REPORT OF THE CAPITAL GROUP SIMPLE S.A.
FOR Q1 2014

Warsaw, May 15, 2014

SELECTED FINANCIAL DATA OF THE CAPITAL GROUP SIMPLE FOR Q1 2014

SELECTED FINANCIAL DATA OF THE CAPITAL GROUP SIMPLE

	31.03.2014 PLN'000	31.03.2014 EUR'000	31.03.2013 PLN'000	31.03.2013 EUR'000
Revenues from sales	11 268	2 690	7 085	1 697
Profit from operating activities	977	233	995	238
Gross profit for the reporting period	908	217	956	229
Net profit for the reporting period	**443**	**106**	**608**	**146**

	31.03.2014 PLN'000	31.03.2014 EUR'000	31.12.2013 PLN'000	31.12.2013 EUR'000
Non-current assets	15 579	3 735	13 256	3 196
Current assets	18 458	4 425	20 381	4 914
Equity	15 202	3 644	14 759	3 559
Liabilities and provisions for liabilities	18 835	4 515	18 878	4 552

	31.03.2014 PLN'000	31.03.2014 EUR'000	31.03.2013 PLN'000	31.03.2013 EUR'000
Cash from operating activities	504	120	(767)	(184)
Cash from investing activities	(1 922)	(459)	(314)	(75)
Cash from financial activities	(459)	(110)	(188)	(45)
Cash at the end of the period	**875**	**209**	**3 523**	**844**

The selected financial data presented in the financial statement for 3-month period ended on March 31, 2014 and the period to December 31, 2013 are translated into EUR in the following manner:

Items of assets and liabilities at the end of the reporting period and comparable period were translated using the average exchange rate published at the last day of the end of the period by the National Bank of Poland. This exchange rate was:

- Exchange rate applicable as of March 31, 2014 EUR 1= PLN 4.1713
- Exchange rate applicable as of December 31, 2013 EUR 1= PLN 4.1472

Items of the statement of comprehensive income and statement of cash flows were translated at the exchange rate constituting the arithmetic mean of the average exchange rates published by the National Bank of Poland at the end of each month. This exchange rate was:

- from January 1, 2012 to March 31, 2014 EUR 1= PLN 4.1894
- from January 1, 2012 to March 31, 2013 EUR 1= PLN 4.1738

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF THE CAPITAL GROUP SIMPLE FOR Q1 2014

Warsaw, May 15, 2014

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF THE CAPITAL GROUP SIMPLE FOR Q1 2014

This interim condensed consolidated financial statement was accepted and approved to be published by the Management Board on May 15, 2014.

MANAGEMENT BOARD:

Przemysław Gnitecki- President of the Management Board

Michał Siedlecki-Vice-President of the Management Board,

Rafał Wnorowski Vice President of the Management Board

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the period 01.01.2014 31.03.2014 PLN'000	For the period 01.01.2013 31.03.2013 PLN'000
Revenues from sales	**11 268**	**7 085**
Cost of sales	**(6 051)**	**(3 852)**
Gross profit (loss)	**5 217**	**3 233**
Distribution expenses	(3 206)	(1 188)
Administration expenses	(1 243)	(1 188)
Profit (loss) from sales	**768**	**857**
Other revenues	273	165
Other costs	(64)	(27)
Profit from operating activities	**977**	**995**
Finance income	4	27
Financial costs	(73)	(66)
Gross profit	**908**	**956**
Income tax (current and deferred tax burdens)	(465)	(348)
Net profit for the reporting period	**443**	**608**
Attributable to:		
Shareholders of the parent entity	443	608
NCI	0	0
Other comprehensive income	0	0
Results of measurement of financial assets available for sale	0	0
Total comprehensive income	**443**	**608**
Attributable to:		
Shareholders of the parent entity	443	608
NCI	0	0
Earnings per share		
Basic	0.10	0.14
Diluted	0.10	0.14

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.03.2014 PLN'000	31.12.2013 PLN'000	31.03.2013 PLN'000
Non-current assets	**15 579**	**13 256**	**11 610**
Intangible assets	1 465	1 664	2 287
Property, Plant and Equipment	4 761	4 087	3 547
Goodwill	1 859	1 859	1 859
Long- term receivables	328	365	146
Investments in related entities	1 844	63	63
Long-term accrued and deferred assets	5 322	5 218	3 708
Current assets	**18 458**	**20 381**	**14 614**
Inventories	300	127	268
Trade receivables	15 605	16 851	9 818
Other receivables	1 152	413	337
Short-term investments	875	2 752	3 523
Short-term accrued and deferred assets	526	238	668
TOTAL ASSETS	**34 037**	**33 637**	**26 224**
Equity	**15 202**	**14 759**	**12 922**
Share capital	4 380	4 380	4 380
Share premium	1 548	1 548	1 545
Retained earnings	8 831	4 330	6 389
Profit/loss from the current period	443	4 501	608
Long-term liabilities and provisions	**5 371**	**4 708**	**3 222**
Deferred income tax provisions	1 682	1 439	253
Provision for retirement	69	69	54
Provision for unused leaves	232	232	205
Long-term borrowings	1 920	1 939	1 999
Financial lease liabilities	1 468	1 029	711
Short-term liabilities and provisions	**13 464**	**14 170**	**10 080**
Short-term bank credits	910	76	67
Financial lease liabilities	663	496	350
Trade liabilities	2 917	1 515	829
Budget liabilities	921	2 916	1 102
Other liabilities	20	236	5
Provisions for liabilities	310	310	0
Deferred revenue	7 723	8 621	7 727
SUM OF LIABILITIES	**18 835**	**18 878**	**13 302**
TOTAL LIABILITIES AND EQUITY	**34 037**	**33 637**	**26 224**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve and supplementary capitals	Profit/loss from the previous years and current year	Total	Interests of non-controlling entities	Total equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Balance as of 01.01.2014	**4 380**	**1 548**	**10 119**	**(1 288)**	**14 759**	**0**	**14 759**
Total comprehensive income	**0**	**0**	**0**	**443**	**443**	**0**	**443**
Profit/loss for the fiscal year	0	0	0	443	443	0	443
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Dividends	0	0	0	0	0	0	0
Designation of the profit to the supplementary capital	0	0	0	0	0	0	0
Balance as of 31.03.2014	**4 380**	**1 548**	**10 119**	**(845)**	**15 202**	**0**	**15 202**

Balance as of 01.01.2013	**4 380**	**1 548**	**8 851**	**(2 462)**	**12 317**	**0**	**12 317**
Total comprehensive income	**0**	**0**	**0**	**4 501**	**4 501**	**0**	**4 501**
Profit/loss for the fiscal year	0	0	0	4 501	4 501	0	4 501
Other changes in equity	**0**	**0**	**1 268**	**(3 327)**	**(2 059)**	**0**	**(2 059)**
Dividends	0	0	0	(2 059)	(2 059)	0	(2 059)
Designation of the profit to the supplementary capital	0	0	1 268	(1 268)	0	0	0
Balance as of 31.12.2013	**4 380**	**1 548**	**10 119**	**(1 288)**	**14 759**	**0**	**14 759**

Balance as of 01.01.2013	**4 380**	**1 548**	**8 851**	**(2 462)**	**12 317**	**0**	**12 317**
Total comprehensive income	**0**	**0**	**0**	**608**	**608**	**0**	**608**
Profit/loss for the fiscal year	0	0	0	608	608	0	608
Other changes in equity	**0**	**(3)**	**0**	**0**	**(3)**	**0**	**(3)**
Dividends	0	0	0	0	0	0	0
Designation of the profit to the supplementary capital	0	0	0	0	0	0	0
Issuance of shares	0	(3)	0	0	(3)	0	(3)
Balance as of 31.03.2013	**4 380**	**1 545**	**8 851**	**(1 854)**	**12 922**	**0**	**12 922**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH-FLOWS

	31.03.2014 PLN'000	31.03.2013 PLN'000
Net profit (loss)	**443**	**608**
Amortization and depreciation	428	366
Interest paid	63	56
Gain (loss) on investment activity	(104)	(3)
Movements in provisions	244	(539)
Movement in inventories	(174)	3
Movement in receivables	547	2 680
Movement in short-term liabilities	24	(3 340)
Movements in accruals	((967)	(598)
Net cash-flow from operating activities	**504**	**(767)**
Net cash-flows from investing activities		
Proceeds on sale of non-current assets	240	25
Payments to acquire non-current assets	(380)	(339)
Investments payments	(1 782)	0
Net cash from investing activities	**(1 922)**	**(314)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(66)	(22)
Payments for financial lease liabilities	(290)	(107)
Interest	(103)	(56)
Other financial expenses	0	(3)
Net cash from financing activity	**(459)**	**(188)**
Net increase/ (decrease) in cash and cash equivalents	(1 877)	(1 269)
Cash and cash equivalents at the beginning of the period	2 752	4 792
Cash and cash equivalents at the end of the period	**875**	**3 523**

ADDITIONAL INFORMATION AND EXPLANATION

I. GENERAL INFORMATION ON THE GROUP

The Capital Group Simple (Simple Group) is a capital group, in which the parent entity is SIMPLE S.A. ("Parent Entity", "Company", "Issuer") with the registered office in Warsaw, at the address: ul. Bronisława Czecha 49/51. The Group acts as Spółka Akcyjna, established as a result of transformation of the Company SIMPLE z ograniczoną odpowiedzialnościa under the notary deed prepared by the Public Notary Anna Chłestowska on June 6, 1997 (Rep. A-3549/97). The Company was registered in the National Court Register by the District Court for the capital city Warsaw, 13th Commercial Division, under KRS number 0000065743. The Company received the statistical number REGON 012642634. The duration of the Group is unlimited. The basic scope of the Group's activity pursuant to the Classification of Polish Business Activity (PKD) is the activity in the field of software. The Company's activity belongs to IT.

