Date: 18th September 2006
On behalf of: Planet Group Inc. ("the Company" or "Planet Payment")
Embargoed until: 0700hrs

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Planet Group Inc., Trading as Planet Payment, Announces 2006 Interim Results

FIRST HALF REVENUE FROM CORE MULTI-CURRENCY PROCESSING SERVICES INCREASES 360% OVER 1ST HALF 2005.

Planet Group, Inc. (LSE: AIM: PPTR and PPT) ("Planet" or "Company"), the leading multi-currency payment processor, today announces its interim results for the six month period ended June 30, 2006.

Financial Highlights

All figures are in US dollars unless otherwise stated. Percentage changes shown are vs. first half 2005 unless otherwise stated.

- Total revenue increased 21% to $1.21m as pilot processing activity moved into production over the period. Excluding professional services revenue in the first half of 2005, total revenue increased 117%.
- Revenue from core multi-currency processing increased 360% and represented 58% of total revenue during the period. This revenue, which comprises cross currency conversion fees (but not including referral revenue) earned by the Company, represents the highest margin income that the Company earns from its processing activities.
- Total revenue grew 42% in Q2 2006 as compared to Q1 2006. Revenue from core multi-currency processing services increased 71% in Q2 2006 as compared to Q1 2006.
- Transaction volume from core multi-currency processing services increased 329% to $ 23.3m. For the first six months of 2006, core multi-currency processing services transaction volume attributable to each of the following regions: Greater China 50%, North America 36%, Europe 14% compared to the six months ended December 31, 2005 when the distribution was 0%, 72% and 28% respectively.
- Led by the expansion in Greater China and the build out of the business and processing infrastructure in the U.S., monthly cash operating expenses grew 19% from January to June 2006. These cost increases led to a pre-tax net loss of $5.8m (2005: $3.4m). Excluding non-cash stock-related expense due to adoption of SAS 123R in the first half of 2006, net loss increased 16% over the second half of 2005.
- Core multi-currency transaction volume increased 53% in July as compared to June, and 48% in August as compared to July. Annualized core multi-currency processing transaction volume is now running at a rate of over $143m, based on August figures (as compared to an annualized rate of $57m during Q2 2006).
- As a result of the continued progress and momentum in Greater China, total revenue grew 33% from June to July and 38% from July to August. It is estimated that total revenue in the third quarter 2006 will increase approximately 90% as compared to second quarter 2006. Revenue from core multi-currency processing services represents approximately 78% of total revenue, as of the end of August 2006. As of the end of August 2006, the Company's business is operating at an approximate annualized total revenue run rate of $5.9m.
- Certain customer implementations took longer to complete than originally planned. Now that these are completed, the Company is seeing the impact of these implementations in increasing transaction volumes and

revenues. As a result the Company will see reduced benefit from these revenue streams in its results for the year 2006 and revenue for the full year 2006 will likely be below market expectations. However the Company estimates that by year-end 2006, the Company will achieve an annualized revenue run rate of $18m and accordingly the Company believes that this timing difference should not affect the outlook for 2007.

Operational Highlights

- Active merchant locations grew 294% from the end of December 2005 (83 locations) to month-end June 2006 (327 locations). As of month-end August 2006, there were 415 active locations, an increase of 25% since June. At the end of August, a total of 607 merchant locations (including the active locations) were signed and set up in our system. Of the active locations at the end of August, 76% were located in Greater China, 21% in the U.S., and 3% in Europe.

- Greater China business made significant commercial progress with:
  - Roll-out of services to Standard Chartered Bank merchants in Hong Kong, including major hotels and retailers and commencement of pilots in China and Macau.
  - Agreement with Hang Seng Bank, a member of the HSBC Group, to provide multi-currency processing in Hong Kong, China and Macau. Service was launched in Hong Kong at the beginning of September.
- Agreement signed with JourneyPay to provide processing services to British Airport Authority (BAA) registered "black cab" taxis at Heathrow Airport, as well as other London-based "black cab" taxis. Launch is scheduled for fourth quarter 2006.
- On March 20, 2006, the Company's common shares were admitted to trading on the London Stock Exchange's AIM market and the Company completed a £7m placing.

