Date: 6 August 2009

Planet Payment
Reports First Half 2009 Results

TOTAL REVENUE INCREASES 49%; GROSS PROFIT RISES 64%

Planet Payment, Inc. **(UK: LSE:AIM: PPT and PPTR; USA: OTCQX: PLPM)**, a leading international payment and data processor, today announced its results for the three and six month periods ended June 30, 2009.

First Half 2009 Financial Highlights

- Total revenue increased 49% to $21.3m (H1'08: $14.3m)
    - Multi-Currency revenue grew 40% to $14.1m (H1'08: $10.0m)
    - Processing revenue increased 69% to $7.1m (H1'08: $4.2m)
- Gross profit increased 64% to $7.5m (H1'08: $4.6m)
- Operating costs reduction achieved in accordance with Company's amended operating plan (adopted in October 2008). Cash operating expenses decreased12.8% to $7.7m (H1 '08: $8.9m)
- Adjusted EBITDA loss narrowed by 94% to $0.3m (H1'08 loss: $4.3m) (Adjusted EBITDA excludes depreciation and amortization, non-cash stock-related expense and for H1 '08 only allowance for doubtful accounts)
- Net loss was reduced by 63% to $2.3m (H1'08 loss: $6.3m)

Second Quarter 2009 Financial Highlights

- Total revenue increased 20% to $10.9m (Q2'08: $9.1m)
    - Multi-Currency revenue grew 46% to $7.8m (Q2'08: $5.4m)
    - Processing revenue declined 17% to $3.1m (Q2'08: $3.8m) as a result of expected attrition following the April 2008 iPAY acquisition.
- Gross profit increased 36% to $3.9m (Q2'08: $2.9m)
- Attained positive EBITDA of $0.1m compared to the Q2'08 loss of $2.3m and Q1'09 loss of $0.3m
- Net loss narrowed by 72% to $0.96m (Q2'08 loss: $3.4m); and also narrowed by 30% to $0.96m over the prior quarter (Q1'09: $1.4m).

During the first half of 2009 the Company continued to expand both geographically and with new customers, while delivering solid results in a challenging economic climate. While Visa reported that credit transaction volume in the US declined 10% and cross-border volume (in constant USD) was down 8% over the same quarter in the previous year, Planet Payment's total settled transaction processing volumes increased 16% to $504m over the same period in 2008 (Q2 '08: $435m) with multi-currency processing volumes increasing 30% to $206m over the same period (Q2 '08: $158m). This performance can be attributed to Planet Payment's robust new business pipeline. Approximately 44% of core multi-currency transaction volume processed in June 2009 was attributed to merchants activated since June 2008 and 11% of the June 2009 volume derived from locations activated in the second quarter of 2009. These results evidence the attractive product set and the ability of the Company's operations to react nimbly to changing market conditions.

Operational developments since 31 March 2009 include the following:

- Implementation of the new processing services in Canada (including Interac Support) with ICE and Peoples Trust announced in April, which went live in July.
- The May launch of services with JCB International to provide back-end settlement and clearing processing for all merchants acquired directly by JCB in Hong Kong.
- Commencement of processing in April for Bancorp Bank's merchants and ISO's following the agreement signed in April.
- In Europe, the Company has been implementing a new processing solution with a major European institution, which is expected to be launched later this year.
- 1,100 further merchant locations were activated during the quarter, bringing the Company's total as of June 30, 2009 to 9,490 locations, with the increase primarily attributed to new locations in Asia-Pacific.

Commenting on the results, Philip Beck, Chairman of Planet Payment, Inc., said:

"Our revenue growth reflects the continued strength of our business model and the demand for our solutions given the current economic climate. We remain focused on working with our financial institution and other business customers to roll out our innovative products in new markets, open new sales channels and maximize earnings."

Additional breakdown on the Company's performance can be found in the Management Discussion and Analysis 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 and for the three and six months ended June 30, 2009 and 2008 and as of December 31, 2008 have been posted on the OTCQX website at www.otcqx.com and on the Company's website at www.planetpayment.com .