SIMPLE is a recognized sign of wide family of IT solutions supporting the management of the following areas: finance, goods management, personnel, construction process, production, supply chain or relationships with clients. From more than 24 years we have been providing the specialized services of integration of IT solutions and business consulting.

SIMPLE S.A. is a WSE company specialized in design and implementation of IT solutions of ERP, BI class, CMR systems and BPM systems. The dynamic growth of the Company and continuously increasing number of Clients allowed SIMPLE to become one of leaders in the IT sector.

The Company proposes solutions, which were created on the basis of the knowledge of employed experts and which increase the rank of business processes and meets the specific requirements of the enterprises of the particular branches, assuring the possible success in the more and more competitive environment.

SIMPLE.ERP is the Integrated IT System providing the consistent and comprehensive service of economic process in the full scope of activity. It includes the processes taking place in:

- Enterprises with diversified profiles of activity (production, construction, services, trade);
- High schools;
- Medical units;
- Research institutes;
- Governmental units.

Making efforts to provide the innovative solution we have cooperated with the biggest companies in IT sector such as: IBM, Cisco or Microsoft; obtaining the high and highest partnership levels and preferences. The efficiency and innovativeness of the offered solutions are proved by the fact that our company placed in the top suppliers of the most stable and the longest investment protection period in Poland. We continuously improve our products and services. We create our offer thinking about the business needs and branch profiles of our Clients. Our rich portfolio of innovative IT systems, comprehensively supporting management, arisen on the base of 24 years' experience and the number of more than 23 thousand users was enriched by the competences related to the optimum selection of IT infrastructure and services at the professional level.

The modern market has a high requirements. Changing economic factors cause that only the high efficiency of all business processes and activities may ensure the possible functioning and development. The application of IT technologies, supporting the management processes, affects significantly the efficiency of the company and the implementation of the integrated IT management system brings the significant and measurable benefits contributing to achieve the market success.

II. COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF THE PARENT COMPANY

As of March 31, 2014 and the date of these financial statements i.e. May 15, 2014 the composition of the Management Board and Supervisory Board of the parent entity is as follows:

State as of 31.12.2013

Supervisory Board 31.12.2013	**Management Board 31.12.2013**
Adam Wojacki[1]	Przemysław Gnitecki[1]
Anna Hejka[2]	Rafał Wnorowski[2]
Andrzej Bogucki[3]	Michał Siedlecki[3]
Paweł Zdunek[4]	
Tomasz Zdunek[5]	
Zbigniew Strojnowski[6]	

[1]Chairman of the Supervisory Board	[1]President of the Management Board
[2] Deputy Chairman of the Supervisory Board	[2]Vice President of the Management Board
[3]Secretary of the Supervisory Board	[3]Deputy Chairman of the Management Board
[4] Member of the Supervisory Board	
[5] Member of the Supervisory Board	
[6] Member of the Supervisory Board	

As of 1.03.2014 and the date of this report:

Supervisory Board	**Management Board**
Adam Wojacki[1]	Przemysław Gnitecki[1]
Anna Hejka2)	Rafał Wnorowski[2]
Zbigniew Strojnowski[3]	Michał Siedlecki[3]
Paweł Zdunek[4]	
Tomasz Zdunek[5]	

[1]Chairman of the Supervisory Board	[1]President of the Management Board
[2] Deputy Chairman of the Supervisory Board	[2]Vice President of the Management Board
[3]Secretary of the Supervisory Board	[3]Deputy Chairman of the Management Board
[4] Member of the Supervisory Board	
[5] Member of the Supervisory Board	

From the end of the period to the date of this condensed consolidated financial statement there were not any changes in the composition of the Management Board and Supervisory Board of the Parent Entity.

III. Major shareholders

Pursuant to the best knowledge of the Management Board of Simple SA as of March 31, 2014, date of this report i.e. May 15, 2014 and also as of December 31, 2013 the structure of shareholders holding at least 5% of the general number of votes at the General Meeting was as follows:

As of the report date i.e. May 15, 2014

Shareholder	**Number of held shares and votes at GMS**	**Share in the share capital and total number of votes at GMS**
Bogusław Mitura	948 180	21.65%
Cron Sp. z o.o.	1 429 731	32.60%
IDEA 20 FIZ	307 711	7.02%

As of March 31, 2014

Shareholder	**Number of held shares and votes at GMS**	**Share in the share capital and total number of votes at GMS**
Bogusław Mitura	948 180	21.65%
Cron Sp. z o.o.	1 320 988	30.12%
IDEA 20 FIZ	307 711	7.02%

As of December 31, 2013

Shareholder	**Number of held shares and votes at GMS**	**Share in the share capital and total number of votes at GMS**
Bogusław Mitura	948 180	21.65%
Cron Sp. z o.o.	1 320 988	30.12%

IV. Shares of the issuer held by the Management Board and the Supervisory Board

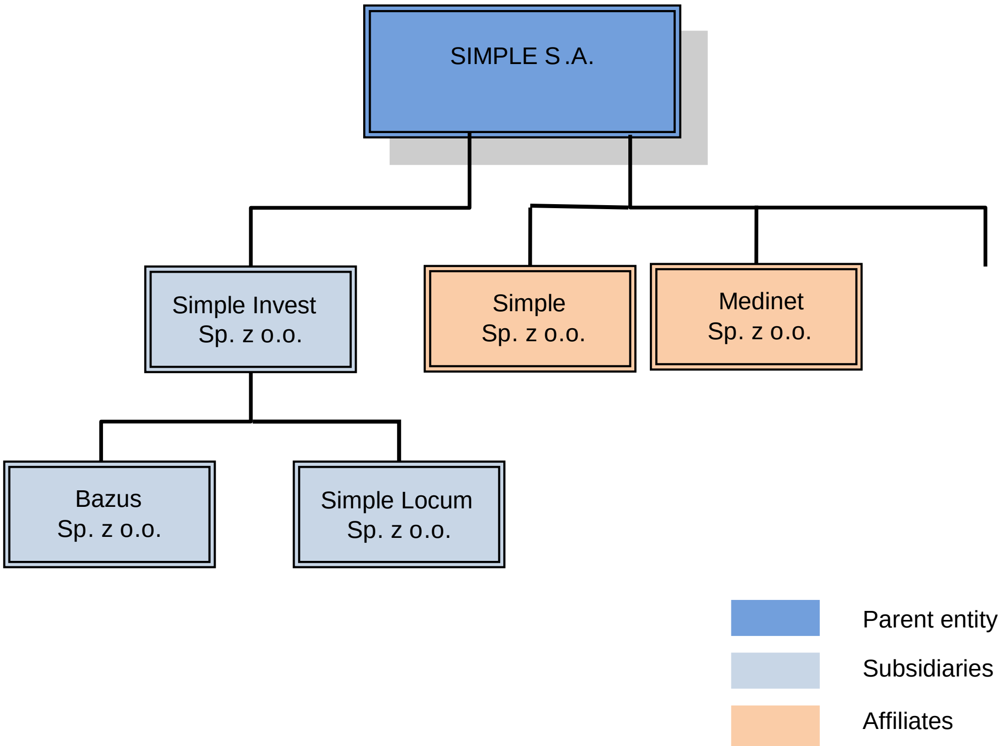
Specification of shares or rights to shares held by the members of the management board and supervisory board as of the date of this financial statement, including the indication of the changes in shareholding in the period from the previous annual financial report, separately for each member.

	Number of shares- as of			
Members of the Supervisory Board	**May 15, 2014**	**March 31, 2014**	**December 31, 2013**	**March 31, 2013**
Przemysław Gnitecki	0	0	0	0
Rafał Wnorowski	0	0	0	0
Michał Siedlecki	160 000	160 000	160 000	160 000

	Number of shares- as of			
Members of the Supervisory Board	**May 15, 2014**	**March 31, 2014**	**December 31, 2013**	**March 31, 2013**
Adam Wojacki	3 745	3 745	3 745	0
Józef Taran	0	0	0	0
Andrzej Bogucki	0	0	0	0
Anna Hejka	0	0	0	0
Paweł Zdunek	0	0	0	0
Tomasz Zdunek	0	0	0	0
Zbigniew Strojnowski	163 000	163 000	163 000	163 000

V. Information and structure of the Capital Group

The diagram below presents the structure of the Capital Group Simple with the proportional share in the share capital and votes at the General Meetings of Shareholders/Partners as of March 31, 2014



As of the date of this financial statement the composition of the Group is as follows:

- Simple Invest Sp. z o.o. – 100%
- Simple Locum Sp. z o.o. – 100%
- Bazus Sp. z o.o. – 100%

1. SIMPLE Invest Sp. z o.o. seated in Warsaw, address ul. Bronisława Czecha 49/51. SIMPLE S.A. Company on March 18, 2013 under the notary deed (Rep A No. 6611/2013) in the presence of the Public Notary Urszula Statkiewicz-Wysocka established the new limited liability company with the name Simple Invest Sp. z o.o. Simple S.A. holds a full control over the Company by taking up shares in return for transferring shares held in the companies Simple Locum Sp. z o.o. and Bazus Sp. z o.o. in a form of the contribution in kind. The amount of the acquired shares is PLN 4 994 k. It holds 100% of votes at the General Meeting.

