



SIMPLE S.A.

SEPARATE ANNUAL REPORT

FOR PERIOD

FROM 1st January 2010 TO 31st December 2010

Warsaw, March 21, 2011

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1. Letter of the President

Dear Sirs,

On behalf of the Management Board I would like to present the results of SIMPLE S.A. achieved in 2010. The year 2010 was a good year for the Company. The Company achieved the revenues in the amount of 23,075 k PLN that in comparison to 2009 reflects the dynamic of growth by more than 31%. The financial results of the Company were also a record. The net profit in 2010 amounted to 2,058 k PLN that constitutes the increase by 129% in comparison to last year.

These increases were achieved basing in the organic development of the Company, including: complete changes in organization and personnel of the Company, change of the style and method of the management, initiation of three effective sale channels for the products and services (headquarter, departments and network of partners). The results of these changes may be observed in Q4 2010, which was the record quarter in the Company's history. In 2010 the dynamic growth of the new licenses of SIMPLE.ERP system by more than 77% occurred. It results in the increase of the revenues from the services and service cares. The growth dynamic was achieved in all key sectors, to which the offer of SIMPLE S.A. is addressed.

The very good financial results allowed to start new acquisition process of IT companies in order to increase the market share of ERP systems and to obtain new products, technologies and to win new clients.

The commercial, production and service processes were being improved in the last year. The high quality of our products and services allow to establish the constant competitive dominance in the market.

The year 2010 was also the year when the Company's image was improved. It is reflected by the big interest of the investors that results in the increase of the share price. During the last year the share price increased by more than 100%. The Company also has been granted with the following honors: European Medal, Gazelles of Business and Top Builder Title.

In 2011, we will implement the quick development strategy by the further organic development and acquisition of the companies from IT market.

I would like to thank to all Shareholders of SIMPLE S.A., who trusted us and I ensure the further and consequent business activity aimed at improvement of the efficiency, development and growth of the Company's value.

With regards,

Bogusław Mitura

The President of the Management Board of SIMPLE S.A.

2. Individual financial statement of SIMPLE S.A. for 2010

Pursuant to the Ordinance of the Council of Ministers dated on 19th February 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 with the subsequent amendments, the Management Board is obliged to prepare the annual financial statement reflecting the accurate and reliable property and financial standing of the SIMPLE S.A. Company for the period from 1st January 2010 to 31st December 2010 and the financial result for this period.

Pursuant to the best knowledge of the Management Board basing in the Company's documents, the individual financial statement for fiscal year 2010 was prepared in compliance with the binding accounting standards. It contains the real picture of the Company's development and achievements as well as the description of the basic risks and threats.

This document contains

- 2.1 General information**
- 2.2 Separate Statement on Comprehensive Income**
- 2.3 Separate Statement on Financial Condition**
- 2.4 Separate Statement on Changes in Equity**
- 2.5 Separate Statement on Cash-Flow**
- 2.6 Additional Information**
- 2.7 Notes to Financial Statement**

2.1. GENERAL INFORMATION

1. About Company

SIMPLE S.A. has its registered office at ul. Bronisława Czecha 49/51 04-555 Warszawa. The company acts as Spółka Akcyjna, established as a result of transformation of the Company SIMPLE spółka z ograniczoną odpowiedzialnością under the notary deed prepared by the Public Notary Anna Chłestowska on 6th June 1997 (Rep. A-3549/97). The Company was registered in the National Court Register by the District Court for the capital city Warsaw, 13th Business Department, under KRS number 0000065743.

The basic scope of the company'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.

2. Financial Statement

Pursuant to the provisions of the Act of 29th September -Accounting Act (consolidated text- Dz. U. 2009, No. 152, item 1233 with the subsequent amendments) the Company presents the individual financial statement for the fiscal year starting on 01.01.2010r and ending on 31.12.2010. The financial statement was prepared in thousands of Polish zlotys.

The 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 the consolidated financial statement, in the Management Board's opinion there are no circumstances indicating the risk for going concern principle.

SIMPLE S.A. prepares the consolidated financial statement of the Capital Group, where it is the parent company.

2.2 SEPARATE STATEMENT ON COMPREHENSIVE INCOME

	Note	31.12.2010 000' PLN	31.12.2009 000' PLN
Revenues from sale	3	23 075	17 549
Cost of sales	4	-12 802	-9 766
Gross profit (loss)		10 273	7 783
Distribution costs	4	-4 245	-3 011
General administrative expenses	4	-3 285	-3 741
Net profit from sale		2 743	1 031
Other operating revenues	5	256	164
Other operating costs	6	-131	-112
(Profit (loss) on operating activities)		2 868	1 083
Other financial income	7	75	317
Financial costs	8	-342	-264
Profit (loss) before tax		2 601	1 136
Income tax	9	-553	-280
Deferred income tax	22	10	43
Net profit (loss)		2 058	899
Other comprehensive income	10	0	0
Sum of other comprehensive income		0	0
Total other comprehensive income		2 058	899
Earnings per share			
basic		1.03	0.45
diluted		1.03	0.45