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About Planet Payment:

Planet Payment's Common shares trade on AIM under the symbols PPT for unrestricted Common shares and PPTR for Reg S Common shares and in the United States on the OTCQX under the symbol PLPM.

Planet Payment 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 Planet Payment's suite of multi-currency processing solutions, which includes a multi-currency pricing e-commerce service and a Dynamic Currency Conversion service. Planet Payment'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, Planet Payment also offers comprehensive Internet processing solutions for credit card and electronic check payments.

Planet Payment is headquartered in New York and has offices in Atlanta, Beijing, Bermuda, New Castle Delaware, London, Hong Kong, Shanghai and Singapore.

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 the business, which was the subject of the iPAY acquisition (including development plans and objectives relating to Planet Payment's and such acquired business) are forward-looking statements. Such forward-looking statements are based on a number of assumptions regarding Planet Payment's present and future business strategies, the assets acquired, contracts assumed and personnel hired 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 the risk that implementation, adoption and offering of the service by processors, acquirers, merchants and others may take longer than anticipated, or may not occur at all, regulatory changes, particularly in China and changes in card association regulations and practices; general economic risk and volume of international travel and commerce and others. Additional risks may arise with respect to the acquired assets and assumed contracts of which Planet Payment is not fully aware at this time. 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

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 dependents 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 three and six month periods ended June 30, 2009 and 2008 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. These non-GAAP key business indicators, which include EBITDA loss, transaction volumes, annualized revenue run rates, merchant locations and points of sale, should not be considered replacements for and should be read in conjunction with the GAAP financial measures.

RESULTS OF OPERATIONS

Six Months Ended June 30, 2009 Compared to the Six Months Ended June 30, 2008

Revenue: Total revenue increased 49% to $21.3m (H1'2008: $14.3m) led by new merchant deployments with banking partners in China, Taiwan, and India and the acquisition of the iPAY business. Revenue from multi-currency processing services increased 40% to $14.1m (H1'08: $10.0m). Revenue from processing services (i.e. iPAY and other non multi-currency processing) increased 69% to $7.1m (H1'08: $4.2m) primarily attributed to the April 2008 acquisition of the iPAY processing business in North America.

Transaction Volume: The Company processed total settled transaction volume of over $994m, up 72% over the same period in 2008 (H1'08: $577m). Transaction volume from multi-currency processing services increased 32% to $381m (H1'08: $288m). Of the June 2009 multi-currency volume, 44% was attributed to merchants activated since June 2008; approximately 18% was added in the first half of 2009, showing the continued strength of the new merchant deployment pipeline. Settled processing volume grew 112% to $614m (H1'08: $290m), primarily attributed to the April 2008 acquisition of the iPAY processing business in North America.

Gross Profit: Gross profit rose 64% to $7.5m (H1'08: $4.6m). Overall gross margin percentage was 34% compared to 32% in H1'08 primarily due to improved multi-currency processing margins and certain implementation, development and processing fees which had no associated direct costs of sales.

Operating Expenses: Operating expenses declined 12.4%, or $1.3m, to $9.2m (H1'08: $10.5m) with cash operating expenses correspondingly declining 12.8% to $7.7m (H1'08: $8.9m). The Company's operating costs as a percentage of revenue decreased to 46.9% from 73.7% in H1'08. These declining expenses resulted from initiatives taken by the Company in October 2008 to align cash operating expenses with revenues. It is noted that H1'08 expenses included only a little over two months of iPAY expenses, as opposed to H1 '09 which included a full six months expenses.

Cash compensation expenses totalled $4.6m, a decline of 5.9% from H1'08, representing 59% of total cash operating expenses for 2009 (H1'08: $4.9m, representing 56% of total cash operating expenses). Headcount declined from 150 in June 2008 to 140 in June 2009, primarily attributed to the Company's cost containment efforts. Other cash operating expenses (i.e. excluding cash compensation expense) also declined 21% over H1'08.