2. Simple Locum Sp. z o.o. seated in Warsaw address: ul. Bronisława Czecha 49/51. SIMPLE S.A. Company on March 24, 2006 under the notary deed (Rep A No. 1726/06) in the presence of the Public Notary Urszula Statkiewicz-Wysocka established the new limited liability company with the name SIMPLE LOCUM. SIMPLE S.A. has a full control over this Company by acquisition of the shares in exchange for transfer of real estate as the contribution in a form of notary deed (Rep. A No. 1829/06) on 29.03.2006. The amount of the acquired shares is PLN 2 669 k. It holds 100% of votes at the

General Meeting. The basic type of business activity of Simple Locum Sp. z o.o. pursuant to the Classification of Polish Activity (PKD) is rental of real estate at its own account. Simple Locum Sp. z o.o. is the owner of the office building in Warsaw, ul. Bronisława Czecha 49/51. The total building is rented for the needs of SIMPLE Group.

3. Bazus Sp. z o.o., seated in Lublin address ul. Wolska 11. The private partnership named HIGHCOM Spółka cywilna acting under the Articles of Association concluded on April 9, 1996, changed by the annexes dated: March 12, 1997, August 30, 1997 and December 31, 2010 between Hubert Daniel Abramiuk and Michał Paweł Abramiuk, was transformed under Art. 551 of the Code of Commercial Companies into Bazus Spółka z ograniczoną odpowiedzialnością.

The consolidation excludes the related entities:

- Softeam Sp. z o.o. – 25,18%
- Simple Sp. z o.o. – 19.51%
- Medinet Sp. z o.o. – 52.24%

1. Softeam Sp. z o.o. seated in Warsaw, address: ul. Łopuszańska 53, registered on June 5, 2001 in the District Court for the capital city of Warsaw in Warsaw, 20th Commercial Division of the National Court Register, under KRS number 0000013271. On 29.06.2005 the name of the company was changed from SIMPLE EXPERNET SP. Z O.O. into the present Softeam Sp. z o.o. The value of acquired shares pursuant to the purchase price is 53 k PLN that constitutes 50.24% of the share capital and 25.18% votes at the General Meeting.

2. Simple Sp. z o.o. seated in Dąbrowa Górnicza address: ul. Cieplaka 19, registered on December 24, 2002 in the National Court Register under KRS number 0000108452 in the District Court in Katowice, Commercial Department of the National Court Register. The date of first registration was May 31, 1991 under the number RHB 6610. The value of acquired shares is 9.7 k PLN that constitutes 19.51% of the share capital and the same amount of votes at the General Meeting of Shareholders.

In these companies SIMPLE S.A. holds less than half of votes together with other investors, is not able to manage the financial and operating policy of these entities under the Articles of Association or agreement, is not entitled to appoint and recall the members of the management board and does not held the majority of votes and the Meetings of the Management Board or Supervisory Board.

3. Medinet Systemy Informatyczne Sp. z o.o. with the registered office in Opole, ul. Oleska 121, entered into the entrepreneurs register kept by the District Court in Opole, 8th Commercial Division of the National Court Register with KRS number 0000359965. On March 24, 2014 the shares sales agreement and preliminary shares sale agreement were concluded, under which Simple SA acquired 524 shares that constitutes 52.4% shares in the Company. The amount of the acquired shares is PLN 1.781.600 k.

VI. Changes in the organizational chart

In the reporting period from January 1, 2014 to March 31, 2014 there was not any business combination, any acquisition or sales of the entities of the capital group of the issuer, any long-term investments, any division, any restructuring or discontinuance of the activity.

VII. Basis of preparation of consolidated financial statements

1. Basis

Pursuant to the Ordinance of the Council of Ministers dated on February 19, 2009 on the current and periodic information provided by the issuers of securities and conditions of considering as equal the information required by the legal provisions of the non-member country (Dz. U. 2009 No. 33 item 259 as amended) the Management Board is obliged to cause the preparation of the annual financial statement reflecting the accurate and reliable property and financial standing of the SIMPLE S.A. Group for the period from January 1, 2014 to December 31, 2014 and the financial result for this period. It contains the real picture of the Group's development, achievements and the description of the basic risks and threats.
This financial statement was prepared with the going concern principle in the foreseeable future, covering the period of time not shorter than one year following the end of the period, in the scope which would not be significantly diminished. As of the date of this report there are not any circumstances threatening the going concern principle.
This financial statement is presented in zlotys (PLN) and all amounts, unless it is stated otherwise, are given in k PLN.

2. Statement of compliance

This financial statement was prepared pursuant to the International Financial Reporting Standards (IFRS). IFRS include the standards and interpretations of the International Accounting Standards Board published in a form of the Regulations of the European Commission.
The Group has adopted IFRS for the first time to prepare the financial statement for years starting after January 1, 2005.

3. Estimations

In the reporting period (3 months) ended on March 31, 2014 there were not any significant changes in the method of estimations.

4. Professional judgment

The preparation of the financial statement according to IFRS requires to make estimations and assumptions, which affect the amounts presented in the financial statement. The accepted assumptions and estimations base on the best knowledge of the Group management about the current activity and events.
The Group performs the contracts for implementation of IT systems. The measurement of contracts requires to determine the future cash flows in order to determine the amount of revenues and costs and to measure the progress of works in the projects. The progress of works is determined as the relation of incurred costs to planned costs. The future cash flows are not always compliant with the agreements with the clients due to changes in the project performance schedules. As of March 31, 2104 the amount of receivables due to contract measurement amounted to PLN 3.830 k.

The amount of depreciation rates is set basing on the expected period of economic life of the assets of the property, plant and equipment as well as the intangible assets. In the period (3 months) ended on March 31, 2014 there were not any changes in the amortization rates applied by the Group.

5. Changes in the applied accounting principles

The accounting principles applied to this financial statement are compliant with these applied for the annual financial statement for the year ended on December 31, 2013.

6. Error adjustments

The Management Board of the Company under the business name Simple S.A. in Warsaw, adopted the resolution on changes of the principle for recognition of service and post-implementation care in the financial statement prepared pursuant to IFRS. To present the Company recognized these revenues at once ("previous principle") when the invoice was issued. The Company plans to change this principles recognition them progressively in the service period ("changed principle"). The agreement on service and post-implementation care are signed for period from 12 to 24 months and even longer. As the service care the Company undertakes to provide services related to repair of defects of the software sold and the software updates. The invoices for these services are issued for the total period in advance, upon signing the contract, but receivables are divided into instalment through the contractual period.
The Company determines this change as the "error adjustment".

Recognition of the revenue settlement principle- error adjustment

Pursuant to IAS 8 sec. 42 the entity corrects prior period errors retrospectively in the first financial statements issued after their discovery:

- restating the comparative figures for the prior period or periods presented in which the error occurred; or
- if the error occurred before the earliest period presented in the financial statements, restating the opening balances of assets, liabilities and equity for the earliest period presented.

Effect of changes on the financial statement			
Item of the financial statement	**Beginning of the period January 1, 2013**	**01.01.2013-31.03.2013**	**31.03.2013**
Total net revenues from sales		587 192.03	
Deferred tax assets	1 361 593.00	-111 567.00	1 250 026.00
Receivables accruals	7 166 277.95	-587 192.03	6 579 085.92
Movement in the profit of the year		**475 625.03**	
Change of the balance sheet sum (Assets)	1 361 593.00	-111 567.00	1 250 026.00
Change of the balance sheet sum (Liabilities)	1 361 593.00	-111 567.00	1 250 026.00
Cumulated retained profits	**-5 804 684.95**	**475 625.03**	**-5 329 059.92**

VIII. Accounting principles

1. Property, Plant and Equipment

Property, Plant and Equipment are carried at cost less the depreciation and impairment allowances. The initial amount of the non-current assets includes its purchase price increased by all costs directly related to the purchase and to bring the asset to working condition. Costs incurred after the date of transferring the non-current assets to use are charged at the profit or loss as of being incurred.

Amortization is calculated using the straight line method with the amortization rates following the estimated economic life of the relevant asset as follows:

- Machinery and equipment in the economic life 2-10 years
- Transport means in the economic life 3-5 years
- Computers in the economic life 2-3 years

The relevant items of P,P&E are removed from the statement of comprehensive income after their disposal or in the event, when none of the economic benefits are expected during the further use. All losses and profits resulting from removal of such asset from the statement of comprehensive income are presented as the difference between potential net income from sales and the carrying amount of the given item and are recognized in the statement of comprehensive income of the period, in which such removal was made.

2. Intangible assets

Intangible assets purchased under the separate transaction are recognized at purchase price. Intangible assets purchased under the business entity acquisition transaction are recognized at fair value as of the date of acquisition.

The economic life of the intangible assets is estimated and recognized as limited or unspecified. The intangible assets with the limited economic life are amortized using the straight line method on the basis of their estimated economic life and the costs of amortization are recognized in the statement of comprehensive income pursuant to the place of origin. The intangible assets, which are not used, are a subject of annual verification regarding the possible impairment.

Profits or losses resulting from removal of the intangible assets from the statement of financial position are measured at the difference between the proceeds and the carrying amount of the given item and are recognized in the statement of comprehensive income as of its derecognition.