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

"Our increasing transaction volume demonstrates that the various agreements with our banking partners are moving from the implementation phase to production. The second half of 2006 has started well with further merchant adoption in China, Hong Kong and Macau and the launch of the Company's second-generation multi-currency pricing services in the U.S. with three different banks.

"We have built a world class transaction platform and will continue to add innovative products and services based around the needs of today's merchants. A good example is our innovative FX Assured® service, which combines the traditional DCC benefits of choice and disclosure at the point of sale, with our best rate guarantee for the consumer.

" We look forward to the coming months and expect to achieve further strong transaction growth rates."

Enquiries:

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Notes to Editors:

About Planet Payment:

- Planet Group, Inc. was admitted to trading on the AIM market of the London Stock Exchange on 20 March 2006. Planet Payment is the trade name for Planet Group, Inc. [LSE: AIM: PPTR and PPT for Reg S and unrestricted common shares respectively] Further information on Planet Payment can be found at: www.planetpayment.com

- Planet Payment is a multi-currency payment and data processor, enabling 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. Planet Payment's systems also enable it to provide enhanced data reporting and data mining to merchants who are using multiple systems in different countries.

- The Planet Payment business was established in 1999. Planet Payment is headquartered in New York and has offices in Atlanta, the United Kingdom, Singapore and Hong Kong.

Forward-Looking Statements and Certain Risk Factors.

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 Planet's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Planet's business) are forward-looking statements. Such forward-looking statements are based on a number of assumptions regarding Planet's present and future business strategies and the environment in which Planet 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 Company's services by processors, acquirers, merchants and others may take longer than anticipated, or may not occur at all. These forward-looking statements speak only as to the date on which they were published and cannot be relied upon as a guide to future performance. Planet 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.

CHAIRMAN & CEO REPORT

Following Planet Group Inc's admission to the AIM market of the London Stock Exchange in March this year, I am pleased to announce our inaugural set of interim results. Our increasing transaction volume in the first half demonstrates that the various agreements with our banking partners are moving from the implementation phase production. Certain customer implementations took longer to complete than originally planned. Now that these are completed, the Company is seeing the impact of these implementations in our increasing transaction volumes and revenues. We are working closely with our banking partners to facilitate rapid adoption of our services by their customers.

Our aim is to help merchants sell more goods and services. We help merchants cater to international travellers who are inclined to stay, eat and shop where they can confidently purchase goods and services in their own currency, especially where the merchant offers the guaranteed best rate of our FX-Assured® service. We assist merchants who provide product information in multiple languages, in offering pricing in multiple currencies, for people making on-line purchases, no matter the location of the merchant. Hotels, restaurants, retailers, taxis, content providers are seeking ways to reach out to new customers, or make existing customers more inclined come back. Furthermore, multi-nationals need timely transaction and customer data in order to evaluate and refine merchandise and marketing strategy, pricing and overall performance. Planet's vision is to "power" enabling payment technology and processing, with our bank clients to allow merchants to achieve their goals in many countries around the world.

We look forward to the coming months and expect to achieve further strong transaction growth rates and increasing merchant adoption, based on existing contractual relationships and banks who are now processing with us, as well as anticipated developments. At the same time, we intend to continue to leverage our processing infrastructure and expand our operations as we execute our strategic plan.

As outlined in the 2005 annual report, the Greater China region has become a prominent component of our growth strategy and is now producing exciting, tangible results and showing rapid growth based on strong demand for our services. Today, Planet is processing multi-currency transactions on behalf of our bank clients for hotels, retailers and restaurants in Hong Kong, China and Macau. From a "standing start" at the beginning of 2006, we have over 310 merchant locations as of August 31, 2006, actively processing through us in the region out of 543 locations signed up and on our system. We are driving the growth of operations there by expanding into China over the second half of the year. We are in the process of opening an office in Shanghai and believe there is tremendous opportunity for Planet to participate in the development of the payments infrastructure in China.

We have built a world class, scaleable transaction platform and will continue to add innovative products and services based around the needs of today's merchants. One example of how we can deliver differentiated customer service to a merchant is our FX Assured® product. This utilizes our patent-pending technology, combining the traditional DCC benefits of choice and disclosure at the point of sale, with the assurance of the same or better rate for conversion than the cardholder's own card issuing bank would effectively charge. In the first half of 2006, a major upscale U.S. department store chain implemented the service across their stores and we have announced that FX Assured® will be an important component of JourneyPay's credit card service to the famed London "black taxis", starting with BAA registered taxis at Heathrow Airport later this year.