2.2. SEPARATE STATEMENT ON FINANCIAL CONDITION

	Note	31.12.2010 000' PLN	31.12.2009 000' PLN
Non-current assets			
Intangible assets	12	3945	35
Property, plant and equipment	13	1571	1188
Long- term receivables	17	2	3
Investments in subsidiaries	14	2685	2685

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Investments in other related entities	14	63	63
Long-term accrued and deferred assets	15	197	206
		8463	4180
Current assets			
Inventories	16	52	17
Trade receivables and other receivables	17	7637	4210
Cash and cash equivalents	18	1794	2519
Short-term accrued and deferred assets	19	518	4386
		10001	11132
Total assets		18464	15312
Equity			
Share capital	21	2004	2004
Share premium	21		
Own shares		-21	0
Cumulated retained profits		5251	5053
Net profit from fiscal period		2058	899
Total equity		9292	7956
Long-term liabilities and provisions			
Provision due to the deferred income tax	22	4	1
Provision for retirement and similar benefits	23	241	663
Other provisions	24	649	289
Long-term loans and credits	25	1960	2238
Liabilities due to financial lease	26	681	177
		3535	3368
Short-term liabilities			
Loans from subsidiaries and affiliates	27	94	94
Short-term bank credits	27	158	201
Financial lease liabilities	26	263	142
Trade and other payables	28	3087	1439
Revenues of future periods		2035	2112
		5637	3988
Total liabilities		9172	7356
Total liabilities		18464	15312

2.3. SEPARATE FINANCIAL STATEMENT ON THE CHANGES IN EQUITY for the reporting period from 1st January 2010 to 31st December 2010 and comparative period from 1st January 2009 to 31st December 2009.

Share capital	Own shares	Share premium	Profit distribution, dividend payment	Retained earnings	Total equity
000' PLN	000' PLN	000' PLN	000' PLN	000' PLN	000' PLN

1st January 2010	2004	0	0	0	5952	7956
Total other comprehensive income	0	0	0	0	2058	2058
Acquired treasury stocks	0	-21	0	0	0	-21
Dividend	0	0	0	-701	0	-701
31st December 2010	2004	-21	0	-701	8010	9292

1st January 2009	2004	0	0	0	5053	7057
Total other comprehensive income	0	0	0	0	899	899
31st December 2009	2004	0	0	0	5952	7956

2.4. SEPARATE STATEMENT ON CASH-FLOW

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Net profit (loss)	2 058	899
Amortization and depreciation	548	1 128
Interests paid	288	221
Gain (loss) on investment activity	31	5
Movements in provisions	-59	324
Movement in inventories	-35	0
Movement in receivables	-3 427	-1 280
Movement in short-term liabilities	1 647	20
Movements in accrued and deferred assets and liabilities	-144	80
Net cash-flows from operating activities	907	1 397

Net cash-flows from investment activity

Proceeds on sale of non-current assets	87	8
Investments proceeds	9	21
Payments to acquire non-current assets	-96	-240
Investments payments	-22	-215
Net cash from investment activity	-22	-426

Cash-flows from financial activity

Purchase of own shares	-21	0
Dividends and other payments to shareholders	-701	0
Received loans and credits	0	91
Payments for credits and loans	-320	-273
Payments for financial lease liabilities	-293	-130

Interests	-293	-221
Net cash-flows from financial activity	-1 628	-533
Net increase/ (decrease) in cash and equivalents	-743	438
Cash and cash equivalents, beginning of period	2 314	1 876
Cash and cash equivalents, end of period	1 571	2 314

2.5. ADDITIONAL INFORMATION

Description of applied accounting principles

This financial statement contains information pursuant to the Ordinance of the Minister of Finance dated on 19th February 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) of 6th August 2009 with the subsequent amendments.

The separate financial statement constituting a part of annual report was prepared pursuant to the International Financial Reporting Standards (IFRS) and the interpretations related to them announced in a form of the regulations of the European Commission.

The Company applies all International Standards of the Financial Reporting in preparing the financial statement. The transition date into IAS pursuant to IFRS 1 is 01.01.2005.

The financial statement was prepared at the concern going principle by the SIMPLE S.A. in foreseeable future.

The accounting principles presented below were applied to prepare this consolidated financial statement. These principles were applied in all presented periods.

Accounting principles

The financial statement of the Company was prepared in thousands of Polish zlotys, unless it is stated otherwise, basing on the records made in the accounting books of the Company, keep in compliance with the basic accounting principles.

- reliability
- correctness
- continuity
- completeness
- comparability
- proportionality of revenues and costs
- constancy of accounting principles

Property, plant and equipment

Property, plant and equipment, including: machinery, equipment, means of transport and other non-current assets are measured at the purchase prices or manufacturing costs, less the made accumulated amortization or depreciation charges and the impairment losses.

The non-current assets are depreciated by linear method, starting on the first month when the non-current assets is ready to use using the depreciation rates following the estimated economic life of the relevant non-current asset. The final value and the economic life of the non-current assets is verified at the end of each fiscal year.