EBITDA: Adjusted EBITDA loss for the period improved by 94% to $0.3m (H1'08 loss: $4.3m). Adjusted EBITDA loss excludes depreciation and amortization expense of $0.7m, non-cash stock-related compensation expense arising from SFAS 123R of $0.7m and for H1 '08 only, allowance for doubtful accounts.

Net Loss: The Company's growing revenues in concert with the reduction in operating expenses, led to a 63% improvement in net loss to $2.3m (H1'08 loss: $6.3m).

Three Months Ended June 30, 2009 Compared to the Three Months Ended June 30, 2008

Revenue: Total revenue increased 20% to $10.9m (Q2'08: $9.1m) primarily as a result of the increase in multi-currency processing from new merchant deployments in China, Taiwan, and India. Revenue from multi-currency processing services increased 46% to $7.8m (Q2'08: $5.4m). Revenue from processing services (i.e. iPAY and other non multi-currency processing) declined 17% to $3.1m (Q2'08: $3.8m) as a result of expected attrition following the April 2008 iPAY acquisition.

Transaction Volume: The Company processed total settled transaction volume of over $504m, up 16% over the same period in 2008 (Q2'08: $435m). Transaction volume from multi-currency processing services increased 30% to $206m (Q2'08: $158m).. Settled processing volume grew 7% to $298m (Q2'08: $277m).

Gross Profit: Gross profit rose 36% to $3.9m (Q2'08: $2.9m). Overall gross margin percentage of 35.3% improved over Q2'08's gross margin percentage of 31.3%, primarily due to improved multi-currency processing margins and the Company's actions to enhance the profitability of its iPAY processing portfolio.

Operating Expenses: Operating expenses declined more than 24%, to $4.5m, (Q2'08: $6.0m), and cash operating expenses declined 26 % to $3.8m (Q2'08: $5.1m). The Company's operating costs as a percentage of revenue continued to decline to 41% from 66% in Q2'08. These declining expenses resulted from initiatives taken by the Company in October 2008 to amend its operating plan and align cash operating expenses with revenues.

Cash compensation expenses totalled $2.2m, a decline of 14.9% over Q2'08 and represented 59% of total cash operating expenses for the quarter (Q2'08: $2.6m, represented 51% of total cash operating expenses). Headcount grew to 140 at the end of June 2009 from 136 at the end of March 2009. Other cash operating expenses (i.e. excluding cash compensation expense) declined 37% over Q2'08.

EBITDA: Achieved first positive EBITDA quarter; adjusted EBITDA improved to $0.1m from a loss in Q2'08 of $2.3m. Adjusted EBITDA loss excludes depreciation and amortization expense of $0.4m and non-cash stock-related compensation expense arising from SFAS 123R of $0.3m, and other non-cash expense of $0.1m and for Q2'08 only, allowance for doubtful accounts. This positive adjusted EBITDA reflects the Company's continuing progress towards positive cash flow in the near-term.

Net Loss: The Company narrowed its net loss by 72% to $1.0m (Q2'08 loss: $3.4m) due to higher revenues and significant reduction in costs.

CONSOLIDATED CONDENSED BALANCE SHEETS

AS OF JUNE 30, 2009 AND 2008 and DECEMBER 31, 2008

	June 30		December 31
	2009	**2008**	**2008**
	(unaudited)	(unaudited)	(audited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,296,292	$ 3,075,050	$ 246,848
Other current assets	5,336,552	5,578,548	4,964,087
Total current assets	6,632,844	8,653,598	5,210,935
Property and equipment, net	1,085,126	2,877,277	1,179,154
Intangible assets, net	4,206,435	2,045,868	3,953,838
Other assets	433,913	402,239	399,587
TOTAL	$12,358,318	$13,978,982	$10,743,514
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities	3,758,571	4,500,165	4,265,262
Long-term and Convertible debt-less current maturities	13,465,427	12,631,817	13,080,080
Total liabilities	17,223,998	17,131,982	17,345,342
Stockholders' equity (deficit):	(4,865,680)	(3,153,000)	(6,601,828)
TOTAL	$12,358,318	$13,978,982	$10,743,514

