009 are not necessarily indicative of the results to be expected for the full year and should be read in conjunction with the most recent annual audited consolidated financial statements of the Company as of and for the year ended December 31, 2009. Financial information for the period ended December 31, 2009 has been derived from the audited consolidated financial statements.

Principles of Consolidation — The consolidated condensed financial statements include the accounts of the Company, one wholly owned U.S. subsidiary and seven wholly owned foreign subsidiaries located in Bermuda, Canada, Hong Kong, Ireland, Isle of Man, The People's Republic of China and Singapore. All inter-company accounts and transactions are eliminated on consolidation.

Foreign Currency Translation — Statement of operations accounts are translated at the average exchange rates during the period. Assets and liabilities are translated at the balance sheet date exchange rates. The related adjustments for all accounts are included in net income. These amounts are immaterial for all periods presented and have not been reported separately.

Cash and Cash Equivalents — Cash and cash equivalents consist of cash and highly liquid debt instruments purchased with an original maturity of three months or less.

Accounts Receivable — The Company evaluates the collectability of its accounts receivable based on a combination of factors. In cases where the Company is aware of circumstances that may impair a specific customer's ability to meet its financial obligations, an allowance is recorded against amounts due thereby reducing the net recognized receivable to the amount that the Company reasonably believes will be collected. For all other customers, the Company recognizes an allowance for doubtful accounts based on the length of time the receivables are past due, the current business environment and historical experience. As of September 30, 2010 and December 31, 2009, the Company has included an allowance for doubtful accounts of approximately $1.4 million and $1.9 million due to certain receivables being subject to litigation. The accounts receivable balance is included within the other current assets line in the Consolidated Condensed Balance Sheets.

Inventory –The Company purchased certain software licenses for resale. The licenses are for a point-of-sale credit card application that has been customized to the Company's specifications, in order to support the Company's multi-currency applications. Inventory is valued at the lower of cost or market price. Cost is arrived at using the first-in, first-out method. Market price is estimated based on anticipated sales price of licenses. The inventory balance is included within the other current assets line in the Consolidated Condensed Balance Sheets.

Property and Equipment — Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Equipment	5 years
Hardware	5 years
Software	5 years
Furniture and fixtures	5–7 years

Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful life of the assets or the term of the underlying lease arrangements.

Expenditures for maintenance and repairs, which do not improve or extend the useful life of the respective asset, are charged to expense as incurred.

Intangible Assets — Intangible assets are recorded at cost less accumulated depreciation. Intangible assets are being amortized on a straight-line basis over their estimated lives, as follows:

License agreements	7 years
Patents	15 years
Trademarks	15 years
Customer contracts	5 years
Capitalized Projects	5 years

The Company performs an annual impairment test comparing the estimated fair value of the intangibles to its carrying value. No impairment was recorded for the year ended December 31, 2009 and the nine month period ending September 30, 2010.

The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles, Goodwill and Other* ("ASC 350"). The Company develops software that is used in providing processing services to customers. Software development costs are capitalized once technological feasibility of the software has been established. Costs incurred prior to establishing technological feasibility are expensed as incurred. Technological feasibility is established when the Company has completed all planning, designing, coding and testing activities that are necessary to determine that a product can be produced to meet its design specifications, including functions, features and technical performance requirements. Capitalization of costs ceases when the product is available for general use. Software development costs are amortized using the straight-line method over the estimated useful life of the software, which is generally five years. During the nine months ended September 30, 2010 and 2009, the amount capitalized was $1,088,866 and $886,900 respectively.

Security Deposits — Security deposits are primarily held by landlords to cover rental obligations and are included in other assets in the consolidated condensed financial statements.

Restricted Cash — Restricted cash is primarily held by processing partners where the Company holds a share of underwriting risk and for other potential liabilities under processing agreements and is included in other assets in the consolidated condensed financial statements.

Due to Merchants — Due to merchants represents funds collected on behalf of merchants using the iPAY gateway ACH product, which are held on average for three days before payment to the merchant, as part of our risk management procedures and the amount held is included in settlement assets and are included in current liabilities in the consolidated condensed financial statements.

Use of Estimates — The preparation of financial statements are in conformity with accounting principles generally accepted in the United States of America (GAAP) and requires management to make certain estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include valuation of stock options and warrants, provision for doubtful accounts, asset capitalization and impairment testing. Actual results could differ from those estimates.