Internally generated intangible assets

The Group presents the products, which manufacturing process has not been already finished ("costs of unfinished research and development works") in the separate categories. The intangible assets compound manufactured at its own scope as a result of the development works is recognized then and only then, when the Group is able to prove:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is a sum of expenditures incurred from the date when the intangible asset first meets the recognition criteria. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Such costs include:

- costs of employee benefits arising from the generation of the intangible asset;
- all directly attributable costs necessary to create, produce, and prepare the asset such as legal title registration fees and amortization of patents and licences, which are used at the manufacture of this asset;
- costs of materials and services used or consumed in generating the intangible asset;
- Indirect costs, which can be clearly connected with the manufacturing process: amortization cost of the equipment used in the manufacturing process and costs of the office space occupied by the manufacturing team.

Until the development works are finished, the total costs directly related to these works are present as "Costs of unfinished research and development works". When the development works are finished, the effect of the manufacturing process is shifted to the category “Software and licenses generated internally” and from this moment the Company starts to amortize the internally generated software. The costs of development works meeting the aforementioned criteria are recognized at its cost less any accumulated amortisation and any accumulated impairment losses.

3. Goodwill

Goodwill on acquisition of the entity is initially recognized at the cost being the excess of:

- Provided payment
- Amount of all NCI in the acquired entity
- In the event of business combination performed in stages, the fair value as of the date of acquisition of the share in the equity of the acquired entity, previously hold by the acquiring entity.

The goodwill is presented at the cost of acquisition reduced by all cumulated impairment allowances. The impairment test is performed as of the end of the period. The goodwill is not amortised.

Impairment allowance is determined by estimation of the recoverable amount of the cash generating unit, to which the goodwill was allocated. If the recoverable amount of CGU is lower than the carrying amount, the impairment allowance is recognized, which is charged against the finance costs.

4. Investments in subsidiaries, affiliates and jointly-controlled

The subsidiaries are such entities, in which the Company holds more than half of votes at the General Meeting of Shareholders or General Meeting of Partners or otherwise is able to manage the financial or operating policy of these entities. To assess the control of the Company over the other entities also the existence and influence of the possible votes, which can be executed at the general meetings of shareholders or general meeting of partners of these entities, are also considered.

Associates are entities, in which the Company holds 20-50% share in votes at the general meeting of shareholders or on which the Company does not have a significant influence and does not control them, so they are not subsidiaries or joint venture.

The assessment of the investment regarding the impairment in the related entities should be carried out at each end of the period. If such assumption occurs then the Company carries out the impairment test of the investment by comparing the book value of this investment with the higher of two values: market value or usable value.

5. Business combination under joint-control

The business combination under joint control is a business combination, in which all combined entities are controlled by the same party both before and after the combination and this control is not of temporary nature.
In order to settle the effects of the business combination under joint control the Company uses the pooling of interest method. In particular, for the business combination of the Company and its subsidiary, the applied method assumes that assets and liabilities of the combined entities are measured at the carrying amounts from the consolidated financial statement of the parent company prepared at the date of control. The transaction costs related to this combination are charged against the profit or loss, the mutual balances of receivables and liabilities are eliminated. The statement of comprehensive income presents the results of the combined entities, from the moment of combination.

6. Inventories

The Group has only one group of inventories goods and service parts (spare parts and hardware, which was purchased in order to perform the contracts for maintenance services). The Group draws up the age analysis of goods at each end of the period and makes the revaluation allowances on this basis. The inventories revaluation allowances are recognized in the operating costs.

7. Trade and other receivables

The trade receivables are recognized and presented by the amounts initially invoiced, including the revaluation allowance. The receivables with the long-term payment terms are recognized at the amount of payables.

Receivables revaluation allowance

Doubtful debts allowances are estimated when the collecting of the full receivables amount is not possible according to the initial conditions. The non-collectible receivables are charged against the operating costs as of their non-collectability is stated. The Group makes the write downs of entitlements under the general rules in the amounts not lower than:

- 100% in relation to the receivables lodged to the court, unless the Management Board is almost sure that the judgment will be favourable for the Company,

- 100% in relation to the overdue receivables over 12 months (starting from the payment term) including the repayments, agreements etc. occurred after the end of reporting period,

The revaluation of the receivables includes not only events to the end of the period, but also disclosed later, to the date of the financial statement, if these events concern the receivables recognized in the books as of the end of the period. The receivables write downs are charged into the operating costs. The write-offs of the receivables balance from the calculated interest are classified as the finance costs. If the reason of the write down ceases, the total or part of this write down increased the amount of the relevant asset and the proper items of costs are adjusted.

8. Loans and other receivables

They are the financial assets, which are not the derivative instruments with set or settable payments, which are not listed on the active market. They are classified to the current assets, unless their maturity date does not exceed 12 months from the end of the period. The loans are classified to the non-current assets, when their maturity exceeds 12 months from the end of the period.

9. Accrued and deferred assets

The accrued and deferred assets include the expenses incurred to the end of the period, which concern the future periods (accrued and deferred costs) or are connected with the future benefits. In particular the accrued and deferred assets include:

- Paid third party services, to be rendered in the next periods,
- Paid rents,
- Paid insurances, subscriptions
- Costs incurred in connection with the performed contracts, which income will be generated in the future periods,
- Paid property insurances

10. Cash and cash equivalents

Cash and cash equivalents presented in the statement of financial position include the cash in bank and at hand, short-term deposits with the initial maturity period not exceeding three months. The balance of cash and cash equivalents recognized in the statement of cash flows is composed of the aforementioned cash and cash equivalents.

11. Bank credits and loans bearing interests

All the bank credits and loans are presented at the cost of acquisition corresponding to the fair value of received cash reduced by the costs related to obtain the credit of loan.

The difference between the funds received (less the credit or loan granting costs) and the amount to be paid is recognized in the statement of the comprehensive income for the period of credit or loan duration. Profits and losses are recognized in the statement of comprehensive income when the liability is removed from the statement of financial position or the impairment is stated. All service costs for borrowings are recognized trough profit or loss in the periods, to which they refer.

12. Liabilities

Trade liabilities concerning the operating activity are recognized and presented at the amounts compliant with the received invoices and recognized in the reporting periods, to which they refer.

Transactions and items in foreign currencies

Transactions expressed in the other currencies than polish zloty are translated into the polish zloty applying the exchange rate prevailing on the transaction day. As of the end of the period assets and liabilities expressed in the currencies other than Polish zloty are translated into the Polish zloty applying the average exchange rate prevailing for this reporting period i.e. average exchange rate published for this currency by the National Bank of Poland. The exchange differences arisen from the translation are presented correspondingly in the item of financial revenues or expenses.

13. Accrued and deferred liabilities

In order to keep the proportionality of revenues and costs the Group makes the accrued and deferred assets and liabilities which refer to both costs and revenues. Prepaid expenses- are costs deferred to the future reporting period, accrued income- is an amount of liabilities falling in the current reporting period following the benefits performed for the entity.
The accrued and deferred assets and liabilities include in particular the equivalents of invoiced allowances, which will performed in the next periods and equivalents of recorded proceeds from union funding.

14. Revenues

Revenue is recognised to the extent that it is probable that the economic benefits relating to the transaction will flow to the Group and the revenue can be reliably measured. The Group presents only the revenues from sales of products and services. This presentation reflects the profit of the Group providing the complex IT solutions based on its own solutions. The following criteria are applicable for the recognition of revenues:

Revenues from sales

Revenues are recognized, if the significant risk and benefits following the agreements were transferred to the purchaser and when the amount of revenues can be reliably measured. Revenues from sale of own licenses provided under the implementation contracts are recognized pursuant to the progress of the total contract. Otherwise the revenues from the sales of own licenses are recognized at the moment of selling, if the license is granted foe unspecified period of time or recognized through the license agreement period for the licences granted for the specified period of time.
Revenues from the sales of third party licenses are recognized commensurate to the cost of such license acquisition, so for the license granted for the specified period of time , the cost of acquisition and revenues from sales are recognized within the term of the license. For the licenses for unspecified period of time, the cost and revenues are recognized once, at the moment of sale of license. If the third-party license is supplied as one of the implementation contract element and the price for the third party license was not separated in the sales agreement, then the revenues from sale of third party licenses are an element of revenues from implementation contract and are recognized at the progress of the project.

Interest

Revenues due to interest are recognized consecutively when they accrue, referring to the net carrying amount of the relevant asset. Revenues due to interest are interest from granted loans, bank deposits and other titles.

Dividends

Dividends are recognized, when the rights of shareholders to receive them are established.

15. Operating costs

The Group records the cost by categories and by amounts. The own cost of sales includes costs directly related to the acquisition of sold goods and production of the sold services. The sale costs include the commercial and marketing costs (including sponsoring). The distribution expenses include costs related to the management of the Company and administration costs.

Interest

Costs due to interest are recognized consecutively when they accrue, referring to the net carrying amount of the relevant asset. Costs from interest are interest from granted loans, bank credits and other titles.

16. Income tax

The deferred income tax is calculated using the method of balance liabilities towards all temporary differences as of the end of period between the tax value of the assets and liabilities and their balance value indicated in the financial statement. The provision for the deferred income tax is created in relation to all taxable temporary differences.

The deferred tax assets are recognized with reference to all deductible temporary differences and unused deferred tax assets and tax losses forwarded to future periods, in such amount, in which it is possible that the taxable income will be achieved and that will allow using the mentioned differences, assets and losses.

The carrying amount of the deferred tax asset is verified as each end of the period and is a subject of reduction or increase correspondingly to the changes of estimations for taxable income sufficient to realize the deferred tax asset partially or as a whole.