See notes to consolidated condensed financial statements.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2009 and 2008

	Three Months Ended June 30		Six Months Ended June 30	
	2009	**2008**	**2009**	**2008**
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE:				
Multicurrency processing revenue	$ 7,795,061	$5,355,686	$14,065,043	$10,025,272
Other revenue	3,146,469	3,767,437	7,195,086	4,254,689
Total Revenue	10,941,530	9,123,123	21,260,129	14,279,961
COST OF SALES:				
Multicurrency processing cost of sales	4,744,131	3,314,727	8,700,399	6,256,578
Other cost of sales	2,329,983	2,955,677	5,068,012	3,452,185
Total cost of sales	7,074,114	6,270,404	13,768,411	9,708,763
Gross Profit	3,867,416	2,852,719	7,491,718	4,571,198
Total operating expenses	4,525,266	6,000,556	9,214,801	10,530,076
Loss From Operations	(657,850)	(3,147,837)	(1,723,083)	(5,958,878)
Total other expense	(291,853)	(204,034)	(577,911)	(336,846)
Loss before Provision for Income Taxes	(949,703)	(3,351,871)	(2,300,994)	(6,295,724)
Provision for income taxes	-	-	-	-
Net Loss	$(949,703)	$(3,351,871)	$(2,300,994)	$(6,295,724)

See notes to consolidated condensed financial statements.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2008

	Six Months Ended June 30	
	2009	**2008**
	(unaudited)	(unaudited)
Cash flows from operating activities:		
Net loss	(2,300,994)	(6,295,724)
Other cash flows from operating activities	1,218,771	1,138,758
Net cash used in operating activities	(1,082,223)	(5,156,965)
Cash flows from investing activities:		
Capital expenditures	(1,082,343)	(2,182,834)
Other investing activities	-	-
Net cash used in investing activities	(1,082,343)	(2,182,834)
Cash flows from financing activities:		
Proceeds from issuance of common stock	3,000,359	-
Proceeds from convertible debt and Loans Payable	389,547	3,000,000
Proceeds from SB credit line	-	1,580,111
Payment of capital-raising expense	(175,896)	(90,000)
Proceeds from redemption of investments	-	3,100,000
Net cash provided by financing activities	3,214,010	7,590,111
Increase / (decrease) in cash and cash equivalents	1,049,444	250,312
Cash and cash equivalents—beginning of period	246,848	2,824,739
Cash and cash equivalents—end of period	$1,296,292	$3,075,051

See notes to consolidated condensed financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY/DEFICIT (unaudited)
FOR THE SIX MONTHS ENDED JUNE 30, 2009

	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	Accumulated Deficit	Total Stockholders' Equity (Deficit)
BALANCE —DECEMBER 31, 2008	2,243,750	$22,438	26,931,007	$269,310	$64,243,699	$1,286,617	$(72,423,892)	$(6,601,828)
Stock issued			7,031,740	70,317	3,127,161			3,197,478
Warrants exercised								0
Options exercised								0
Value of warrants issued						117,873		117,873
Stock option expense					721,793			721,793
Net loss							(2,300,996)	(2,300,996)
BALANCE —June 30, 2009	2,243,750	$22,438	33,962,747	$339,627	$68,092,653	$1,404,490	$(74,724,888)	$(4,865,680)

See 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 both Visa and MasterCard 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 is currently registered with each card association 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 June 30, 2009, the results of operations for the three and six months ended June 30, 2009 and 2008, the cash flows for the six months ended June 30, 2009 and 2008 and the changes in shareholders' equity for the six months ended June 30, 2009. 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 six months ended June 30, 2009 and 2008, and the cash flows for the six months ended June 30, 2009 and 2008 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 condensed financial statements of the Company as of and for the year ended December 31, 2008. Financial information for the period ended December 31, 2008 has been derived from the audited consolidated condensed financial statements.