Revenue Recognition — Processing revenue is based on the mark up and fees charged to customers for services provided in facilitating the sale of goods and services by means of credit and debit cards and does not include the gross sales price paid by the ultimate buyer. Revenues are recorded on a gross basis and offset by the associated costs of sales and are recognized at the time of settlement of the transactions.

Revenue from multi-currency processing is based on the margin earned on the conversion of credit card transactions from one currency into another currency. Multi-currency conversion revenue is recognized when the settlement proceeds of relevant credit card transactions are paid by the Card Associations to the relevant acquiring bank, with which the Company undertakes the multi-currency processing service.

Certain members of the Company's point-of-sale software development team provide external development and consulting services to third parties under the name Planet Technology Services (PTS). The revenue associated with PTS is principally time and materials consulting revenue that is recognized when earned and invoiced.

Income Taxes — The Company accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which requires the recognition of deferred income taxes for differences between the bases of assets and liabilities for financial statement and income tax purposes. Deferred tax assets and liabilities represent the future tax consequence for those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Fair Value of Financial Instruments — FASB ASC 825, *Financial Instruments*, requires certain disclosures regarding the fair value of financial instruments. Cash and cash equivalents, receivables, debt, accounts payable, due to merchants, accrued expenses and amounts due to affiliates are reflected in the consolidated condensed financial statements at cost which approximates fair value because of the short-term nature of these instruments. The carrying value of the short term portion of the long term and convertible debt approximates fair value primarily due to the short term nature of the debt and because the interest rates applicable to the debt are consistent with current market rates.

Stock Incentive Plan — FASB ASC 718, *Compensation – Stock Compensation* (“ASC 718”) requires compensation cost related to share-based payments to employees to be recognized in the consolidated condensed financial statements based on their fair value. This method requires that the provisions of ASC 718 be applied to new awards and awards modified, repurchased or cancelled after the effective date. See Note 6 for disclosure on the Company’s stock incentive plan.

Warrants — The Company has issued detachable warrants to purchase common shares as part of certain debt instruments. These warrants have been accounted for as equity in accordance with the provisions of ASC 470-20, *Debt with Conversion and Other Options.* The fair value of the warrants is determined using the Black-Scholes Merton methodology. The fair value of the warrants is expensed to interest over the expected life of the loans. See Note 7 for disclosure on the Company’s warrants.

2. GOING CONCERN

The Company has incurred net operating losses of ($2.7 million) and ($3.1 million) for the nine month periods ended September 30, 2010 and 2009, respectively and ($1.2 million) and ($1.2 million), respectively of negative cash flows from operations during the nine month period ended September 30, 2010 and 2009. During the nine month period ended September 30, 2010, additional retail and hotel merchant locations were launched in the United States, Greater China, Malaysia, and India, which have resulted in an increase in the Company’s gross profit. During the nine months ended September 30, 2010 revenue and gross profit grew 31% and 18%, respectively, as compared to the nine month period ended September 30, 2009. Operating expenses increased $1.7m or 12% in order to support new bank implementations in Asia Pacific, Middle East and South Africa launched in first nine months of 2010, which are expected to generate revenue during the fourth quarter 2010. The Company believes the new bank implementations will have a positive impact on the Company’s revenue and cash flows. In addition, on October 22, 2010, the Company raised $6.03 million (before expenses) via issuance of 4,500,000 common shares to institutional investors in the US and the UK. The net proceeds of the placing will provide additional working capital to maintain and enhance the growth of the Company’s business as well as provide a source of funds for repayment of the note payable, as more fully described in Note 3, in the amount of $4,000,000 that becomes due on November 30, 2010. The Company believes that the operating plans and implementations together with the recent investment will be sufficient to support the Company’s current liquidity requirements, but there are no assurances that these plans and proposals will come to fruition and the ultimate ability of the Company to continue as a going concern is dependent on the Company achieving positive cash flow from operations or raising incremental capital.