Another innovative solution is the Buy Voice™ service, which when operational, will enable mobile payments and voice shopping service from any phone, thereby leveraging the capabilities of our transaction platform in different markets. We plan to pilot the mobile payment service in the United Kingdom with JourneyPay's services to London "black taxis" before the end of 2006. This is a further example of Planet's goal of delivering cutting-edge enabling technology to merchants in order to broaden their target audience and provide improved service to buyers.

I would also like to welcome three new non-executive directors who have joined our Board during the first half of 2006, Cameron McColl, Jonathan Kaiden and Lady Barbara Thomas Judge. They bring to our Company valued financial services and information technology industry, corporate governance, corporate finance and management experience.

Financial Overview

All figures are in US dollars unless otherwise stated. Percentage changes shown are vs. first half year 2005 unless otherwise stated.

Total revenue increased 21% to $1.21m as pilot processing activity moved into production over the course of the period. Excluding professional services revenue in the first half of 2005 ($440,000), total revenue increased 117%. Most of the professional services revenue in the first half of 2005 came from a single project for one of the Company's processing clients, which by its nature was one-off and not expected to recur.

Core multi-currency processing revenue continues to grow and make up a larger contribution of total revenue (58% in 2006 vs. 26 % in 2005). Processing of multi-currency transactions gives rise to cross currency conversion fee revenue for the Company ("core" services excludes those where the Company only receives referral revenue). Transaction volume from core multi-currency processing services processed during the first half of 2006 increased 329% to $ 23.3 m as the Company benefited in 2006 from operations in Hong Kong (launched in December 2005). Consequently, revenue from core multi-currency processing increased 360% during the period.

Total revenue in the first half of 2006 increased 82% as compared to the second half of 2005. Core multi-currency processing revenue increased 159% over the same period. In addition, total revenue in the second quarter of 2006 grew 42% over the first quarter of 2006 driven by a 67% increase in core multi-currency processing volume from quarter to quarter; over 75% of the volume growth coming from Hong Kong.

Gross profit, excluding professional services, rose 75% to $529,000. Gross margin, excluding professional services, was 44% as compared to 52% for the first six months of 2005. The drop in margin was a result of a larger proportion of revenue coming from Planet's core multi-currency processing activities versus referral commissions (which have no direct cost of sales).

Operating expenses (excluding depreciation and amortization expense ($424,000), and non-cash stock-related expense principally arising from the adoption of SFAS 123R ($360,000)) totaled $5.4 million, a 51% increase over first half of 2005 and 26% increase over the second half of 2005. Cash compensation-related expense totaled $2.9 million, representing 54% of total cash operating expenses. Average headcount grew from 43 during the first half 2005 to 67 during the first half 2006, of which 38% of the growth was attributable to personnel in the Asia Pacific Region. Led by the continued expansion in Greater China and the build out of the business and processing infrastructure in the U.S., monthly cash operating expenses grew 19% from January to June 2006. Over 42% of the increase in total cash operating expense was directly attributable to our Greater China operation's expenses. These cost increases lead to a pre-tax net loss of approximately $5.8m as compared to $3.4m for the first half of 2005. Excluding non-cash stock-related expense due to adoption of SAS 123R in the first half of 2006, net loss increased 16% over the second half of 2005.

Planet's balance sheet was fortified in the first half of 2006 with the net proceeds of the AIM admission placement. The Company raised $10.5m, net of capital raising expenses, during the first half of 2006. These proceeds were used to repay $1.1m in indebtedness, over $400,000 of current liabilities and fund ongoing working capital requirements. Total liabilities decreased 26% as of June 30, 2006 as compared to year-end 2005. The Company ended the first half of 2006 with $5.7m in cash and cash equivalents.

As a result of the AIM admission placement, Planet ended the first half of 2006 with $3.7m of stockholders' equity as compared to a $853,000 deficit at year-end 2005. The entire class of junior preferred stock converted into 1.7 million common shares and $340,000 in convertible debt converted into common shares.