If the final value of the non-current asset does not exceed 10% of its final value, it is missed at making depreciation charges.

The non-current assets classified as held for sale are measured at the lower of two values: carrying amount or fair value less the costs of disposal.

The non-current assets are classified as held-for-sale if their carrying amount will be recovered rather as a result of transaction than their further use. This condition is deemed as to be met only when the sale transaction is very likely and the assets are available to be sold in its current condition. The classification of the assets held-for-sale assumes the intention of the Management Board to finish sale transaction within a year from the classification change.

Profits and losses arisen as a result of sale, liquidation or discontinuance of use the non-current assets are determined as the difference between the revenues from sale and net value of these non-current assets and are recognized in profit and loss.

Intangible assets

The intangible assets are measured at the purchase price or post-revaluation amount after revaluation of the intangible assets, less the depreciation or amortization charges and also impairment losses. The intangible assets are amortized by the straight-line method for the economic life period.

The research and development works manufactured at its own in a form of the computer programs/software within the period of incurring expenses, unless the criteria of the intangible assets specified in IAS 38 are met, are recognized as the accrued and deferred income and after completion as the intangible assets which are tested at least as of the end of period. The deprecation period of the R&D works is set basing on expected cash flows related to the sale of manufactured products.

Investments

Investment real estates are presented in the statement of financial position at the post-revaluation amount equal to the amount generated from the measurement to its fair value, made by the expert basing on the market principles as of the specified day of the measurement, less within next periods by depreciation charges. The measurements are made with frequency ensuring the lack of important discrepancies between the book value and fair value as of the end of period, not less than once per fiscal year.

The Company includes its investments to the following categories:

- interests in the subsidiaries;
- financial assets available-for-sale;

- other financial assets.

The interests in the subsidiaries include the shares in the companies covered by the consolidation. The interests in the subsidiaries are measured at the purchase price adjusted by the impairment. The impairment allowances due to the interests in the subsidiaries are presented in the profit and loss statement as the revaluation of the financial assets.

Recoverable amounts of non-current assets

The PP&E, intangible assets and financial assets are verified regarding the impairment in case of events and changes which may cause this impairment.

The recoverable amounts are charged into the other operating costs within the period when this impairment occurred.

Inventories

The inventories include the goods, which are measured as of the end of period at the purchase price keeping the prudence principle after reduction by the recoverable amount. These recoverable amounts are made basing on the inventories in progress ratio.

Trade receivables and other receivables

The trade receivables are recognized at the payable amount less the recoverable amounts for the doubt receivables. Estimation of these amounts is made basing on collecting results, when achievement of full receivable amount is unlikely.

Cash and cash equivalents

The cash in the statement includes cash at hand and on bank accounts.

Provision for retirement and similar benefits

The Company establishes provisions for the employee benefits. The provisions are measured not less than as of the end of period at the reliable justified estimated value. Provisions for employee benefits include the retirement severance pays and leaves. As of the end of the period, the Company establishes the provisions for the current value of the retirement severance pays to which the employees are entitled to this date, with the division into short-term

and long-term using the actuarial method. This provision charges the other operating costs. The provisions are released at the end of each reporting period by the value of performed pay-rolls corresponding to the obligations.

Provisions

The Company established the provisions in case when as a result of economic events there are some or are highly probable to be the future obligations, which amount may be reliably estimated.

Liabilities

The liabilities are measured in the amount to be paid. The long-term financial liabilities are measured at the fair value of payments including discount.

Accrued and deferred assets and liabilities

In order to keep the proportionality of revenues and costs the Company makes the prepayments and accrued income which refer as to the costs as revenues.

The Company maintains the prepaid expenses – they are costs for the reporting period and expenses to the R&D works.

The Company maintains accrued expenses- it is the amount of obligations for the relevant period resulting from the allowances made in favor of the entity.

The accrued and deferred assets and liabilities include in particular the equivalents of invoiced allowances, which will be performed in the next periods.

Revenues from sale of products, goods, materials and services

The net revenues from sale include the economic benefits arisen in the period as a result of the business activity of the entity, at the reliable value, resulting in increase of equity by increase of the assets or decrease of the liabilities in a manner other than shareholder's contribution. In particular, they are the revenues from sale of products, including services and the sale of goods and materials.

The revenues also include the due amounts for sold products and basic and auxiliary activity services and for sold materials and goods set basing on net price after adjustments by granted discounts and rebates.

The adjustments of the revenues from sale are included to the period when they were made.

Other operating revenues

The other operating income is the income related to the operating activity of the entity. They include:

- Gain on non-current assets and intangible assets

- Gain on liquidation of non-current assets
- Received compensations
- Release of provisions which charged the operating costs at establishment
- Written-off, pas due and depreciated liabilities

Financial income

The income due to the interests charged to contractors, recognized at the date when the contractors pays.

The income from the interests to cash on bank accounts recognized at the date when the bank accepts the account.

Business activity expenses

The all costs of sale, marketing, administration and management incurred in the reporting period. The value of sold goods and materials at the purchase price in the reporting period.