3. CURRENT AND LONG TERM DEBT

Long term debt at September 30, 2010 and December 31, 2009 consisted of the following:

8% Note payable to Inter-Atlantic Fund, L.P. due November 30, 2010. Interest is payable annually in cash or common stock at the Company's election. The Company issued one warrant exercisable for 3,053,435 shares of common stock as additional consideration for entering into the note. As long as the note remains oustanding and Inter-Atlantic chooses to exercise the warrant, in part or in full, the principal amount of note must be offset against the purchase price of the common stock under the warrant. The note and warrant are only assignable together.	$	4,000,000	$	4,000,000
Capital leases to various lessors secured by financed equipment and software with interest rates ranging from 9.29% to 20.04% Principal and interest payable monthly through January 2014.		256,505		99,293
Non-interest bearing amount from First Horizon Merchant Services, Inc. (“FHMS”) and First Tennessee Bank National Association (“FTB”) payable on demand. The advance is secured by the underlying cash flow associated with the contract in respect of which the advance was made.		660,000		660,000
Non-interest bearing amount from FHMS and FTB payable on demand. The advance is secured by the underlying cash flow associated with the contract in respect of which the advance was made.		40,000		40,000
		4,956,505		4,799,293
Less current portion		4,804,123		4,742,817
Long term portion	$	152,382	$	56,476

In June 2006 the Company received a request for repayment of the $700,000 of long term debt which is payable on demand. The Company does not believe it is liable to repay such amount and no action has been taken by the creditor to collect it.

Total accrued interest expense related to debt for the nine months ended September 30, 2010 and 2009 was $274,003 and $256,203, respectively and for the three months ended September 30, 2010 and 2009 was $92,531 and $87,077 respectively. Accrued interest for the nine months ended September 30, 2009 was subsequently paid through the issuance of common shares in 2009.

4. CONVERTIBLE DEBT

In February 2007, the Company issued a $5 million five-year term Note convertible into 2,272,727 common shares as part of a $7.6 million private placing which included the issuance of 1,141,491 new common shares at a price of $2.28 per share (equivalent to £1.16 per share). The Note carries an interest rate of 8% per annum and is convertible at any time at the option of the Noteholders, or automatically upon the achievement by the Company of certain milestones, namely a qualified U.S. initial public offering (IPO) or the achievement of certain liquidity and market value in the trading of the Company's common shares. Interest is payable semi-annually commencing June 30, 2007, but at the Company's sole option, interest payments through December 31, 2008, totaling $811,057 were capitalized and added to the principal amount. Also, at the Company's election, subject to specified conditions, at any time after January 1, 2009, interest may be payable in the form of common shares at the fair market value. As a result of the $100,000 convertible note referred to below, the interest rate increased to 9% per annum.

In April 2008, concurrent with the iPay acquisition, the Company issued a $3 million convertible promissory note, with a four year term, convertible into 1,333,333 common shares at a conversion price of $2.25 per share. The note carries an interest rate of 8% per annum and is convertible at any time at the option of the Noteholders, or automatically upon the achievement of certain milestones, namely a qualified U.S. IPO or the achievement of certain liquidity and market value in the trading of the Company's common shares. Interest is payable semi-annually commencing June 30, 2008, but at the Company's sole option, interest payments through December 31, 2008, totaling $168,870 were capitalized and added to the principal amount. Also, at the Company's election, subject to specified conditions, at any time after January 1, 2009, interest may be payable in the form of common shares at the fair market value. As a result of the $100,000 convertible note referred to below, the interest rate increased to 9% per annum.

In December 2008, the Company issued a $100,000 convertible promissory note, with a five year term, convertible into 100,000 common shares at a conversion price of $1.00 per share, to an existing shareholder. The Noteholder also received 25,000 warrants at an exercise price of $1.00. In January and February 2009, the Company issued $350,000 in convertible promissory Notes, with a 5 year term, convertible into 350,000 common shares at a conversion price of $1.00 per share, to existing shareholders. The Noteholders also received 87,500 warrants at an exercise price of $1.00. The Company could prepay the unpaid balance of the Notes at any time on or after July 31, 2009 (First Measurement Date) without prior consent of the Noteholders and without penalty. As a result of the March 2009 private placing, the conversion price of the notes and the exercise price under the Warrants were adjusted to $0.45. The Notes carried an interest rate of 8% per annum. The notes were convertible at any time at the option of the Noteholders. Interest was payable upon the First Measurement Date, but at the Company's sole option, interest payments through July 31, 2009 totaling $18,613 were capitalized and added to the principal amount. The Noteholders exercised their rights to convert the principal amount and all accrued interest under the notes to an aggregate of 1,076,283 common shares as of December 31, 2009 and the notes were discharged as paid in full as of that date.