Current Trading

The second half of 2006 has started well with further merchant adoption in China, Hong Kong and Macau and the launch of the Company's second-generation multi-currency pricing services in the U.S. with three different banks. Total revenue, based on management estimates, grew 33% from June to July and 38% from July to August. It is estimated that total revenue in the third quarter 2006 will increase approximately 90% as compared to second quarter 2006. As a result of the continued progress and momentum in Greater China, as well as in the U.S., the Company's business is operating at an annualized revenue run rate of in excess of $ 5.9m (based on August monthly figures). Revenue from core multi-currency processing services represents approximately 78% of total revenue as of the end of August 2006 (as compared to 59% for the first half 2006). Based on the increase in revenues since June, the Company's net cash outflow is starting to reduce and we anticipate it will continue to decrease during the remainder of 2006.

Core multi-currency transaction volume increased 53% in July as compared to June and 48% in August as compared to July. Annualized core multi-currency processing transaction volume is now running at a rate of over $143 million, based on August monthly figures (as compared to an annualized rate of $57 million based on Q2 2006).

Merchant locations have also continued to show strong growth. Active merchant locations grew 294% from the end of December 2005 (83 locations) to month-end June 2006 (327 locations). As of month-end August 2006, there were 415 active locations, an increase of 25% since June. At the end of August, more than 607 merchant locations were signed and set up in our system. Of the active locations at the end of August, 76% were located in Greater China, 21% in the U.S., and 3% in Europe.

As a result of the delayed customer implementations referred to above, the Company will see reduced benefit from these revenue streams in its results for the year 2006 and revenue for the full year 2006 will likely be below market expectations. We believe that substantial growth can be maintained and estimate that by year-end 2006, the Company will achieve an annualized revenue run rate of $18m and accordingly we believe that this timing difference should not affect the outlook for 2007. This is based on the addition to our existing business of transaction volume from recent production launches with significant banks and merchants and the timely implementation of merchants in our pipeline of pending and future business in Greater China, the U.S. and Europe.

We are working hard to achieve our goals and look forward to the second half of the year with confidence.

Philip Beck
Chairman and Chief Executive Officer

PLANET GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE 30, 2006 AND DECEMBER 31, 2005 AND FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

PLANET GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS
AS OF JUNE 30, 2006 AND DECEMBER 31, 2005

ASSETS	**2006** (unaudited)	**2005** (audited)
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,730,868	$ 2,570,898
Other current assets	399,781	927,045
Total current assets	6,130,649	3,497,943
PROPERTY AND EQUIPMENT—Net	1,689,069	1,610,077
INTANGIBLE ASSETS-Net	1,525,104	1,740,236
OTHER ASSETS:	128,715	105,845
TOTAL	$ 9,473,537	$ 6,954,101
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES	1,624,902	3,641,650
LONG TERM LIABILITIES—Long term debt—less current maturities	4,170,122	4,165,130
Total liabilities	5,795,024	7,806,780
STOCKHOLDERS' EQUITY (DEFICIT):	3,678,514	(852,679)
TOTAL	$ 9,473,537	$ 6,954,101

See notes to consolidated condensed financial statements.

PLANET GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

	2006 (unaudited)	2005 (audited)
REVENUE:		
Multicurrency processing revenue	$ 1,053,368	$ 453,540
Other Revenue	153,314	542,795
Total revenue	1,206,682	996,335
COST OF SALES:		
Multicurrency processing cost of sales	581,875	223,404
Other cost of sales	95,898	86,233
Total cost of sales	677,773	309,637
GROSS PROFIT	528,909	686,698
Total Operating Expenses	6,229,666	4,089,419
LOSS FROM OPERATIONS	(5,700,757)	(3,402,721)
Total Other Expense	(68,146)	(2,937)
LOSS BEFORE PROVISION FOR INCOME TAXES	(5,768,903)	(3,405,658)
Provision for Income Taxes	250	213
NET LOSS	$ (5,769,153)	$ (3,405,871)

See notes to consolidated condensed financial statements.