Other operating costs

The other operating expenses are the expenses related to the operating activity of the entity.

They include:

- loss on non-current assets and intangible assets
- Paid penalties and compensations
- Established provisions
- Court proceeding costs

Financial costs

The costs due to paid interests are charged directly to the profit and loss statement in the period when they occurred.

Income tax

The obligatory burdening of the result consists of:

- Corporate Income Tax (CIT)
- Deferred tax

The current tax burdening is calculated under the base of the financial results (the base of tax) of the relevant fiscal year. The tax profit (loss) differs from book profit (loss) because of excluding the revenues and costs which will never

be a subject of taxation. The tax burdens of result are calculated basing on the basic tax rates binding in the relevant fiscal year.

Deferred income tax

The Company establishes the provisions and assets due to deferred income tax because of arising the temporary differences between the assets and liabilities value presented in the books and their tax value. The assets due to deferred income tax are recognized if it is likely that the income to be taxed will be achieved which will enable to use the temporary differences. The assets due to deferred income tax are recognized also for the tax losses to be deducted in the next years, but only when it is likely that the income to be taxed will be achieved in future which will enable it use these tax losses. The Company does not establish the assets due to deferred income tax if the practicability of using them in the future is doubtful.

The liability due to deferred income tax is recognized by the liability method, due to temporary differences between the tax value of such assets and liabilities and their carrying amount presented in the financial statement. Both the amount of reserve as the assets due to deferred income tax was set considering the tax rate applicable in the period when the provision/asset is established.

Earnings per share

The earnings per share for the each period are calculated by dividing the earnings for the relevant period by the number of shares in the relevant reporting period. The Company does not present diluted profit(loss) per one share.

Transactions in foreign currencies

The economic transactions expressed in foreign currencies causing the liabilities and receivables are recognized in the books at the average exchange rate set for the relevant currency by the National Bank of Poland.

The payment transactions expressed in the foreign currencies, as of the date of being made, are recognized at the purchase or sale exchange rate used by the bank, which serves the Company.

As of the end of period the receivables and liabilities are recognized pursuant to the average exchange rate published for the relevant currency by the National Bank of Poland.

The exchange differences, concerning the settlements expressed in foreign currencies arisen as of the valuation date and during the payment date are classified to the financial costs or revenues.

Lease

The PP&E using under the financial lease agreements which transfer to the Company all benefits and risk related to possessing are recognized in the balance sheet of the Company pursuant to the current value of minimum future lease payments. The lease fees are divided into reduction of unpaid liability balance and financial costs charged directly against the profit and loss.

2.3. NOTES TO FINANCIAL STATEMENT

Note 1 Selected financial data

The selected financial data contained in this report were translated into EURO pursuant to the following principles.

The items of assets and liabilities in the statement of financial position pursuant to the average exchange rate published as of the last end of the period by the National Bank of Poland:

- As of 31.12.2010- 3.9603
- As of 31.12.2009- 4.1082

The items of the profit and loss statement and cash-flow statement pursuant to the average exchange rate translated as the arithmetic average of the exchange rates published by the National Bank of Poland as of the last day in the month of the relevant year:

- As of 31.12.2010- 4.0044
- As of 31.12.2009- 4.3406

Selected financial data translated into Euro:

	31.12.2010 000' PLN	31.12.2010 000' EUR	31.12.2009 000' PLN	31.12.2009 000' EUR
Statement on comprehensive income				
Net income from sale of products, goods and materials	23075	5762	17549	4043
Gross profit (loss) from sales	10273	2565	7783	1793
Operating profit (loss)	2868	716	1083	250
Gross profit (loss)	2601	650	1136	262
Net profit (loss)	2058	514	899	207
Statement of financial condition				
Assets				
Non-current assets	8463	2137	4180	1017
Current assets	10001	2525	11132	2710
Total assets	18464	4662	15312	3727
Liabilities				
Equity	9292	2346	7956	1937
Liabilities and provisions for liabilities	9172	2316	7356	1791
Total liabilities	18464	4662	15312	3727

Statement on cash-flow

Net cash-flows from operating activities	907	227	1397	322
Net cash from investment activity	-22	-5	-426	-98
Net cash-flows from financial activity	-1628	-407	-533	-123
Cash, end of period	1571	392	2314	533

Note 2 Geographical structure

SIMPLE S.A. Company conducts its business activity in the field of software and sale of hardware and also renders services related to it. The only geographical sector is the sale within the country which includes 100% of revenues.

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Revenues from sale		
- domestic	23075	17549
	23075	17549
Distribution costs		
- domestic	-12802	-9766
	-12802	-9766
Profit from sale		
- domestic	10273	7783
	10273	7783

SIMPLE S.A. distinguishes the branch sectors in the division into the revenues from sale of services and products and goods.

The revenues from sale, costs and results of sale are presented below, pursuant to the above division.