Principles of Consolidation — The consolidated condensed financial statements include the accounts of the Company, two wholly owned U.S. subsidiaries (one wholly owned subsidiary and 70% owned subsidiary for the six months ended June 30, 2008), and six wholly owned foreign subsidiaries located in Bermuda, 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 — Statements 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 June 30, 2009 and December 31, 2008, the Company has included an allowance for doubtful accounts of approximately $1.9 million due to certain receivables being subject to litigation.

Inventory – Commencing in June 2006, certain payments made to Servebase Computers, Ltd. ("Servebase") have been applied to the purchase of 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 current sales of licenses.

Property and Equipment — Property and equipment are recorded at cost. 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 (period of lease)	7 years

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. 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 their carrying value. No impairment was recorded for the year ended December 31, 2008 and the six month period ending June 30, 2009.

The Company follows American Institute of Certified Public Accountants Statement of Position (SOP) 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. 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 six months ended June 30, 2009 and 2008, the amount capitalized was $506,257 and $500,000, 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.

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) 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, allowance for bad debts, 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.

Transaction based fees are earned at the time the transaction is submitted for processing. Administrative fees revenue comprises fixed monthly amounts, which are recognized at the time charged to each customer. Fees arising from referral of business to third-party processors are recognized upon receipt.

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 Statement No. 109, *Accounting for Income Taxes*, which requires the recognition of deferred income taxes for differences between the basis 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. In July 2006, the FASB issued FASB Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109*. FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in an income tax return. FIN No. 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN No. 48 was adopted by the Company on January 1, 2007 and its effect was not material.

Fair Value of Financial Instruments — SFAS No. 107, *Disclosure about Fair Value of 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 fair value because of the short-term maturity of these instruments. The carrying value of long term and convertible debt approximates fair value.

Stock Incentive Plan — The Company adopted FASB Statement No. 123(R), *Share Based Payment*, effective January 1, 2006. FASB Statement No. 123(R) requires compensation cost related to share-based payments to employees to be recognized in the financial statements based on their fair value. This method requires that the provisions of FASB Statement No. 123(R) be applied to new awards and awards modified, repurchased or cancelled after the effective date. See Note 7 for disclosure on the Company's stock incentive plan.

2. GOING CONCERN

The Company has incurred net operating losses and negative cash flows from operations during the six month periods ending June 30, 2009 and 2008, and the year ended 2008. During the six month period ended June 30, 2009, the Company's operations were largely funded by gross profit from operations with the deficiency made up by equity capital and other financing including a March 2009 private placing of common shares that raised an additional $3,000,000 (before expenses) (see Note 9). During the six month period ended June 30, 2009, additional retail and hotel merchant locations were launched in the United States, Greater China, Malaysia, and India. During the six months ended June 30, 2009, revenue and gross profit grew 49% and 64%, respectively, as compared to the six month period ended June 30, 2008. Further bank and merchant implementations have occurred since June 30, 2009 and are planned for the rest of 2009, which the Company believes will have a positive impact on the Company's revenue and cash flows. In October 2008, the Company amended its operating plan, in order to align the Company's cash operating expenses with its current and projected revenue. Amongst a number of cost cutting measures the Company adopted, the Company laid-off approximately 10% of its global work force and reduced cash compensation to all directors and officers and most employees across the Company. The Company believes that the operating plans and implementations, together with the investment capital raised, 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.

3. LONG TERM DEBT

Long term debt at June 30, 2009 and December 31, 2008 consisted of the following:

	June 30, 2009	December 31, 2008
8% Note payable to Inter-Atlantic Fund, L.P. due November 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 outstanding 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
9.29% Note payable to Hewlett Packard Financial Services Company, Principal and interest payable monthly through January 2014. The note is secured by the financed equipment.	38,433	0
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
	4,738,433	4,700,000

Less current portion	707,054	700,000
Long term portion	$4,031,379	$4,000,000

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 interest expense related to long term debt for the six months ended June 30, 2009 and 2008 was $169,127 and $177,648, respectively. Total interest expense related to long term debt for the three months ended June 30, 2009 and 2008 was $85,169 and $90,919, respectively. Interest expense was accrued for 2008 and subsequently paid through issuance of common stock in 2009 (see Note 9).