The deferred income tax assets and provisions for deferred income tax are measured applying the tax rates, which are applicable in the period, when this asset is realized or provision is released taking as the ground the actual tax rates as of the end of the period.

Revenues and costs and assets are recognized in the amount less VAT, except for:

- VAT paid at the moment of purchase of goods is not recoverable, then the VAT is recognized as a part of asset acquisition costs or a part of cost item and
- Receivables and liabilities are presented including the VAT amount.

The net amount of VAT is recoverable or payable to the tax authorities is recognized in the statement of financial position as a part of receivables or liabilities.

17. Earnings per share

The basic net earnings per share for the each period are calculated by dividing the net earnings from continued activity for the relevant period by the average weighted number of shares in the relevant reporting period.
The diluted net earnings per share for the each period are calculated by dividing the net earnings from continued activity for the relevant period by the total average weighted number of shares in the relevant reporting period and all possible new issues.

18. Leases

The financial lease agreements, which transfer the all risks and benefits of the subject of lease into the Group, are recognized in the statement of financial position as of the date of starting the lease at the current amount of the minimum lease fees. The leasing fees are allocated to the financial costs and reduction of the balance of the liabilities in the manner enabling to achieve the constant interest rate form the liability to be paid. Finance cost is recognized in the statement of comprehensive income. Assets used under financial lease are amortized during the leasing period.

IX. Summary of the results of the Capital Group Simple

In the first quarter of 2014, SIMPLE S.A. as the parent entity of the Group continued the basic business activity in the field of production, sale, implementation, service of the systems supporting the management and the suppliers of the hardware, system software and services in this field.

The business activity of the Company was managed by the Management Board composed of: Przemysław Gnitecki- President of the Management Board, Rafał Wnorowski- Vice President of the Management Board, Michał Siedlecki- Vice President of the Management Board.

In Q1 2014 the Group SIMPLE generated revenues from sales amounting to PLN 11 268 k. The revenues were higher by 59% than in the comparable period of the previous year. The profit of the Group was lower by PLN 165 k in comparison to 2013. The record increase of revenues is caused by more and more growing interest in the SIMPLE Group products. Owing to the right product strategy and intensive development of the SIMPLE Group products more and more clients decides to choose SIMPLE. In the following quarters it will also positively influence on the Group's profitability.

In the last days of 1st quarter 2014 the SIMPLE Group acquired the next company. Medinet (software for patient management manufacturer), in which SIMPLE SA holds 52% will strengthen the portfolio and position on the medical market, where SIMPLE is a leader in the field of ERP SIMPLE systems.

The results achieved in Q1 2014 are similar to the Management Board expectations.

In the next quarters the Management Board expects:

- Further dynamic growth of the Group's figures,
- Intensive works to increase the functionality range and thus the competitiveness of the products,
- Further development of the technological changes in SIMPLE products,
- Optimization of costs in the field of Projects
- Works on next acquisitions to strengthen the SIMPLE portfolio

X. EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

Note 1. Operational structure

The Simple Group conducts its business activity in the field of software and sale of hardware and also renders related services. The only geographical sector is the sale within the country which includes 100% of revenues.

	For the period 01.01.2014 31.03.2014	For the period 01.01.2013 31.03.2013
Revenues from sales		
- Domestic	11 268	7 085
	11 268	**7 085**
Distribution expenses		
- Domestic	(6 051)	(3 852)
	(6 051)	**(3 852)**
Gross profit from sales		
- Domestic	5 217	3 233
	5 217	**3 233**

The Group Simple distinguishes the branch sectors in the division into the revenues from sale of services and products and goods. The revenues from sale, costs and sale result pursuant to the branch sectors are as follows:

	For the period 01.01.2014 31.03.2014	For the period 01.01.2013 31.03.2013

Revenues from sales		
Sale of services and products	9 986	6 244
Sale of goods	1 282	841
	11 268	**7 085**
Distribution expenses		
Distribution costs of products and services	(5 551)	(3 565)
Distribution costs of goods	(500)	(287)
	(6 051)	**(3 852)**
Gross profit from sales		
Gross profit on sale of services and products	4 435	2 679
Gross profit on sale of goods	782	554
	5 217	**3 233**

Note 2 Operating activities costs

The operating costs in the period from January 1, 2014 to December 31, 2014 and in the comparable period were as follows:

	For the period 01.01.2014 31.03.2014 PLN'000	**For the period 01.01.2013 31.03.2013 PLN'000**
Amortization of non-current assets and intangible assets	428	366
Materials and energy consumption	258	150
Third party services	5 330	1 876
Taxes and fees	62	38
Remunerations/payrolls	3 213	2 812
Social insurances and other benefits	602	557
Other costs	107	142
Value of goods and materials sold	500	287
Total	**10 500**	**6 228**
including:		
Cost of sales	6 051	3 852
Distribution expenses	3 206	1 188
Administration expenses	1 243	1 188

Note 3 Other comprehensive income

In the period covered by this financial statement, from January 1, 2014 to March 31, 2014, the other comprehensive income was not recognized.

Note 4. earnings per share

The basic earnings per one share is calculated by dividing the net profit for the reporting period by the average weighted number of issued shares in the fiscal year. The share capital of SIMPLE S.A. is composed of 4 380 298 shares and is divided into 4 380 298 shares with the nominal value PLN 1 each. The average weighted number of shares in the period from January 1, 2014 to March 31, 2014 amounted to 4 380 298 and in the comparable period was 2013.

	For the period 01.01.2014 31.03.2014 PLN'000	For the period 01.01.2013 31.03.2013 PLN'000
Earnings per shareholders	443	608
Average number of ordinary shares (in k pcs)	4 380	4 380
Earnings per share (in PLN per one share)	**0.10**	**0.14**

Note 5. Intangible assets

Within 3 month period of time ended on March 31, 2014 the Group acquired intangible assets in the amount of PLN 12 k.
Within 3 month period of time ended on March 31, 2014 the Group did not sell or dispose any intangible assets.
Within 12 month period of time ended on December 31, 2013 the Group acquired intangible assets in the amount of PLN 11 k.
Within 12 month period of time ended on December 31, 2013 the Group did not sell or dispose any intangible assets.
Within 3 month period of time ended on March 31, 2013 the Group did not purchase any intangible assets.
Within 3 month period of time ended on March 31, 2013 the Group did not sell or dispose any intangible assets.

Note 6. Property, Plant and Equipment

Within 3 month period of time ended on March 31, 2014 the Group purchased P,P&E amounting to PLN 939 k. In the same period, the Group sold P,P&E with the book value PLN 523 k. Net amount of revenues from sale of these components amounted to PLN 152 k.
Within 12 month period of time ended on December 31, 2013 the Group purchased P,P&E amounting to PLN 1 255 k.
Within 12 month period of time ended on December 31, 2013 the Group sold P,P&E amounting to PLN 815 k. The net revenues from sales of assets in 2013 amounted to PLN 268 k.
Within 3 month period of time ended on March 31, 2013 the Group purchased P,P&E amounting to PLN 118 k. In the same period, the Group sold P,P&E with the book value PLN 96 k. Net amount of revenues from sale of these components amounted to PLN 25 k.

Note 7. Goodwill

As of March 31, 2013 the goodwill from consolidation was presented in the statement on financial position. It includes the appraisal of Simple Locum Sp. z o.o. for the amount of PLN 19 and Bazus Sp. z o.o. for the amount of PLN 1 840 k. The goodwill is not amortized; it will be a subject of the impairment test.

Note 8. Shares and stocks in subsidiaries and other entities

The below table presents the amount of the long-term investments.

	31.03.2014 PLN'000	31.12.2013 PLN'000	31.03.2013 PLN'000
Subsidiaries:	**4 994**	**4 994**	**4 974**
Simple Invest Sp. z o.o. (100%)	4 994	4 994	0
Simple Locum Sp z o.o (100%)	0	0	2 669
Bazus Sp. z o.o. (100%)	0	0	2 305
Affiliates:	**1 844**	**63**	**63**
Medinet Sp. z o.o.	1 781	0	0
Simple Dąbrowa Górnicza	10	10	10
Softem Sp z o.o.	53	53	53
Total investment	**6 838**	**5 057**	**5 037**

SIMPLE S.A. is the parent company of the Simple Group. The capital group includes the following companies:

Subsidiaries of Simple S.A.:

1. SIMPLE Invest Sp. z o.o. seated in Warsaw, address ul. Bronisława Czecha 49/51. SIMPLE S.A. Company on March 18, 2013 under the notary deed (Rep A No. 6611/2013) in the presence of the Public Notary Urszula Statkiewicz-Wysocka established the new limited liability company with the name Simple Invest Sp. z o.o. Simple S.A. holds a full control over the Company by taking up shares in return for transferring shares held in the companies Simple Locum Sp. z o.o. and Bazus Sp. z o.o. in a form of the contribution in kind. The amount of the acquired shares is PLN 4 994 k. It holds 100% of votes at the General Meeting.

Subsidiaries of Simple Invest Sp. z o.o.

1. Simple Locum Sp. z o.o. seated in Warsaw address: ul. Bronisława Czecha 49/51. SIMPLE S.A. Company on March 24, 2006 under the notary deed (Rep A No. 1726/06) in the presence of the Public Notary Urszula Statkiewicz-Wysocka established the new limited liability company with the name SIMPLE LOCUM. SIMPLE S.A. has a full control over this Company by taking up the shares in exchange for transfer of real estate as the contribution in a form of notary deed (Rep. A No. 1829/06) on 29.03.2006. The amount of the acquired shares is PLN 2 669 k. As of the end of the period Invest Sp. z o.o. holds 100% of shares in Simple Locum Sp. z o.o.