Revenues from sale		
Sale of services and products	18776	15942
Sale of goods	4299	1607
	23075	17549
Distribution costs		
Distribution costs of products and services	-9341	-8565
Distribution costs of goods	-3461	-1201
	-12802	-9766
Profit from sale		
Profit from sale of services and products	9435	7377
Profit from sale of goods	838	406
	10273	7783

Note 3 Revenues from sale

The revenues from sale are as follows:

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Revenues from sale of goods	4299	1607
Revenues from sale of services and products	18776	15942
	23075	17549

Note 4 Costs by category

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Amortization of non-current assets and intangible assets	548	1128
Materials and energy consumption	722	563
Outsourced services	4613	4206
Taxes and fees	136	114
Remunerations/payrolls	9019	7988
Social insurances and other benefits	1472	1339
Other costs	361	271
Released provisions	0	-292
Value of goods and materials sold	3461	1201
Total	20332	16518
Including:		
Cost of sales	12802	9766
Distribution costs	4245	3011
General administrative expenses	3285	3741

Note 5 Other operating revenues

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Received subsidies	34	0
Released provisions	9	43
Revenues from re-invoicing	142	85
Return of legal costs/Compensations	14	35
Others	57	1
Total	256	164

Note 6 Other operating costs

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Established provisions	37	0
Re-invoicing expenses	14	26
Paid compensations, legal fees	25	0
Receivables depreciation	0	72
Loss in non-current assets	31	5
Other, including donations	24	9
Total	131	112

Note 7 Financial income

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Dividends	1	0
Achieved interests	74	316
Exchange differences	0	1
Total	75	317

Note 8 Financial costs

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Paid interests from the liabilities and loans	176	199
Paid interests from bank credits	40	26
Paid interests from leasing installments	125	22
Paid interests from tax liabilities	0	2
Exchange differences	1	14
Financial costs	342	263

Note 9 Income tax

As of 31.12.2010 the Company paid income tax in the amount of 553 k PLN.

Below there is income tax amount reconciliation in the profit and loss statement with the financial result:

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Profit before tax	2601	1136
Non taxable income	-50	-43
Costs constituting the tax deductible expenses	-1036	-615
Costs not constituting the tax deductible expenses	1397	1004
The base to calculate the income tax	2912	1482

Note 10 Other comprehensive income

In the period covered by this financial statement for the period from 1st January 2010 to 31st December 2010 other comprehensive income was not recognized.

Note 11 Earnings per share

The basic earnings per share are calculated as the quotient of the earnings per shareholders of the Company and the average weighted number of ordinary shares during the year.

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Profit (loss) per shareholders	2058	899
Average weighted number of ordinary shares (in k pcs.)	2004	2004
Basic earnings (loss) per share (in PLN per one share)	1,03	0,45

The Company does not present diluted profit(loss) per one share.

Note 12 Intangible assets

	Software and licenses 000' PLN	Costs of R&D works 000' PLN	Total 000' PLN
As of 1st January 2009			
Gross value	48	7 235	7 283
Current depreciation	-28	-6 560	-6 588
Net book value at the beginning of the year	20	675	695
Fiscal year 2009			
Net book value at the beginning of the year	20	675	695
Increases	32	0	32
Amortization and depreciation	-17	-675	-692
Net book value at the end of the year	35	0	35
As of 31st December 2009			
Gross value	80	7 235	7 315
Current depreciation	-45	-7 235	-7 280
Net book value at the end of the year	35	0	35
As of 1st January 2010			
Gross value	80	7 235	7 315
Current depreciation	-45	-7 235	-7 280
Net book value at the beginning of the year	35	0	35
Fiscal year 2010			
Net book value at the beginning of the year	35	0	35
Increases	9	3 982	3 991
Amortization and depreciation	-15	-66	-81
Net book value at the end of the year	29	3 916	3 945
As of 31st December 2010			
Gross value	89	3 982	4 071
Current depreciation	-60	-66	-126
Net book value at the end of the year	29	3 916	3 945

The computer licenses and software are depreciated by the estimated economic life, which is average 5 years.

Note 13 Property, plant and equipment

	Lands and buildings	Technical equipment	Means of transport	Equipment and other non- current assets	Total
	000' PLN	000' PLN	000' PLN	000' PLN	000' PLN
As of 1st January 2009					
Gross value	0	573	1650	4	2227
Depreciation	0	-419	-581	-3	-1003
Net book value	0	154	1069	1	1224
Fiscal year 2009					
Net book value at the beginning of the year	0	154	1069	1	1224
Increases	0	49	359	4	412
Disposal	0	0	-58	0	-58
Amortization and depreciation	0	-114	-322	0	-436
Depreciation	0	31	15	0	46
Net book value	0	120	1063	5	1188
As of 31st December 2009	0				
Gross value	0	622	1951	8	2581
Current depreciation	0	-502	-888	-3	-1393
Net book value	0	120	1063	5	1188
As of 1st January 2010	0				
Gross value	0	622	1951	8	2581
Depreciation	0	-502	-888	-3	-1393
Net book value	0	120	1063	5	1188
Fiscal year 2010	0				
Net book value at the beginning of the year	0	120	1063	5	1188
Increases	0	194	874	0	1068
Disposal	0	0	-385	0	-385
Amortization and depreciation	0	-65	-400	-1	-466
Amortization due to liquidation	0	0	166	0	166
Net book value	0	249	1318	4	1571
As of 31st December 2010	0				
Gross value	0	816	2440	5	3261
Current depreciation	0	-567	-1122	-1	-1690
Net book value	0	249	1318	4	1571

As of 31st December 2010 the Company did not concluded any agreements obligating it to purchase PP&E.