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, provided that at the Company's sole option, interest payments through December 31, 2008, may be 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. Interest payments due as of June 30, 2007, December 31, 2007, June 30, 2008 and December 31, 2008, combined totaling $811,057, were capitalized. 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 (Note 5), the Company issued a further $3 million convertible promissory note, with a 4 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, provided that at the Company's sole option, interest payments through December 31, 2008, may be 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. Interest payments due as of June 30, 2008 and December 31, 2008, combined totaling $168,870, were capitalized. 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 5 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 may 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 carry an interest rate of 8% per annum. The interest rate will increase to 12% per annum after the First Measurement Date, and adjusts to a rate equal to the United States Prime Rate after June 30, 2010 (Second Measurement Date) if the notes are not prepaid before either date. The notes are convertible at any time at the option of the Noteholders, or automatically upon the Second Measurement Date at a conversion price of $0.70 per share if the fair market value of the common shares is $1.40 per share or higher. The notes shall automatically convert upon maturity at a conversion price of $0.70 per share, or the fair market value of the common shares subject to a minimum conversion price of $0.35 per share. Interest is payable upon the First Measurement Date, provided that at the Company's sole option, interest payments through First Measurement Date may be capitalized and added to the principal amount. After the First Measurement Date, interest shall be payable quarterly in arrears commencing September 30, 2009, and may be payable in the form of common shares at the fair market value.

Convertible debt as of December 31, 2008, was comprised of the following:

Principal	Accrued Capitalized Interest	Total Convertible Debt	Maturity Date	Interest Rate	Conversion Price
$5,000,000	$811,057	$5,811,057	February 7, 2012	9%	$2.20
$3,000,000	$168,870	$3,168,870	April 21, 2012	9%	$2.25
$100,000	$153	$100,153	December 24, 2013	8%	$1.00
$8,100,000	$980,080	$9,080,080			

Convertible debt as of June 30, 2009, was comprised of the following:

Principal	Accrued Capitalised Interest	Total Convertible Debt	Maturity Date	Interest Rate	Conversion Price
$5,000,000	$811,057	$5,811,057	February 7, 2012	9%	$2.20
$3,000,000	$168,870	$3,168,870	April 21, 2012	9%	$2.25
$100,000	$4,121	$104,121	December 24, 2013	8%	$0.45
$100,000	$-	$100,000	January 9, 2014	8%	$0.45
$190,000	$-	$190,000	February 9, 2014	8%	$0.45
$60,000	$-	$60,000	February 13, 2014	8%	$0.45
$8,450,000	$984,048	$9,434,048			

Total interest expense related to convertible debt for the six months ended June 30, 2009 and 2008 was $416,177 and $260,299, respectively. Total interest expense related to convertible debt for the three months ended June 30, 2009 and 2008 was $210,470 and $153,163, respectively. The interest accrued for the six month period ended June 30, 2009 is not included in the above table. Of the interest expense for the period ended June 30, 2009, $400,775 related to convertible notes issued in February 2007 and April 2008. In July 2009, the Company issued 609,679 new common shares at a price of £0.40 per share (approximately $0.66) in payment of such interest on these notes.

5. ACQUISITIONS AND JOINT VENTURE / DISCONTINUED OPERATIONS

In January 2008, the Company terminated its joint venture with JourneyPay Limited by mutual agreement. As a result, the Company no longer contributes capital to the joint venture business and no longer consolidates the results of the joint venture's operations. Processing of transactions for JourneyPay continues under a prior processing agreement. The termination is accounted for and presented as discontinued operations in the Company's consolidated condensed financial statements. In November 2008, the Company entered into an amendment Agreement and sold its interest in the joint venture to JourneyPay Limited in consideration of a note receivable repayable with interest at a rate of 7% per annum over a period of approximately 5 years.