Convertible debt as of December 31, 2009 was comprised of the following:

Principal		Accrued Capitalized Interest		Total Convertible Debt		Maturity Date	Interest Rate	Conversion Price
$	5,000,000	$	811,056	$	5,811,056	February 7, 2012	9%	$2.20
$	3,000,000	$	168,870	$	3,168,870	April 21, 2012	8%	$0.45
$	8,000,000	$	979,926	$	8,979,926			

Convertible debt as of September 30, 2010 was comprised of the following:

Principal		Accrued Capitalized Interest		Total Convertible Debt		Maturity Date	Interest Rate	Conversion Price
$	5,000,000	$	942,879	$	5,942,879	February 7, 2012	9%	$2.20
$	3,000,000	$	240,756	$	3,240,756	April 21, 2012	8%	$0.45
$	8,000,000	$	1,183,635	$	9,183,635			

Total interest expense related to Convertible Debt for the nine months ended September 30, 2010 and 2009 was $604,484 and $629,209. Total interest expense for the three months ended September 30, 2010 and 2009 was $203,709 and $213,032, respectively. As of June 30, 2010 the Company issued 303,371 new common shares at a price of £0.89 per share (approximately $1.32) in payment of interest on these notes for the six months ended June 30, 2010.

5. RELATED-PARTY TRANSACTIONS

During the nine months ended September 30, 2010 and 2009, the Company incurred rent expense totaling $355,528 and $347,358 respectively, which was paid to an affiliated company that is principally owned by executives, directors or stockholders of the Company (BDP Realty Associates LLC). During the three month periods ended September 30, 2010 and 2009, the Company incurred rent expense totaling $118,509 and $115,613 respectively.

6. STOCK INCENTIVE PLAN

The Board of Directors and Stockholders approved a new equity incentive plan ("2006 Equity Incentive Plan" or "Plan") in January 2006. The Remuneration Committee of the Board of Directors (the "Committee") administers the Plan. Employees and certain contractors, who in the judgment of the Committee render significant service to the Company, are eligible to participate.

Under the terms of the Plan, participants may be granted restricted shares or options to purchase the Company's common stock at the fair market value on the date the option is granted. Options granted generally vest equally over three years and expire ten years after the grant date. At September 30, 2010 and December 31, 2009, a total of 7,333,770 and 6,793,299 shares, respectively, were reserved for issuance under the Plan. No restricted shares have been issued as of September 30, 2010 and of the stock options granted in 2009 and 2010, none were at a strike price lower than the market price at the time of the grant. At September 30, 2010, 951,616 common shares remained available for future stock option and restricted stock awards under the Plan.

Stock option plan activity for the nine months ended September 30, 2010 was as follows:

	Options	**Weighted-Average Exercise Price**
Balance— December 31, 2009	6,793,299	$ 2.36
Granted	1,206,678	2.02
Exercised	(13,668)	0.77
Cancelled	(652,539)	2.64
Forfeited	-	-
Balance—September 30, 2010	7,333,770	$ 2.28
Options exercisable at December 31, 2009	5,535,148	$ 2.32
Options exercisable at September 30, 2010	5,817,447	$ 2.35

Exercise Price	**Number Outstanding**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Life (Years)**	**Number Exercisable**
$ 0.60	100,000	$ 0.60	1.8	100,000
1.20	1,170,783	1.20	7.8	1,177,823
1.28	99,000	1.28	8.8	-
1.30	120,000	1.30	9.8	-
1.65	200,000	1.65	8.8	-
1.70	75,000	1.70	9.8	-
1.75	24,500	1.75	8.8	9,667
2.13	961,678	2.13	9.8	31,178
2.50	2,575,562	2.50	4.4	2,737,262
2.53	334,167	2.53	5.8	331,667
2.88	640,250	2.88	5.8	653,583
3.01	780,163	3.01	6.8	528,433
3.05	18,000	3.05	6.8	13,167
3.07	75,000	3.07	6.8	75,000
4.00	50,000	4.00	4.8	50,000
4.40	109,667	4.40	0.9	109,667
	7,333,770	$ 2.28		5,817,447