PLANET GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:	**(unaudited)**	**(audited)**
Net loss	$ (5,769,153)	$ (3,405,871)
Other Cash Flows From Operating Activities	90,270	223,372
Net cash used in operating activities	(5,678,883)	(3,182,499)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(288,317)	(394,633)
Other Investing Activities	20,000	(50,461)
Net cash used in investing activities	(268,317)	(445,094)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock (net of offering expenses)	10,541,214	-
Proceeds from issuance of preferred stock (net)	-	245,055
Repayment of convertible debt	(863,669)	-
Repayment of long term debt	(570,375)	(1,054,849)
Net cash provided by financing activities	9,107,170	(809,794)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	3,159,970	(4,437,387)
CASH AND CASH EQUIVALENTS—Beginning of year	2,570,898	5,857,509
CASH AND CASH EQUIVALENTS—End of year	$ 5,730,868	$ 1,420,122

CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2006

	Preferred Stock $0.01 Par Value— 4,000,000 Shares Authorized				Common Stock $0.01 par Value— 70,000,000 Shares Authorized					
	Series A		Junior Preferred				Additional			Total
	Shares Issued	Par Value	Shares Issued	Par Value	Shares Issued	Par Value	Paid-In Capital	Warrants	Accumulated Deficit	Stockholders' Equity
BALANCE—January 1, 2006	2,243,750	$ 22,438	171,752	$ 1,718	11,837,954	$ 118,380	$ 34,284,420	$ 1,183,832	$ (36,463,466)	$ (852,678)
Stock issued (net of offering expenses)	-	-			5,806,235	58,062	9,509,591			9,567,653
Conversion of convertible debt					85,046	850	339,331			340,181
Conversion of Junior Preferred Stock			(171,752)	(1,718)	1,717,520	17,175	(15,458)			-
Warrants exercised										
Value of warrants issued								32,838		32,838
Stock options exercised										
Non-cash compensation expense							359,673			359,673
Net loss									(5,769,153)	(5,769,153)
BALANCE—June 30, 2006	$ 2,243,750	$ 22,438	$ -	$ -	$ 19,446,755	$ 194,468 #	$ 44,477,557	$ 1,216,670	$ (42,232,619)	$ 3,678,514

PLANET GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AS OF JUNE 30, 2006 AND DECEMBER 31, 2005 AND FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description—Planet Group, Inc. (the "Company") was incorporated in the State of Delaware in October 1999. Planet Payment, the trade name for Planet Group, Inc. and Subsidiaries, enables banks and their merchants to accept and process credit card transactions in multiple currencies, thereby providing localized pricing to foreign customers. Planet Payment's processing solution integrates with banks, processors, gateways and point-of-sale solution providers to provide the key elements of a dynamic currency conversion and multi-currency processing solution that is designed to be fully compliant with card association regulations. On March 20, 2006, the Company's common shares were admitted to trading on the London Stock Exchange's AIM market.

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, 2006 and 2005, the results of operations for the six months ended June 30, 2006 and 2005, the cash flows for the six months ended June 30, 2006 and 2005 and the changes in shareholders' equity for the six months ended June 30, 2006 and 2005. 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 six months ended June 30, 2006 and 2005 and the cash flows for the six months ended June 30, 2006 and 2005 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 end December 31, 2005. Financial information for the periods ended and as of June 30 and December 31, 2005 has been derived from the audited Consolidated Financial Statements.

Principles of Consolidation—The consolidated condensed financial statements include the accounts of the Company, a wholly owned U.S. subsidiary, a 70% owned U.S. subsidiary and six wholly owned foreign subsidiaries located in Bermuda, Singapore, Hong Kong, British Virgin Islands, Isle of Man and Ireland. All inter-company accounts and transactions are eliminated on consolidation.

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

License agreement	7 years
Patents	15 years
Trademarks	15 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, 2005.

***Goodwill* -** Goodwill represents the excess purchase price over the fair value of net assets acquired from business acquisitions. The Company tests for impairment at least annually and will test for impairment more frequently if events or circumstances indicate that an asset may be impaired. The Company tests for impairment by comparing the fair value of goodwill, as determined by using a discounted cash flow method, with its carrying value. Any excess of carrying value over the fair value of the goodwill would be recognized as an impairment loss in continuing operations. No impairment was recorded for the six months ended June 30, 2006 and the year ended December 31, 2005.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. 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.

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 which is recognized when earned and invoiced.

Income Taxes—The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards (“SFAS”) 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.