In April 2008, the Company acquired certain assets relating to the former iPAY e-commerce processing business. The consideration was $1,000,000 paid in cash upon closing. In addition, the Company incurred $224,294 in additional costs; $120,608 in assumed liabilities under contracts which were assigned as part of the transaction and $103,686 in legal costs, thereby raising the total cost of the transaction to approximately $1.22 million. The assets purchased consisted of hardware and equipment, software, licenses and intellectual property. The contracts assumed include contracts relating to a direct merchant acquiring portfolio and agent bank acquiring portfolio. In addition, the Company entered into a new lease of premises in New Castle, Delaware, where the business is based, for a period expiring October 2011, subject to a right to renew, at an initial rental of approximately $312,000 per annum.

The assets purchased are as follows:

Hardware	$159,698
Software	98,875
Other Fixed Assets	98,367
Intangible Asset - Customer Contracts	867,354
Net assets acquired	$1,224,294

6. RELATED-PARTY TRANSACTIONS

During the six months ended June 30, 2009 and 2008, the Company incurred the following general and administrative expenses to three affiliated companies that are principally owned by executives, directors or stockholders of the Company (N & A Consulting LLC, Synergy Corporate Technologies Ltd., and BDP Realty Associates LLC):

	2009	2008
Consulting/Professional fees	$ -	$160,080
Rent	231,744	229,178

	Three Month Period Ended June 30	
	2009	2008
Consulting/Professional fees	$ -	$ 97,502
Rent	116,811	112,121

7. 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 June 30, 2009 and December 31, 2008, a total of 6,485,902 and 6,851,397 shares, respectively, were reserved for issuance under the Plan. No restricted shares have been issued as of June 30, 2009 and of the stock options granted in 2008 and 2009, none were at a strike price lower than the market price at the time of the grant. At June 30, 2009, 1,813,153 common shares remained available for future stock option and restricted stock awards under the Plan.

Stock option plan activity for the six months ended June 30, 2009 was as follows:

	Options	Weighted-Average Exercise Price
Balance— December 31,2008	6,851,397	$2.44
Granted	25,000	1.20
Exercised	-	-
Cancelled	(213,036)	2.45
Forfeited	(177,459)	3.01
Balance—June 30, 2009	6,485,902	$2.40
	-	-
Options exercisable at December 31, 2008	4,410,228	$2.26
Options exercisable at June 30, 2009	5,423,118	$2.35

Options Outstanding at June 30, 2009

Exercise Price	Number Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)	Number Exercisable
$0.60	115,000	$0.60	2.9	115,000
1.20	1,196,206	1.20	9.2	1,045,074
2.50	2,992,834	2.50	5.9	2,901,530
2.53	338,633	2.53	7.3	288,104
2.88	707,304	2.88	7.3	489,896
3.01	832,758	3.01	8.3	292,347
3.05	19,167	3.05	8.3	7,167
3.07	75,000	3.07	8.3	75,000
4.00	50,000	4.00	6.3	50,000
4.40	159,000	4.40	2.0	159,000
	6,485,902	$ 2.40		5,423,118

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.

As required, the Company adopted SFAS 123(R) effective January 1, 2006. SFAS 123(R) 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 SFAS 123(R) 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 SFAS 123(R). For the six months ended June 30, 2009, the Company incurred total share-based expense of $721,793; $633,461 related to employee compensation and $88,332 related to non-employee directors and professionals. For the six months ended June 30, 2008, the Company incurred total share-based expense of $693,250; $572,675 related to employee compensation and $120,575 related to non-employee directors and professionals. For the three months ended June 30, 2009, the Company incurred total share-based expense of $277,710; $237,679 related to employee compensation and $40,031 related to non-employee directors and professionals. For the three months ended June 30, 2008, the Company incurred total share-based expense of $403,907; $342,510 related to employee compensation and $61,397 related to non-employee directors and professionals. As of June 30, 2009, the total remaining unrecognized compensation expense related to the Company's unvested stock options was $0.90 million. This unrecognized compensation expense is expected to be recognized over a weighted-average period of less than one year.