Note 14 Investments in subsidiaries and other entities

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

Subsidiaries:

1. SIMPLE LOCUM SP. Z O.O. seated in Warsaw, at ul. Bronisława Czecha 49/51. SIMPLE S.A. Company on 24th March 2006 under the notary deed (Rep A No. 1726/06) in the presence of the Public Notary Urszula Statkiewicz-Wysocka established the new company under 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 value of acquired shares is 2,669 k PLN. It has 100% of votes at the General Meeting.

2. SIMPLE CPS SP. Z O.O. seated in Warsaw at ul. Bronisława Czecha 49/51. The Company's activity started under the name SIMPLE INVEST SP. Z O.O. established on 25th October 1999 under the notary deed (Rep A No. 5653/99) in the Public Notary's Office in Warsaw in the presence of the Public Notary Anna Chełstowska. On 1st August 2002 the name of the company was changed into INVEST SL SP. Z O.O. under the notary deed (Rep A No. 6624/20025) in the Public Notary's Office in Warsaw in the presence of the trainee notary Wojciech Szczypkowski, the deputy of the Public Notary Dorota Kałowska. On 15th June 2004 the name of the company was changed into SIMPLE CPS SP. Z O.O. under the notary deed (Rep A No. 7373/2004) in the Public Notary's Office in Warsaw in the presence of the trainee notary Wojciech Szczypkowski, the deputy of the Public Notary Dorota Kałowska. The value of acquired shares pursuant to the purchase price is 30 k PLN. It has 100% of votes at the General Meeting.

As of 31st December 2007 the recoverable amount was set for the amount 14 k PLN and the carrying amount of the shares is 16 k PLN.

Affiliates:

1. SOFTEAM SP. Z O.O. seated in Warsaw, at ul. Łopuszańska 53, registered on 5th June 2001 in the District Court for the capital city of Warsaw in Warsaw, 20th Business Department of the National Court Register, under KRS number 0000013271. The value of acquired shares pursuant to the purchase price is 53 k PLN, that constitutes 50.24% of the share capital.

2. SIMPLE SP. Z. O.O. seated in Dąbrowa Górnicza at ul. Cieplaka 19, registered on 24th December 2002 in the National Court Register under KRS number 0000108452 in the District Court in Katowice, Business Department of the National Court Register. The value of acquired shares pursuant to the purchase price is 9,7 k PLN. It has 19.51% of votes at the General Meeting.

Note 15 Long-term accrued and deferred assets

In the statement of financial position as of 31.12.2010 the assets due to deferred income tax in the amount 197 k PLN were generated.

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Provision for retirement and similar benefits	7	2
Unpaid remunerations	128	65
Unpaid social insurance contributions	23	18
Provision for unused leaves	39	120
	197	205

Note 16 Inventories

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Goods	52	17
	52	17

Note 17 Receivables

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Trade receivables	7468	4296
Allowance for uncollectible amounts	-218	-218
Net trade receivables	7250	4078
	7250	4078

Short-term receivables with the payment term exceeding the end of period:

	31.12.2010	31.12.2009
	000' PLN	000' PLN
- Up to 1 month	2315	1837
- over 1 month to 3 months	2585	1424
- over 3 months to 6 months	532	153
- over 6 months to 1 year	455	296
- over 1 year	406	53
- overdue receivables	1175	533
Gross total receivables	7468	4296
- Receivables revaluation allowances	-218	-218
Net total receivables	7250	4078

Short-term overdue receivables with the division into receivables unpaid to:

	31.12.2010	31.12.2009
	000' PLN	000' PLN
- Up to 1 month	489	221
- over 1 month to 3 months	78	49
- over 3 months to 6 months	259	19
- over 6 months to 1 year	112	26
- over 1 year	237	218
Total overdue gross receivables	1175	533
- Receivables revaluation allowances	-218	-218
Total overdue net receivables	957	315

Long- term receivables

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Receivables due to deposit	2	3
Total	2	3

Note 18 Short-term investments

As of 31st December 2010 the Company presents the granted loans for:

I. The employees of SIMPLE S.A. 18 k PLN

On 20th April 2010 Simple S.A. granted the loan for the employee in the amount of 6 k PLN for the period from 20th April to 31st December 2011. The interest rate for the loan was established as Wibor 3M plus margin 1%. As of 31st December 2010 the remained amount to be paid is 4 k PLN and it is the principal amount. The interests are paid on a regular basis pursuant to the schedule from the agreement.