The Company's Plan provides for acceleration of exercisability of the options upon the occurrence of certain events related to a change in control, merger, and sale of assets or liquidation of the Company. FASB ASC 718 requires compensation cost related to share-based payments to employees to be recognized in the financial statements based on their fair value. Under the public company standard, companies must adopt FASB ASC 718 using the modified prospective application method. This method requires companies to (1) record compensation cost for the unvested portion of previously issued stock option awards that remain outstanding at the initial date of adoption and (2) record compensation cost for any awards issued, modified, repurchased or cancelled after the effective date of FASB ASC 718. For the three and nine months ended September 30, 2010, the Company incurred total share-based expense of $195,696 and $553,982 respectively; $165,265 and $500,746 respectively related to employee compensation and $30,430 and $53,236 respectively related to non-employee directors and professionals. For the three and nine months ended September 30, 2009, the Company incurred total share-based expense of $262,194 and $983,987 respectively; $247,836 and $881,297 respectively related to employee compensation and $14,358 and $102,690 respectively related to non-employee directors and professionals. As of September 30, 2010, the total remaining unrecognized compensation expense related to the Company's unvested stock options was $992,997. This unrecognized compensation expense is expected to be recognized over a weighted-average period of less than one year.

For awards granted in 2009 and 2010, the Company used the Black-Scholes model for valuation. Assumptions, including volatility, term and risk-free rate, utilized in the model were provided by or confirmed by an independent entity. Since the Company had little historical information regarding the volatility of its share price, estimated volatility was based on the historic volatility of comparative companies from the same industry. The Company believes that its historical share option experience does not provide a reasonable basis upon which to estimate expected term. Following the guidance of SAB ASC Topic 14, *Share-Based Payment*, the Company used a "simplified" method to determine expected term based on the vesting and original contractual terms. The valuation for stock option awards for the nine months ended September 30, 2010 was:

Award Date	January 2010	April 2010	April 2010	May 2010	June 2010
Exercise Price	$1.70	$2.13	$2.13	$2.13	$1.30
Implied Volatility	36.21%	35.9%	34.5%	36.23%	34.59%
Expected Term (years)	6.0	6.0	5.0	6.0	5.5
Risk-Free Rate	3.01%	3.04%	2.67%	2.56%	2.22%
Fair Value per Option	$0.69	$0.85	$0.74	$0.31	$0.46

7. WARRANTS

The Company had outstanding warrants to purchase 3,808,690 shares of common stock as of September 30, 2010, in addition to the stock options granted under the stock incentive plan.

Warrant activity for the nine months ended September 30, 2010 was as follows:

	Warrants	Weighted-Average Exercise Price
BALANCE— December 31, 2009	**3,785,328**	**$ 1.50**
Granted	23,362	0.25
Exercised	-	-
Cancelled	-	-
BALANCE— September 30, 2010	**3,808,690**	**$ 1.47**
Warrants exercisable—December 31, 2009	3,785,328	$ 1.50
Warrants exercisable— September 30, 2010	3,808,690	$ 1.47

Warrants Outstanding at September 30, 2010

Exercise Price	Number Outstanding	Weighted - Average Exercise Price	Weighted-Average Remaining Life (Years)	Number Exercisable
0.25	238,764	0.25	3.4	238,764
0.45	112,500	0.45	3.5	112,500
1.31	3,053,435	1.31	1.1	3,053,435
2.50	220,903	2.50	3.1	220,903
5.50	183,088	5.50	3.1	183,088
	3,808,690	$ 1.47		3,808,690

During the nine months ended September 30, 2010 and 2009, the Company issued 23,362 and 51,385 warrants respectively with an exercise price of $0.25 per share as partial payment for legal services rendered and recognized an expense of $87,608 and $192,692 respectively. During the three months ended September 30, 2010 and 2009, the Company issued 5,683 and 19,952 warrants respectively with an exercise price of $0.25 per share as partial payment for legal services rendered and recognized an expense of $21,313 and $74,819 respectively. These expenses are included in Total operating expenses on the Consolidated Condensed Statements of Operations.

8. CAPITAL STOCK

During the nine months ended September 30, 2010, the Company issued 13,668 new common shares upon exercise of stock options.

On June 30, 2010 the Company issued 303,371 new Common Shares at a price of £0.88 per share (approximately $1.32) in payment of interest on Convertible Notes (See Note 4).

The terms on the Company's various classes and series of capital stock are summarized as follows:

Series A Convertible Preferred Stock —The Series A preferred stock had the following right as of September 30, 2010:

Liquidation Preference — The holders of the Series A preferred stock are entitled upon a liquidation event, to receive back their original investment, in priority to any return of capital to all other stockholders, with no further participation.