2. Bazus Sp. z o.o., seated in Lublin address ul. Wolska 11. The private partnership named HIGHCOM Spółka cywilna acting under the Articles of Association concluded on April 9, 1996, changed by the annexes dated: March 12, 1997, August 30,

1997 and December 31, 2010 between Hubert Daniel Abramiuk and Michał Paweł Abramiuk, was transformed under Art. 551 of the Code of Commercial Companies into Bazus Spółka z ograniczoną odpowiedzialnością. The amount of the acquired shares pursuant to the purchase price is PLN 2 305 k. 305 k. As of the end of the period Invest Sp. z o.o. holds 100% of shares in Bazus Sp. z o.o.

Affiliates:

1. Softeam Sp. z o.o. seated in Warsaw, address: ul. Łopuszańska 53, registered on June 5, 2001 in the District Court for the capital city of Warsaw in Warsaw, 20th Commercial Department of the National Court Register, with the KRS number 0000013271. The amount of the acquired shares pursuant to the purchase price is PLN 53 k that constitutes 50.24% of the share capital. The Company Simple S.A. does not have its representatives in the Management Board of Softeam and it has no influence on the management of the total activity of the Softeam, does not manage its assets and does not represent it in trading. The share capital of the Company amounts to PLN 105 500 and is divided into 211 shares with the nominal value PLN 500, where Simple S.A. holds 106 shares and the other shareholders 105 shares. At the General Meeting of Shareholders all resolutions are passed by the majority of votes, where Simple S.A. has only one vote more than other shareholders. This company is not a subject of consolidation, because SIMPLE S.A. does not have any control over this Company and any influence on the financial policy of this Company. It is not entitled to appoint and recall the members of the management board or managing authority.

2. Simple Sp. z o.o. seated in Dąbrowa Górnicza address: ul. Cieplaka 19, registered on December 24, 2002 in the National Court Register under KRS number 0000108452 in the District Court in Katowice, Commercial Department of the National Court Register. The amount of the acquired shares pursuant to the cost is PLN 9.7 k. It holds 19.51% of votes at the General Meeting.

3. Medinet Systemy Informatyczne Sp. z o.o. with the registered office in Opole, ul. Oleska 121, entered into the entrepreneurs register kept by the District Court in Opole, 8th Commercial Division of the National Court Register with KRS number 0000359965. On March 24, 2014 the shares sales agreement and preliminary shares sale agreement were concluded, under which Simple SA acquired 524 shares that constitutes 52.4% shares in the Company. The amount of the acquired shares is PLN 1.781.600 k.

Note 9. Current receivables

	31.03.2014 PLN'000	31.12.2013 PLN'000	31.03.2013 PLN'000
Trade receivables	15 953	17 199	10 359
Uncollectible receivables revaluation allowance	(348)	(348)	(541)
Net receivables	**15 605**	**16 851**	**9 818**

Trade receivables do not bear any interest.

Other receivables

1. Receivables due to deposit come from:

a) Rent Agreement of March 25, 2013 between Simple S.A. and Biuro Obrotu Nieruchomości "Central Park" in Łódź, ul. Piramowicza 15/16, which concerns the rent of office space. The amount of deposit was agreed, according to the agreement, at PLN 3 444.

b) Rental Agreement No. 20/SMH/2008/N of May 19, 2008 between Simple S.A. and Spółdzielnia Mieszkaniowa RESPAN in Rzeszów, ul. Rejtana 53A, which subject of matter is the rent of office space. The amount of deposit was agreed at PLN 2 560.

c) Safe deposit box agreement No. 56/2014 of March 11, 2014 between PKO BP SA and SIMPLE SA. The amount of deposit was agreed, according to the agreement, as PLN 500.

2. Receivables due to bid bonds are the security deposits provided to the clients under the contracts.
3. The receivables due to the performance bond are a security deposit provided to the clients in order to cover the possible losses in the event of breach of the contractual obligations.

	31.03.2014 PLN'000	**31.12.2013 PLN'000**	**31.03.2013 PLN'000**
Deposits paid	7	3	1
Bid bonds paid	0	29	80
Performance bond paid	130	80	148
Granted loans	0	1	0
deductible VAT	95	248	60
CIT-8	904	52	33
Receivables from employees	16	0	15
Total receivables	**1 152**	**413**	**337**

Note 10. Short-term investments

As of March 31, 2014 the Group does not present the granted loans.

	31.03.2014 PLN'000	**31.12.2013 PLN'000**	**31.03.2013 PLN'000**
Cash at hand and at bank account	875	2 752	3 523
	875	**2 752**	**3 523**

Cash at bank bears interest pursuant to the variable interest rates, which amount depends on the interest rate of one-day bank deposits. The short-term deposits are established for various periods from one day to two weeks depending on the current need of the Company for cash and bear the interest pursuant to the agreed interest rates for the deposits in the relevant day. The amount of received amounts due to deposits is presented below.

Interest from deposit

month	31.03.2014	31.12.2013	31.03.2013
January	1 498.37	7 516.64	7 516.64
February	173.15	7 852.82	7 852.82
March	1 631.76	8 850.20	8 850.20
April		4 667.28	
May		2 458.81	
June		487.33	
July		180.87	
December		1 095.89	
Total	**3 303.28**	**33 109.84**	**24 219.66**

Note 11. Assets available-for-sale

As of the end of the period March 31, 2014 the Group does not have any non-current assets held for sale.

Note 12. Share capital

As of March 31, 2014, the share capital amounted to PLN 4 380 298.00. The share capital includes 4 380 298 ordinary shares with the nominal value PLN 1 each.

	31.03.2014 000'PLN	31.12.2013 PLN'000	31.03.2013 PLN'000
Share capital			
Number of shares	4 380 298	4 380 298	4 380 298
Nominal value per one share	0.001	0.001	0.001
Nominal value of all shares	**4 380**	**4 380**	**4 380**

Note 13. Deferred tax:

As of March 31, 2014 the Group has presented the provision in the amount of PLN 1 682 k du to the temporary differences between the book and tax value of assets.

	31.03.2014 PLN'000	31.12.2013 000'PLN	31.13.2013 PLN'000
Balance difference of non-current assets	22	12	11
Balance measurement of revenues	728	495	242
Contribution in kind of Simple Invest	932	932	0
	1 682	**1 439**	**253**

Note 14. Long-term provisions for liabilities

The provision for the post-employment benefits concerns all retirement benefits, which are to be potentially paid to the Group's employee at the time of retirement. The provisions for the post-employment benefits were recognized by the Group on the basis of calculations made by the actuary.

The provision for leave benefits was recognized by the Group on the basis of unused leaves as of December 31, 2012 and the comparable period. The estimations of the provision amounts are made by comparing the number of days of unused leaves for the particular employees and calculation of the cash equivalent due these leaves. As of March 31, 2014 the provision for holiday leave benefits was not updated.

The equivalent for unused holiday leave is calculated in the following manner:

- by dividing the sum of monthly agreed salaries by the equivalent coefficient and then
- we divide such equivalent for one day of leave by the number corresponding to the daily standard of work time applicable for the employee and then
- we multiply this equivalent for one hour of leave by the number of leave hours unused by the employee.

	31.03.2014 PLN'000	31.12.2013 000'PLN	31.03.2013 PLN'000
Post-employment benefits	69	69	54
Leave benefits	232	232	205
	301	**301**	**259**

Note 15. Long-term credits and loans

	31.03.2014 PLN'000	31.12.2013 000'PLN	31.03.2013 PLN'000
Mortgage loan of Simple Locum	1 920	1 939	1 999
Total	**1 920**	**1 939**	**1 999**

The credit agreement of April 7, 2006 concluded with BPH S.A. by SIMPLE LOCUM Sp. z o.o. under §7 of the Agreement collateralized by:

- ordinary mortgage in the amount of PLN 2 350 000.00 securing the payment of the credit capital,
- Cap mortgage to the amount PLN 1 750 000.00 securing the interests payment and other bank receivables following the Agreement,
- Assignment of receivables from the receivables insurance agreement (acc. to App. No. 2 to the agreement),
- The blank promissory note issued by the Borrower paid to the credit amount with the promissory note declaration (acc. to App. No. 3 to the agreement),
- Deposit in the amount of PLN 47 444 set under the principles specified in the deposit agreement (acc. to App. No. 4 to the agreement),
- Declaration of the Borrower to be a subject of execution regarding the obligations following the Agreement (acc. to App. No.5 to the agreement),
- Assignment of receivables from the current and future rent agreement of the areas located in the Real Estate (acc. to App. No. 6 to the agreement),

- Assignment of receivables from the bank account agreement kept on behalf of the Borrower (acc. to App. No. 7 to the agreement),
- Registered pledge (acc. to App. No. 8 to the agreement).

As of the end of period, the amount of unpaid credit over 12 months is 1 920 k.