***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.

Recent Accounting Pronouncements

Stock Incentive Plan—In December 2004, the FASB issued SFAS No.123 (Revised 2004), *Share-Based Payment* (SFAS 123R). SFAS 123R requires compensation cost related to share-based payments to employees to be recognized in the financial statements based on their fair value. For nonpublic entities, the required effective date of this pronouncement is the first annual reporting period that began after December 15, 2005. This method requires that the provisions of SFAS 123R be applied to new awards and awards modified, repurchased or cancelled after the effective date. Accordingly, the Company adopted SFAS 123R effective January 1, 2006. Previously, the Company followed the accounting provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*. See Note 3 for disclosure on the Company's stock incentive plan.

2. RELATED-PARTY TRANSACTIONS

During the six months ended June 30, 2006 and 2005, 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):

	2006	2005
Consulting/Professional fees	$ 316,613	$ 182,042
Rent	200,543	-
Legal Fees	-	-

3. STOCK INCENTIVE PLAN

The Board of Directors and Stockholders approved a new equity incentive plan ("2006 Equity Incentive Plan" or "New Plan") in January 2006. The 2000 Stock Incentive Plan terminated on December 31, 2005. Under the New Plan, a maximum of 2,400,000 common stock shares are available for future stock option or restricted stock grants. The Board of Directors 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 Company's stock incentive plan, participants may be granted restricted shares or options to purchase the Company's common stock at not less than 75% of the market price 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, 2006 and December 31, 2005, a total of 6,137,397 and 4,169,368 shares, respectively, were reserved for issuance under the plan. No restricted shares have been issued and of the stock options granted in 2006 and 2005, none were at a strike price lower than the market price at the time of the grant.

In February 2006, the Company completed the Stock Options Exchange Program. Pursuant to this program, current employees, including management, were offered (and most accepted) the one-time opportunity to exchange stock options (and in some cases warrants) with exercise prices of $4.00 per share or higher for a lesser number of stock options or warrants respectively, at an exercise price of

$2.50 per share (independently assessed to be of equivalent value as the surrendered stock options for accounting purposes). The number of common shares subject to options and warrants which were surrendered under this program, net of re-issuances, was 574,232 and 76,009 respectively. The common shares relating to the options surrendered will be available for further awards under the 2006 Equity Incentive Plan. At June 30, 2006, 1,639,024 common shares remained available for future stock option and restricted stock awards under the New Plan.

Stock option plan activity for the six months ended June 30, 2006 is as follows:

	Options	Weighted-Average Exercise Price
Balance—December 31, 2005	3,692,397	$ 4.25
Surrendered under Stock Option Exchange Program (net)	(574,232)	4.63
Granted	1,389,450	2.51
Exercised	-	-
Forfeited	(9,242)	2.50
Balance—June 30, 2006	4,498,373	2.54
Options exercisable at December 31, 2005	2,383,480	$ 4.34
Options exercisable at June 30, 2006	2,103,654	$ 2.55

Exercise Price	Number Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)	Number Exercisable
$ 0.60	348,333	$ 0.60	2.00	348,333
1.20	15,000	1.20	2.50	15,000
2.50	3,465,827	2.50	7.90	1,404,058
2.53	282,950	2.53	9.50	-
4.00	50,000	4.00	8.50	-
4.40	204,207	4.40	3.50	204,207
5.50	132,056	5.50	2.00	132,056
	4,498,373	$ 2.54		2,103,654

The Company's stock incentive 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 123R effective January 1, 2006. SFAS 123R 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 123R 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 123R. For the first six months of 2006, the Company incurred total share-based expense of $359,673, $317,147 related to employee compensation and $42,526 related to non-employee directors and professionals.

For awards granted in 2006, 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 no or 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, the Company used a "simplified" method to determine expected term based on the vesting and original contractual terms. The valuation for stock option awards during the six months ended June 30, 2006 was:

Award Date	**January / February 2006**	**June 2006**
Exercise Price	$2.50	$2.53
Implied Volatility	67.09%	52.10%
Expected Term (years)	6.0	6.0
Risk-Free Rate	4.27%	5.11%
Fair Value per Share of Stock Option	$1.60	$1.41

The Company completed the Stock Options Exchange Program in February 2006 which involved the one-time opportunity to exchange stock options (and in some cases warrants) with exercise prices of $4.00 per share or higher for a lesser number of stock options or warrants respectively, at an exercise price of $2.50 per share (independently assessed to be of equivalent value as the surrendered stock options for accounting purposes). Under the provisions of 123R, the change in the exercise price is deemed a modification. Modified awards are viewed as an exchange of the original award for a new award, presumably one with greater fair value, and thus typically require surrendering options to maintain equivalent value. Companies are required to expense incremental compensation cost for modifications only if incremental value was conveyed as part of the modification. As noted above, an independent assessment was completed in advance of the Exchange Program to ensure that no additional value was conveyed and thus, no additional compensation expense incurred.