On 18th November 2010 Simple S.A. granted the loan for the employee in the amount of 10 k PLN for the period from 18th November 2010 to 30th June 2012. The interest rate for the loan was established as Wibor 3M plus margin 1%. As of 31st December 2010 the remained amount to be paid is 9 k PLN and it is the principal amount. The interests are paid on a regular basis pursuant to the schedule from the agreement.

On 24th November 2010 Simple S.A. granted the loan for the employee in the amount of 6 k PLN for the period from 24th November 2010 to 30th November 2011. The interest rate for the loan was established as Wibor 3M plus margin 1%. As of 31st December 2010 the remained amount to be paid is 5 k PLN and it is the principal amount. The interests are paid on a regular basis pursuant to the schedule from the agreement.

II. Cron Sp. z o. o. - 205 k PLN

It is unpaid amount of loan with due interest as of 31st December 2010, where the principal amount is 200 k PLN and the accrued interests as of 31st December 2010 are 5 k PLN.

On 9th January 2009 SIMPLE S.A. concluded the Loan Agreement with CRON Sp. z o.o. in Warsaw, ul. Czerniakowska 209 room 402 for the amount 200 k PLN with the interest rate 10% per year. The loan agreement is concluded for the period from 9th January 2009 to 31st March 2009. In the next periods the annexes extending the repayment period were concluded:

1. Annex No. 1 signed on 31st March 2009 extending the repayment period to 30th June 2009.
2. Annex No. 2 signed on 30th June 2009 extending the repayment period to 31st December 2009.
3. Annex No. 3 signed on 31st December 2009 extending the repayment period to 30th April 2010.
4. Annex No. 4 signed on 30th April 2010 extending the repayment period to 30th September 2010.
5. Annex No. 5 signed on 30th September 2010 extending the repayment period to 31st October 2011.

Short-term financial assets

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Granted loans	223	205
	223	205

Pecuniary assets and equivalents

	000' PLN	000' PLN
Cash at hand and at bank account	1571	2314
	1571	2314

Note 19 Short-term accrued and deferred assets

	31.12.2010	31.12.2009
	000' PLN	000' PLN
R&D works expenses, beginning of period	4325	4244
Expenses for R&D works in the reporting period	40	81
Forwards of R&D works to intangible assets	-3983	0
Costs of past periods	136	61
	518	4386

Note 20 Assets available-for-sale

As of the end of the period the Company does not have any non-current assets available for sale.

Note 21 Share capital

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Share capital issued and paid:		
Number of shares	2 003 904	2 003 904
Nominal value per one share	0,001	0,001
Nominal value of all shares	2004	2004

Note 22 Deferred tax

As of 31st December 2010 the Company has established provision in the amount of 4 k PLN because of the temporary differences between the book and tax value of assets.

Note 23 Employee benefits

The obligations due to employees benefits presented in the statement on financial position as of the end of period consist of:

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Long-term provision for future benefits due to retirement severance pays and similar	37	9
Reserve due to leave benefits	204	654
	241	663

The value of this obligation was set in the following manner:

- The amount of the long-term provision for future benefits due to retirement severance pays and similar was valued by the actuary
- The amount of short-term provisions due to unused leave benefits is the amount of calculated equivalents for unused leaves to the end of period.

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Remunerations/payrolls	9019	7988
Social insurances	1206	1114
Benefits for employees	266	225
	10491	9327

Information on average employment of the person employed under the contract for employment and cooperation contracts.

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Services	54	46
Sales and marketing	25	17
Production	31	30
Others	19	18
	129	111

Note 24 Other provisions

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Costs of current period and liabilities of future period	108	40
Provision for liabilities due to taxes	113	84
Provision for remunerations	428	165
	649	289

Note 25 Credits and loans

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Long-term		
Long-term loans	1857	1951
Long-term credits	103	287
Total credits and loans	1960	2238

The statement on financial position includes the loan from subsidiary SIMPLE LOCUM Sp. z o.o. in the amount of 1857 k PLN. It is the amount payable within the period longer than one year. The Agreement was concluded on 28th April 2009 for the period of 300 months. On 30th September 2007 the annex to the loan agreement between SIMPLE S.A. and subsidiary SIMPLE LOCUM SP. Z O.O. of 28th April on the terms and condition of loan payment and change of the interest rate was concluded. The loan is paid in quarter intervals in installments 23,500 k PLN each. The interest of the loan is the sum of WIBOR rate for 3 months periods and margin 2.20% per year. As of the end of period, the interests from loan installment were calculated and paid as well as from the remained unpaid loan.

SIMPLE S.A. took the credit towards Volkswagen Bank Polska S.A., which was intended for purchase of non-current assets. As of end of the period, the amount of credit within the term of payment over twelve months is 103 k PLN.