Common Stock — The common stockholders are entitled to a distribution of all remaining assets (which may be more or less than the original investment), on a proportionate basis, in the event of the dissolution or winding up of the Company, after payment of all liabilities of the Company and the liquidation preference of all series of preferred stock then outstanding. The common stock has no conversion or redemption rights. The common stock is entitled to one vote per share at all general meetings of the Company. The common stockholders are entitled to share in all dividends and distributions, which may be declared by the Company, on a proportionate basis with all other classes and series of stock outstanding.

9. LOSS PER SHARE

Computation of Loss per Common Share — Basic loss per common share is computed using the weighted-average number of common shares outstanding during the period. Diluted loss per common share is computed using the weighted-average number of common and dilutive common equivalent shares outstanding during the period. Dilutive common equivalent shares consist primarily of preferred shares, warrants, stock options and convertible debt. Due to the Company's net loss for all periods presented, the diluted loss calculation is not provided, in that the results of this calculation would be anti-dilutive.

The basic (loss) per share is calculated on the following data:

	9 months ended September 30,	
	2010	**2009**
Weighted average number of common shares (for basic loss per share)	39,316,392	32,590,851
Potential dilutive ordinary shares:		
Preferred shares	6,851,144	6,851,144
Warrants	3,800,435	4,409,153
Stock incentive plan	7,231,781	6,567,674
Convertible debt	4,049,776	4,908,968
Diluted basis	61,249,528	55,327,790
Net Loss	$ (2,701,350)	$ (3,106,379)
Basic loss per share	($0.07)	($0.10)

10. SUBSEQUENT EVENTS

The Company evaluated subsequent events through November 9, 2010, the date on which these financial statements were finalized. On October 22, 2010 the Company raised $6.03 million (before expenses) via a placing of 4,500,000 new common shares issued to institutional investors in the US and UK. The net proceeds will provide additional working capital to maintain and enhance the growth of the Company’s business, as well as provide a source of funds for repayment of the $4 million of long term debt, which is due on November 30, 2010.

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

The following discussion and analysis should be read in conjunction with the accompanying financial statements and related notes thereto. The following discussion may contain forward-looking statements that reflect future plans, estimates, beliefs, and expected performance. The forward-looking statements are dependent upon events, risks, and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. As such, the forward-looking events discussed may not occur. See discussion under the headings "*Forward Looking Statements*" and "*Risk Factors*" below.

The financial information with respect to the nine and three month periods ended September 30, 2010 and 2009 that is discussed below is unaudited. In the opinion of management, this information contains all adjustments, consisting of normal recurring accruals, necessary for the fair presentation of the results for such periods. The results of operations for the interim periods are not necessarily indicative of the results of operations for the full fiscal year. 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, cash operating expenses, and cash compensation expense, transaction volumes, merchant locations and same store sales, should not be considered replacements for and should be read in conjunction with the GAAP financial measures.

RESULTS OF OPERATIONS

Nine Months Ended September 30, 2010 Compared to the Nine Months Ended September 30, 2009

Revenue: Total revenue increased 31% to $43.2m (YTD'09: $33m) as a result of the increase in multi-currency processing from new merchant deployments in new and existing regions. Active merchants as of September 30, 2010 increased 39% to 13,664 (YTD'09: 9,827). Revenue from multi-currency processing services increased 51% to $34.1m (2009: $22.6m), while revenue from processing services decreased 12% to $9.1m (2009: $10.3m), and represented 21% of total revenue (YTD'09: 31%).

Transaction Volume: The Company processed total settled transaction volume of $1.9b, up 26% over the same period in 2009 (YTD'09: $1.5b). Transaction volume from multi-currency processing services increased 52% to $922m (YTD'09: $607m). Settled processing volume increased to $995m (YTD'09: $911m). Approximately 29% of multi-currency transaction volume processed in September 2010 was attributed to merchants activated since September 2009 and 22% of the September 2010 volume derived from locations activated in the first nine months of 2010. The Company has activated more than 3800 new merchant locations since September 30, 2009, of which approximately 3600 locations were activated during the first nine months of 2010.

Gross Profit: Gross profit rose 18% to $13.7m (YTD'09: $11.6m). Overall gross margin percentage was 32% as compared to 35% in 2009 due to certain customers achieving processing volume tiers in 2010 and also due to certain implementations, development and processing fees which had no associated direct costs of sales in 2009.

Operating Expenses: The Company's operating costs as a percentage of revenue decreased to 36% compared to 44% in Q3'09. Operating expenses grew $1.7m to $15.6m (YTD'09: $13.8m). Cash operating expenses increased 19% to $13.8m (YTD'09: $11.6m) in support of service launches in new markets in 2010 and due to the reinstatement of salaries, which had been reduced in Q4 of 2008 through most of 2009.