Note 16. Short-term credits and loans

	31.03.2014 PLN'000	31.12.2013 000'PLN	31.03.2013 PLN'000
Mortgage loan of Simple Locum	75	76	67
Used credit line	835	0	0
Total	**910**	**76**	**67**

The credit agreement of April 7, 2006 concluded with BPH S.A. by SIMPLE LOCUM Sp. z o.o. under §7 of the Agreement collateralized by:

- ordinary mortgage in the amount of PLN 2 350 000.00 securing the payment of the credit capital,
- Cap mortgage to the amount PLN 1 750 000.00 securing the interests payment and other bank receivables following the Agreement,
- Assignment of receivables from the receivables insurance agreement (acc. to App. No. 2 to the agreement),
- The blank promissory note issued by the Borrower paid to the credit amount with the promissory note declaration (acc. to App. No. 3 to the agreement),
- Deposit in the amount of PLN 47 444 set under the principles specified in the deposit agreement (acc. to App. No. 4 to the agreement),
- Declaration of the Borrower to be a subject of execution regarding the obligations following the Agreement (acc. to App. No.5 to the agreement),
- Assignment of receivables from the current and future rent agreement of the areas located in the Real Estate (acc. to App. No. 6 to the agreement),
- Assignment of receivables from the bank account agreement kept on behalf of the Borrower (acc. to App. No. 7 to the agreement),
- Registered pledge (acc. to App. No. 8 to the agreement).

As of the end of period, the amount of unpaid credit over 12 months is PLN 75 k.

On August 31, 2012 Simple S.A. and the bank BRE S.A. seated in Warsaw concluded the Overdraft Agreement No. 43/083/12/Z/VV for the amount of 1 million zlotys for the period from August 31, 2012 to August 29, 2013. On June 25, 2013 the Annex No. 1 to the Overdraft Agreement No. 43/083/12/Z/VV of 31.08.2012 was concluded extending the crediting period to September 24, 2013. On September 23, 2013 the Annex No. 2 to the Overdraft Agreement No. 43/083/12/Z/VV of 31.08.2012 was concluded extending the crediting period to September 18, 2014. The collateral for this Agreement is a blank promissory note. Bank interest rate is WIBOR O/N + MARGIN 1.6. As of the end of the period the used amount from the credit line is PLN 656 k.

On March 22, 2013 Simple S.A. and the bank Deutsche Bank PBC S.A. seated in Warsaw concluded the Overdraft Agreement No. KRB\1307324 in the Polish currency for the amount of PLN 1 million, for the period from March 22, 2013 to March 26, 2014. Bank interest rate in a form of margin is WIBOR O/N + MARGIN 1.6. On March 24, 2014 by the Annex No. 2 to the credit agreement No. KRB\1307324 of March 22, 2013 the crediting period was extended to March 26, 2015. As of the end of the period the used amount from the credit line is PLN 179 k.

Note 17. Trade and other liabilities

As of March 31, 2014 and in the comparable periods the liabilities of the Group Simple resulted from the following titles.

	31.03.2014 PLN'000	31.12.2013 PLN'000	31.03.2013 PLN'000
Trade liabilities	**2 917**	**1 515**	**829**
Due to deliveries and services	2 908	1 439	761
Liabilities due to not invoiced deliveries	9	76	68
Budget liabilities	**921**	**2 916**	**1 102**
Value-Added Tax	413	2 270	531
Corporate Income Tax	0	52	0
Personal Income Tax	92	158	138
Social Insurance Company	405	417	431
Withholding tax	11	19	2
Other liabilities	**20**	**236**	**5**
Liabilities due to pay roll	19	236	1
Other liabilities	1	0	4
	3 858	**4 667**	**1 936**

Note 18. Short-term provisions for liabilities

As of March 31, 2014 the Group does not present any short-term provisions for liabilities.

	31.03.2014 PLN'000	31.12.2013 000'PLN	31.03.2013 PLN'000
Provision for remunerations	310	310	0
	310	**310**	**0**

Note 19. Accrued and deferred income

The Company settles the subsidy received under the agreement signed on April 30, 2007 within the framework of the Project Funding Agreement No. WKP_1/1.4.1/2006/100/100/655/2007/U named "IT system for SME to obtain the permanent economic position on the basis of supply chain participation" performed within the Sector Operating Programme Improvement of Competitiveness of Enterprises. The amount of funding was PLN 2 069 001.13 and the amount to be settled as of the end of the period is PLN 689 648.33 k.

	31.03.2014 PLN'000	**31.12.2013 000'PLN**	**31.03.2013 PLN'000**
Deferred revenue	7 033	7 828	0
Received EU subsidy	690	793	1 103
	7 723	**8 621**	**1 103**

Note 20. Investment expenses

In the reporting period from January 1, 2014 to March 31, 2014 the Group incurred the capital expenditures in the amount of PLN 324 k for the costs of unfinished development works.
In the reporting period from January 1, 2012 to September 31, 2013 the Group incurred the capital expenditures in the amount of PLN 1 k for the costs of unfinished development works.
In the reporting period from January 1, 2013 to September 31, 2013 the Group incurred the capital expenditures in the amount of PLN 299 k for the costs of unfinished development works.

XI. Factors and events of an unusual nature significantly affecting the financial results

In the 3 month period of time ended on March 31, 2014 there were not any unusual events, other than these specified in this financial statement, affecting the achieved financial results in this period.

XII. Explanations concerning seasonality or periodicity of the Issuer's activity in the presented period

The business activity of the Group is a subject of seasonality regarding the revenues from sales in the particular quarters of the year. A great part of revenues is generated by the contracts signed. The highest revenues are earned by the Group in the fourth quarter of the year. It is caused by the fact that business entities close annual budgets for the performance of IT projects and make investment purchase of hardware and licences.

XIII. Information on issue, buy-out and payment of non-equity securities and capital securities

In the reporting period from March 1, 2014 to March 31, 2014 the Issuer did not issue, buy-out or pay non-equity and capital securities.

XIV. INFORMATION ON PAID DIVIDEND, IN TOTAL AND PER SHARE

Within 3 month period ended on March 31, 2014 any decision on dividend payment was not taken.

XV. EVENTS AFTER THE END OF THE PERIOD

Within the period from March 31, 2014 to the date of this interim condensed financial statement, i.e. to May 15, 2014 there were not any significant events, which were not, but which should be recognized in the accounting books and which disclosure may affect significantly the assessment of the property and financial standing of the Capital Group Simple. S.A.

XVI. Information on changes in the contingent liabilities

The Group Simple did not recognize any contingent liabilities as of December 31, 2013 and from the end of the fiscal year to the date of this interim consolidated financial statement, i.e. to May 15, 2014, there were not any changes in the contingent liabilities or assets.

XVI. MANAGEMENT BOARD'S OPINION ON POSSIBILITY TO PERFORM THE EARLIER PUBLISHED FORECASTS FOR THE RELEVANT YEAR

The Management of the Group Simple has not published any forecasts of financial results for 2014.

XVII. Information on proceedings before court, competent authority for arbitrage proceedings of public administration authority

In the presented reporting period, there were not any proceedings, before the court, entity competent for the arbitrage proceeding or public administration entity, referred to the liabilities or receivables of SIMPLE S.A. or its subsidiaries, which total amount would constitute at least 10% of equity of the Company.
Pursuant to the best knowledge of the Management Board of Simple S.A. there were not any settlements due to court proceedings.

XVIII. Transactions with related entities

In the period from January 1, 2014 to March 31, 2014 SIMPLE S.A. concluded the following standard trade transactions with the Group's entities . Sale of goods, services to the related entities is carried out under the basic price list. The purchases of goods were carried out basing on market prices less rebates due to volume. Within the reporting period, SIMPLE S.A. as the Parent Entity did not enter into any other transactions, which would differ from the typical transactions concluded between the Capital Group's entities at arm's length principle.

. The transactions were carried out basing on market prices less rebates due to volume.
As of the end of period, the balances of settlements arisen as a result of sale and purchase of goods and services are as follows:

Transactions with related entities	for the period 01.01.2014	for the period 01.01.2013	for the period 01.01.2013

	31.03.2014	31.12.2013	31.03.2013
Revenues (goods and services) including:	**537**	**2 689**	**431**
- to related entities	532	2686	431
- to subsidiaries	5	3	0
Purchases, including:	**836**	**2 994**	**343**
- From subsidiaries	204	1871	201
- from related entities	632	1123	142
Trade receivables, including:	**486**	**1 151**	**512**
- From subsidiaries	6	0	0
- from related entities	480	1 151	512
Trade liabilities, including:	**278**	**913**	**173**
- to subsidiaries	254	907	132
- to related entities	24	6	41
Liabilities due to loans:	**1 645**	**1 669**	**1 739**
- to subsidiaries	1 645	1 669	1 739

XIX. INFORMATION ON GRANTING THE GUARANTY FOR THE CREDIT OR LOAN OR AWARDING THE WARRANTY BY THE ISSUER OR ITS SUBSIDIARY

Within 3 month period of time ended on March 31, 2014 the Issuer or its subsidiary did not grant a credit or loan surety or award any guarantee jointly for one entity or the entity's subsidiary, where a total amount of existing sureties or guarantees constitute an equivalent of at least 10% of the Issuer's equity.

XX. Information, which in the management board's opinion, is significant for assessment of staff, property or financial condition

The Group generates its results by the consequently implemented market strategy in the particular segments of the business activity.

Within the 3 month period of time ended on March 31, 2014 there were not any unusual events, other than these specified in this financial statement.

There is not any other information known, except these specified in the financial statement, which disclosure would significantly affect the assessment of the staff, property and financial standing of the Group.

XXI. SPECIFICATION OF THE FACTORS, WHICH IN THE ISSUER'S ASSESSMENT, WILL AFFECT THE ACHIEVED RESULTS IN THE PROSPECTION OF AT LEAST THE NEXT QUARTER

In the opinion of the Management Board of Simple S.A. the present financial standing of the Group and its production potential as well as the market position do not create any threats for the further activity and development in 2014. The most important external and internal factors, which directly or indirectly may affect the results in the next quarters may include:

External factors important for the Group's development

- Situation in the IT market
- Prospectus of market and product offer extension
- Access to the union funds
- Activities depending on intensified competitiveness
- Changes in the credit situation, financial liquidity
- Risk related to the quick technological changes and innovations on the market.