For awards granted in 2008 and 2009, 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. As well, 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 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 six-months ended June 30, 2009 was:

Award Date	May 2009
Exercise Price	$1.20
Implied Volatility	36.50 - 36.81%
Expected Term (years)	5.6 - 6.0
Risk-Free Rate	2.31 - 2.47%
Fair Value per Share of Stock Option	$0.10 - 0.11

8. WARRANTS

The Company had outstanding warrants to purchase 4,291,236 shares of common stock as of June 30, 2009, in addition to the stock options granted under the stock incentive plan.

Warrant activity for the six months ended June 30, 2009 was as follows:

	Warrants	**Weighted-Average Exercise Price**
BALANCE— December 31, 2008	**4,526,399**	**$1.57**

Granted	118,933	0.40
Exercised	-	.00
Cancelled	(354,096)	1.00
BALANCE— June 30, 2009	**4,291,236**	**$1.58**
Warrants exercisable—December 31, 2008	4,526,399	$1.57
Warrants exercisable—June 30, 2009	4,291,236	$1.58

Warrants Outstanding at June 30, 2009

Exercise Price	Number Outstanding	Weighted - Average Exercise Price	Weighted-Average Remaining Life (Years)	Number Exercisable
0.25	185,137	0.25	3.8	185,137
0.45	112,500	0.25	4.8	112,500
0.75	6,402	0.75	0.3	6,402
1.00	229,819	1.00	0.3	229,819
1.31	3,053,435	1.31	1.3	3,053,435
2.50	220,903	2.50	4.3	220,903
3.00	77,466	3.00	0.3	77,466
3.07	186,486	3.07	0.3	186,486
4.00	36,000	4.00	0.3	36,000
5.50	183,088	5.50	4.3	183,088
	4,291,236	$1.58	-	4,291,236

During the six months ended June 30, 2009, the Company issued 31,433 warrants with an exercise price of $0.25 per share as partial payment for legal services rendered and recognized an expense of $117,873.

9. CAPITAL STOCK

During the six months ended June 30, 2009, the Company issued 316,428 new common shares, in payment of $338,890 of accrued interest upon long term debt.

On March 16, 2009, the Company completed a private placing of 6,659,000 new common shares at a price of GBP 32 pence per share (approximately US$0.45 per share) raising approximately $3 million (before expenses). The common shares were issued to institutional and other investors in Europe, the UK and the US. The net proceeds of the March 2009 private placing will provide additional working capital.

In May 2009, Jon Kaiden was issued 56,312 new common shares at a price of GBP 40 pence (approximately US$0.61 per share) in lieu of payments of director's fees owed to him for past services.

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 June 30, 2009:

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.

10. EARNINGS (LOSS) PER SHARE

Computation of Earnings (Loss) per Common Share — Basic earnings (loss) per common share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings (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 earnings (loss) calculation is not provided, in that the results of this calculation would be anti-dilutive.

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

	6 months ended June 30, 2009	**6 months ended June 30, 2008**
	Number of shares	**Number of shares**
Weighted average number of common shares (for basic earnings per share)	31,600,063	26,594,461
Potential dilutive ordinary shares:		
Preferred shares	6,851,144	6,851,144
Warrants	4,569,773	5,826,385
Stock incentive plan	6,608,560	5,750,280
Convertible debt	4,824,776	3,108,265
Diluted basis	54,454,316	48,130,535
Net Loss	$(2,300,994)	$(6,295,724)
Basic loss per share	($0.07)	($0.24)

11. SUBSEQUENT EVENTS

Management has evaluated and disclosed subsequent events up to and including August 6, 2009, which is the date the statements were issued.

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