Cash compensation expenses totaled $9.8m, an increase of 35% over the same period in 2009, representing 71% of total cash operating expenses. (YTD'09: $7.2m, representing 59% of total cash operating expenses). Increases were due primarily to the reinstatement of previously reduced salaries (as explained above) and to bonuses paid during the first nine months of 2010. Other cash operating expenses decreased 8% over 2009.

EBITDA: Adjusted EBITDA loss for the period was ($0.04m) equal to a loss of ($0.04m) a year ago. See Table 1 below for a reconciliation of Net loss to adjusted EBITDA.

Net Loss: Net loss for the period was ($2.7m) compared to a net loss of ($3.1m) for the first nine months of 2009.

Three Months Ended September 30, 2010 Compared to the Three Months Ended September 30, 2009

Revenue: Total revenue increased 32% to $15.5m (Q3'09: $11.7m) as a result of the increase in multi-currency processing from new merchant deployments in all regions. Revenue from multi-currency processing services increased 47% to $12.5m (Q3'09: $8.5m), while revenue from processing services decreased 5% to $3.1m (Q3'09: $3.2m), and represented 20% of total revenue (Q3'09: 27%).

Transaction Volume: The Company processed total settled transaction volume of $700m, up 28% over the same period in 2009 (Q3'09: $547m). Transaction volume from multi-currency processing services increased 42% to $323m (Q3'09: $228m). Settled processing volume increased to $377m (Q3'09: $319m).

The Company activated approximately 1800 new merchant locations, during the third quarter of 2010, which contributed modestly to Q3 transaction volumes and revenue.

Improving economic conditions also contributed to increased volumes. The Company's same store multi-currency volume in the hospitality, retail and e-commerce sectors rebounded in the period, as evidenced by the average 21 % increase in third quarter same store volume over third quarter 2009.

Gross Profit: Gross profit rose 22% to $5.0m (Q3'09: $4.1m). Overall gross margin percentage was 32% as compared to the Q3'09 gross margin percentage of 35% due to certain customers achieving processing volume tiers in 2010, development and processing fees which had no associated direct costs of sale.

Operating Expenses: The Company's operating costs as a percentage of revenue decreased to 33% compared to 39% in Q3'09. Operating expenses grew $0.6m, to $5.2 (Q3'09: $4.6m). Cash operating expenses increased 17% to $4.6m (Q3'09: $3.9m) in support of service launches in new markets in 2010 and as a result of the reinstatement of salaries which had been temporarily reduced.

Cash compensation expenses totaled $3.1m, an increase of 40% over Q3'09, representing 68% of total cash operating expenses for the quarter (Q3'09: $2.2m, representing 57% of total cash operating expenses). Increases were due to the reinstatement of temporarily reduced salaries. Other cash operating expenses decreased 13% over 2009.

EBITDA: Adjusted EBITDA for the period was $0.4m compared to $0.2m a year ago. See Table 1 below for a reconciliation of Net loss to adjusted EBITDA.

Net Loss: Net loss for the period was ($0.4m) compared to a net loss of ($0.8m) a year ago.

Table 1. Reconciliation of Net Loss to Adjusted EBITDA
For the three and nine month periods ended September 30, 2010 and 2009
(in millions)

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
Net loss	$(0.4)	$(0.8)	$(2.7)	$(3.1)
Interest expense, net	0.3	0.3	0.9	0.8
Depreciation and amortization	0.3	0.3	1.1	1.1
Stock compensation expense	0.2	0.2	0.6	1.0
Other non-cash expense		0.2		0.1
Adjusted EBITDA	$0.4	$0.2	($0.1)	($0.1)

LEGAL PROCEEDINGS

The Issuer is not and was not during the quarter ended September 30, 2010, party to any legal proceedings or administrative actions that could have a material effect on the Issuer's business, financial condition, or operations nor have any such proceedings been threatened. Neither are there any current, past or pending trading suspensions by a securities regulator.

DEFAULTS UPON SENIOR SECURITIES

Not applicable.

OTHER INFORMATION

Information regarding the sales of the Issuer's equity securities during the period ended September 30, 2010 has already been disclosed and are included in the notes to the Financial Statements for such period. Otherwise not applicable.