Internal factors important for the Group's development

- Quality and complexity of the Simple's offer
- Expenditures to the product and new market development
- Stability and experience of managing staff
- Experience in IT projects
- Efficient activities of Sales and Marketing Department

XXII. INFORMATION ON WRITE DOWNS

In the reporting period the Group did not make any write downs of inventories to the achievable net amount and did not reverse any such write downs.

In the reporting period, the Group did not make any impairment losses of financial assets, P,P&E, intangible assets and other assets and did not reverse such impairment loss.

XXIII. INFORMATION ON FAILURE TO PAY ANY CREDIT OR LOAN OR ON BREACHING OF THE CREDIT OR LOAN AGREEMENT

To March 31, 2014 there were not any unpaid credits, loans and any significant provisions of the credit or loan agreement were not breached by the Group.

XXIV. SIGNIFICANT EVENTS FROM PREVIOUS YEARS

To the date of this interim consolidated financial statement i.e. May 15, 2014, there were not any events concerning previous years, which were not, but should be, included to this financial statement.

SIMPLE SPÓŁKA AKCYJNA
BASIC FINANCIAL DATA
FOR Q1 2014

Warsaw, May 15, 2014

SELECTED FINANCIAL DATA OF SIMPLE S.A.

	31.03.2014	31.03.2014	31.03.2013	31.03.2013

	PLN'000	EUR'000	PLN'000	EUR'000
Revenues from sales	10 534	2 514	6 643	1 592
Profit from operating activities	812	194	843	202
Gross profit for the reporting period	747	178	809	194
Net profit for the reporting period	**410**	**98**	**528**	**127**

	31.03.2014 PLN'000	31.03.2014 EUR'000	31.12.2013 PLN'000	31.12.2013 EUR'000
Non-current assets	16 053	3 848	13 842	3 338
Current assets	16 354	3 921	18 876	4 552
Equity	14 244	3 415	13 834	3 336
Liabilities and provisions for liabilities	18 163	4 354	18 884	4 553

	31.03.2014 PLN'000	31.03.2014 EUR'000	31.03.2013 PLN'000	31.03.2013 EUR'000
Cash from operating activities	498	119	(394)	(94)
Cash from investing activities	(2 041)	(487)	(295)	(71)
Cash from financial activities	(298)	(71)	(480)	(115)
Cash at the end of the period	**63**	**15**	**2 589**	**620**

The selected financial data presented in the financial statement for 3-month period ended on March 31, 2014 and the period to December 31, 2013 are translated into EUR in the following manner:

Items of assets and liabilities at the end of the reporting period and comparable period were translated using the average exchange rate published at the last day of the end of the period by the National Bank of Poland. This exchange rate was:

- Exchange rate applicable as of March 31, 2014 EUR 1= PLN 4.1713
- Exchange rate applicable as of December 31, 2013 EUR 1= PLN 4.1472

Items of the statement of comprehensive income and statement of cash flows were translated at the exchange rate constituting the arithmetic mean of the average exchange rates published by the National Bank of Poland at the end of each month. This exchange rate was:

- from January 1, 2012 to March 31, 2014 EUR 1= PLN 4.1894
- from January 1, 2012 to March 31, 2013 EUR 1= PLN 4.1738

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

	For the period 01.01.2014	For the period 01.01.2013

	31.03.2014 PLN'000	31.03.2013 PLN'000
Revenues from sales	**10 534**	**6 643**
Cost of sales	**(5 661)**	**(3 755)**
Gross profit (loss)	**4 873**	**2 888**
Distribution expenses	(3 234)	(1 172)
Administration expenses	(1 022)	(1 011)
Profit (loss) from sales	**617**	**705**
Other revenues	259	165
Other costs	(64)	(27)
Profit from operating activities	**812**	**843**
Finance income	2	23
Financial costs	(67)	(57)
Gross profit	**747**	**809**
Income tax (current and deferred tax burdens)	(337)	(281)
Net profit for the reporting period	**410**	**528**
Other comprehensive income	0	0
Total comprehensive income	**410**	**528**
Earnings per share		
Basic	0.09	0.12
Diluted	0.09	0.12

INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION

	31.03.2014 PLN'000	31.12.2013 PLN'000	31.03.2013 PLN'000

Non-current assets	**16 053**	**13 842**	**12 229**
Intangible assets	1 453	1 662	2 283
Property, Plant and Equipment	2 169	1 597	1 113
Long- term receivables	270	308	87
Investments in subsidiaries	6 776	4 994	4 974
Investments in related entities	63	63	63
Long-term accrued and deferred assets	5 322	5 218	3 709
Current assets	**16 354**	**18 876**	**13 228**
Inventories	300	127	267
Trade receivables	14 323	16 203	9 374
Other receivables	1 150	413	337
Short-term investments	63	1 904	2 589
Short-term accrued and deferred assets	518	229	661
TOTAL ASSETS	**32 407**	**32 718**	**25 457**
Equity	**14 244**	**13 834**	**12 654**
Share capital	4 380	4 380	4 380
Share premium	1 548	1 548	1 545
Retained earnings	7 906	4 143	6 201
Profit/loss from the current period	410	3 763	528
Long-term liabilities and provisions	**4 578**	**4 120**	**2 747**
Deferred income tax provisions	1 446	1 330	185
Provision for retirement	69	69	54
Provision for unused leaves	232	232	205
Long-term borrowings	1 551	1 575	1 645
Financial lease liabilities	1 280	914	658
Short-term liabilities and provisions	**13 585**	**14 764**	**10 056**
Loans from subsidiaries and affiliates	94	94	94
Short-term bank credits	835	0	0
Financial lease liabilities	610	456	325
Trade liabilities	3 156	2 417	911
Budget liabilities	838	2 630	1 042
Other liabilities	20	236	1
Provisions for liabilities	310	310	0
Deferred revenue	7 722	8 621	7 683
SUM OF LIABILITIES	**18 163**	**18 884**	**12 803**
TOTAL LIABILITIES AND EQUITY	**32 407**	**32 718**	**25 457**

INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve and supplementary capitals	Profit/loss from the previous years and current year	Total	Total equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000

Balance as of 01.01.2014	**4 380**	**1 548**	**9947**	**(2 041)**	**13 834**	**13 834**
Total comprehensive income	**0**	**0**	**0**	**410**	**410**	**410**
Profit/loss for the fiscal year	0	0	0	410	410	410
Other changes in equity	**0**	**0**	**0**	**0**	**0**	**0**
Dividends	0	0	0	0	0	0
Designation of the profit to the supplementary capital	0	0	0	0	0	0
Balance as of 31.03.2014	**4 380**	**1 548**	**9 947**	**(1 631)**	**14 244**	**14 244**

Balance as of 01.01.2013	**4 380**	**1 548**	**8 899**	**(2 698)**	**12 129**	**12 129**
Total comprehensive income	**0**	**0**	**0**	**3 763**	**3 763**	**3 763**
Profit/loss for the fiscal year	0	0	0	3 763	3 763	3 763
Other changes in equity	**0**	**0**	**1 048**	**(3 106)**	**(2 058)**	**(2 058)**
Dividends	0	0	0	(2 058)	(2 058)	(2 058)
Designation of the profit to the supplementary capital	0	0	1 048	(1 048)	0	0
Balance as of 31.12.2013	**4 380**	**1 548**	**9 947**	**(2 041)**	**13 834**	**13 834**

Balance as of 01.01.2013	**4 380**	**1 548**	**8 899**	**(2 698)**	**12 129**	**12 129**
Total comprehensive income	**0**	**0**	**0**	**528**	**528**	**528**
Profit/loss for the fiscal year	0	0	0	528	528	528
Other changes in equity	**0**	**(3)**	**0**	**0**	**(3)**	**(3)**
Dividends	0	0	0	0	0	0)
Designation of the profit to the supplementary capital	0	0	0	0	0	0
Issuance of shares	0	(3)	0	0	(3)	(3)
Balance as of 31.03.2013	**4 380**	**1 545**	**8 899**	**(2 170)**	**12 654**	**12 654**

INTERIM CONDENSED SEPARATE STATEMENT OF CASH-FLOWS

	31.03.2014 PLN'000	31.03.2013 PLN'000
Net profit (loss)	**410**	**528**
Amortization and depreciation	395	339
Interest paid	57	47
Gain (loss) on investment activity	(86)	(3)

Movements in provisions	116	(606)
Movement in inventories	(174)	2
Movement in receivables	1 181	3 094
Movement in short-term liabilities	(434)	(3 149)
Movements in accruals	(967)	(646)
Net cash-flow from operating activities	**498**	**(394)**
Net cash-flows from investing activities		
Proceeds on sale of non-current assets	86	25
Payments to acquire non-current assets	(345)	(320)
Investments payments	(1 782)	0
Net cash from investing activities	**(2 041)**	**(295)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(23)	(333)
Payments for financial lease liabilities	(218)	(97)
Interest	(57)	(47)
Other financial expenses	0	(3)
Net cash from financing activity	**(298)**	**(480)**
Net increase/ (decrease) in cash and cash equivalents	(1 841)	(1 169)
Cash and cash equivalents at the beginning of the period	1 904	3 758
Cash and cash equivalents at the end of the period	**63**	**2 589**