Statement 123R does not require companies to restate prior periods. Prior to adopting SFAS 123R effective January 1, 2006, the Company, as a non-public entity, elected to account for the Company's stock incentive plan pursuant to the accounting provisions of APB Opinion No. 25, *Accounting for Stock*

Issued to Employees, and to provide pro forma statement of operations disclosures for employee stock option grants as if the fair value based method, as required by SFAS No. 148, *Accounting for Stock-Based Compensation—Transition and Disclosure—an amendment of FASB Statement No. 123* had been applied. For the six months ended June 30, 2005, there was no compensation expense recorded for options granted.

4. WARRANTS

The Company had outstanding warrants to purchase 7,726,944 shares of common stock as of June 30, 2005, in addition to the stock options granted under the Stock Incentive Plan.

Warrant activity for the six months ended June 30, 2006 is as follows:

	Warrants	Exercise Price
BALANCE—January 1, 2006	7,515,814	$ 1.89
Granted	301,683	2.34
Exercised	-	-
Forfeited	(90,553)	5.50
BALANCE—June 30, 2006	7,726,944	1.79
Warrants exercisable—December 31, 2005	7,515,814	$ 1.89
Warrants exercisable—June 30, 2006	7,726,944	$ 1.79

Warrants Outstanding at June 30, 2006

Exercise Price	Number Outstanding	Weighted - Average Exercise Price	Weighted-Average Remaining Life (Years)	Number Exercisable
$ 0.01	61,069	$ 0.01	4.0	61,069
0.25	25,574	0.25	4.3	25,574
1.00	2,481,957	1.00	2.0	2,481,957
1.31	3,053,435	1.31	4.0	3,053,435
1.50	66,666	1.50	2.5	66,666
1.51	533,767	1.51	1.2	533,767
2.20	280,000	2.20	2.5	280,000
2.50	220,903	2.50	8.3	220,903
3.00	106,859	3.00	2.9	106,859
4.00	581,012	4.00	2.1	581,012
5.50	315,702	5.50	5.3	315,702
	7,726,944	$ 1.79		7,726,944

As part of the Stock Option Exchange Program in February 2006, the number of common shares subject to warrants which were surrendered, net of re-issuances, was 76,009.

5. CAPITAL STOCK

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

Series A Preferred Stock— Upon the admission to the AIM market in March 2006, substantially all of the rights, preferences and privileges of the Series A preferred stockholders, except for liquidation preference, terminated. Also, the conversion price applicable to Series A preferred stock was adjusted upon the admission to the AIM market, and thereafter the Series A preferred stock is convertible to 6,851,144 shares of common stock, in accordance with the terms of the Certificate of Designation of the Series A preferred stock. The Series A preferred stock had the following right as of June 30, 2006:

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.

Junior Preferred Stock— Upon the admission to the AIM market in March 2006, the Junior preferred stock converted their shares to common stock in consideration for the extension by one year of the exercise period of certain warrants held by them. All of the Junior preferred stock was converted to common stock in March 2006.

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.

6. EARNINGS (LOSS) PER SHARE

Computation of Net Income (Loss) per Common Share

Basic net income (loss) per common share is computed using the weighted-average number of common shares outstanding during the period. Diluted net income (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 and stock options. Due to our net loss for all periods presented, the diluted net income (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, 2006	6 months ended June 30, 2005
	Number of shares	Number of shares
Weighted average number of common shares (for basic earnings per share)	16,988,195	10,659,589
Potential dilutive ordinary shares:		
preferred shares	5,887,853	3,961,244
warrants	7,662,604	4,823,250
stock incentive plan	4,364,584	3,434,636
Diluted basis	34,903,236	22,878,719
Net loss	$ (5,769,153)	$ (3,405,871)
Basic loss per share	($0.34)	($0.32)

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