EXHIBITS

None

FORWARD-LOOKING STATEMENTS

Information contained in this report 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. Implementation of some or all of the new services referred to is subject to regulatory or other third party approvals. Actual results may vary materially from the results anticipated by these forward-looking statements as a result of a variety of risk factors, including the risks discussed under the heading "Risk Factors". These forward-looking statements speak only as to the date of this report 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 report to reflect any changes in its expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

RISK FACTORS

Risk factors that may affect the Company's future prospects, performance and results, are referenced in the Company's Admission document to the AIM market, which is available on its website at www.planetpayment.com/Investors. Some of the risk factors that investors or potential investors in Planet Payment's securities should consider are summarized as follows:

- The business is still in a substantial growth phase, which makes it difficult to evaluate and forecast the Company's future prospects.
- The Company has incurred losses since its inception and cannot guarantee that it will achieve profitability.
- The Company may require additional capital in the future to fund operations, or it may elect to raise additional capital if market conditions are favorable.
- The Company relies on third parties to implement the Company's solutions and to market them to end customers, and cardholders may not adopt the Company's services.
- Implementation, adoption and offering of the service by processors, acquirers, merchants and others may take longer than anticipated, or may not occur at all.
- The Company's industry is highly competitive.
- The Company may face decreasing gross margins.
- Changes in the credit card industry, regulatory changes, particularly in the United States and China and changes in card association regulations and practices may impair the Company's business. Visa has recently revoked certain rule changes applicable to dynamic currency conversion ("DCC") which were adopted in April 2010 and has now published additional rule changes. The full impact of these rule changes on the Company's future business and financial results cannot be fully assessed at this time.
- The Company is required to be registered with card associations in order to provide its services and the Company relies on bank sponsorship for this registration.
- Changes in credit card industry billing and disclosure of cross-currency transactions may impact the Company's revenues and gross margins.
- Third parties claiming that the Company infringes their proprietary rights could cause the Company to incur significant legal expenses, for itself and on behalf of certain customers who are indemnified by the Company and prevent the Company from offering its services.
- The Company may be subject to litigation in the future.
- The Company may not be able to protect and enforce its contractual and intellectual property rights.
- Rapid technological change could render the Company's services obsolete.
- The Company's business exposes it to currency exchange risk.

- If the Company were to lose the services of its CEO or other members of its senior management team, the Company may not be able to execute its business strategy.
- The Company faces risks in foreign markets.
- Additional risks may arise with respect to commencing operations in new countries and regions of which the Company is not fully aware at this time.
- The Company could be subject to liability in the event of unauthorized disclosure of cardholder or transaction data.
- Merchant fraud or insolvency could, in some cases, negatively affect the Company's cash flows and operating results and result in liability to the Company.
- Adverse economic and other global conditions, general economic risks and decrease in volume of international travel and commerce could result in a decrease in transaction volumes.
- The Company relies on third party and organic new technology and systems; delays in development and implementation of new technology could delay revenues from the relevant projects or customers.
- The Company could face liability or termination of key contractual relationships in the event of a system failure or a failure to perform to contracted standards.
- Material past or future acquisitions made by the Company may have an adverse effect on its results.
- Additional risks may arise with respect to the acquired assets and assumed contracts of which Planet Payment is not fully aware at this time.
- The Company may be required to comply with U.S. federal securities law reporting and corporate governance regulations in the future, which would entail significant expense and could materially impair the Company's operating results.
- Securities traded on the AIM, Pink Sheets and OTCQX markets may involve greater risk, potentially greater volatility and lower liquidity than securities traded on other public markets.
- The Company is not currently subject to the same reporting requirements as companies whose stock is traded on other public markets.
- Ownership of the Company's Common Shares is concentrated among a small number of large shareholders, and substantial sales by these shareholders could depress the Company's stock price.

PLANET PAYMENT, INC.

QUARTERLY REPORT

FOR THE QUARTER
ENDED SEPTEMBER 30, 2010

CERTIFICATIONS

I, Philip D Beck, certify that:

1. I have reviewed this Quarterly Report for the quarter ended September 30, 2010 of Planet Payment, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: November 9, 2010

Philip D. Beck, CEO

I, Robert Cox, certify that:

1. I have reviewed this Quarterly Report for the quarter ended September 30, 2010 of Planet Payment, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: November 9, 2010

Robert Cox, CFO

1. I have reviewed this Quarterly Report for the quarter ended September 30, 2010 of Planet Payment, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: November 9, 2010

Graham N. Arad, SVP & General Counsel