Note 26 Financial lease liabilities

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Liabilities due to financial lease payable within:		
One year	311	167
Over one year	752	193
	1063	360
Future interests	-119	-41
Current value of future liabilities	944	319
Liability payable within 12 months- short-term liabilities	263	142
Liability payable over 12 months – long-term liabilities	681	177

Note 27 Short-term credits and loans

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Short-term		
Other bank credits	158	201
Granted loans	94	94
Total credits and loans	252	295

On 4th August 2006 SIMPLE S.A. concluded the Overdraft credit agreement No. 270-1/10/RB/2006 with the bank PKO BP. It is a credit in Polish zlotys, renewable as the credit limit in the amount 500 k PLN. It was granted for the period from 4th August 2006 to 3rd August 2007. On 3rd August 2007 the Annex No. 1 to the Agreement No. 270-1/10/RB/2006 of 4th August 2006 on prolongation of the agreement for the next year from 4th August 2006 to 3rd August 2008. On 1st August 2008 the Annex No. 2 to the Agreement No. 270-1/10/RB/2006 of 4th August 2006 on prolongation of the agreement for the next year from 4th August 2006 to 3rd August 2009. On 3rd August 2009 the Annex No. 3 to the Agreement No. 270-1/10/RB/2006 of 4th August 2006 on prolongation of the agreement for the next year from 4th August 2006 to 3rd August 2010. On 29th July 2010 the Annex No. 4 to the Agreement No. 270-1/10/RB/2006 of 4th August 2006 on prolongation of the agreement for the next year from 4th August 2006 to 3rd August 2011. The credit amount remains unchanged in the amount 500 k PLN. The collateral of this agreement are the promissory notes for the amount 500 k PLN. As of the end of the period the Company did not use the credit line.

On 11th October 2010 SIMPLE S.A. concluded the Overdraft credit agreement No. 43/038/10/Z/VK for the amount 400 k PLN with BRE S.A. bank. It is a credit in Polish currency. This Agreement was concluded for the period from 12th October 2010 to 6th October 2011. The collateral for this Agreement is a blank promissory note. As of the end of the period, the Company did not use the credit line.

ON 30th December 2010 SIMPLE S.A. entered into the Overdraft Agreement No. 102/2010 for the amount 300 k PLN with the Bank Polska Kasa Opieki S.A. in Warsaw. It is a credit in Polish currency. This Agreement was concluded for the period from 30th December 2010 to 29th December 2011. The collateral for this Agreement is a blank promissory note. As of the end of the period, the Company did not use the credit line.

The Company took the credit towards Volkswagen Leasing Polska S.A., which was intended for purchase of non-current assets. As of the end of period the amount of credit within the term of payment to twelve months is 158 k PLN.

The statement includes the short-term loan from subsidiary SIMPLE LOCUM Sp. z o.o. in the amount of 94 k PLN. It is the amount payable within 12 months- four installments in the amount of 23,500 k PLN.

Note 28 Trade and other payables

	31.12.2010	31.12.2009
	000' PLN	000' PLN
Trade liabilities towards other entities	1208	331
Liabilities due to tax, customs, insurance and other liabilities	1592	907
Liabilities due to the remuneration	177	123
Special funds	110	78
Accrued and deferred liabilities	2035	2112
Total trade liabilities	5122	3551

Note 29 Remunerations paid to the Management Board and Supervisory Board of SIMPLE S.A.

The Management Board

	31.12.2010 000' PLN	31.12.2009 000' PLN
Bogusław Mitura		
- Employee benefits due to contract for employment	184	0
Paweł Zdunek		
- Employee benefits due to contract for employment	484	385
Przemysław Gnitecki		
- Employee benefits due to contract for employment	420	151
Michał Siedlecki		
- Employee benefits due to contract for employment	261	117
Dariusz Kacperczyk		
- Employee benefits due to contract for employment	0	16

Supervisory Board

Employee benefits due to contract for employment	251	240
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	31.12.2010 000' PLN	31.12.2009 000' PLN
Chairman of the Supervisory Board Elżbieta Zybert	63	60
Deputy Chairman of the Supervisory Board Józef Taran	54	52
Secretary of the Supervisory Board Andrzej Bogucki	50	48
Member of the Supervisory Board Marta Adamczyk	42	40
Member of the Supervisory Board Jacek Kuroś	42	40
Total	251	240

Note 30 Contingent liabilities

As of 31st December 2010 the Company does not present any contingent liabilities for the court proceeding against SIMPLE S.A.

Note 31 Operating lease agreements

Under the rent agreement, the Company SIMPLE S.A. uses the copy machine. The Company bears the monthly charges for the operation and service. In case of making copies in the amount exceeding the fixed charge the Company shall bear the additional costs pursuant to the price list from agreement.

Simple S.A. under the Rent Agreement from the subsidiary SIMPLE LOCUM Sp. z o.o. uses the building for business activity purposes. The agreement is concluded for non-specified period of time. Monthly rent rate is 20 k PLN.

Note 32 Events after the end of period

In the SIMPLE S.A. Management Board's opinion, there are no events after the end of period which may affect the future results.

Note 33 Transactions with related entities

The list of subsidiaries and affiliates of SIMPLE S.A. is presented in the Note 14. In 2010 SIMPLE S.A. and the entities listed below entered into the presented transactions. The sale of goods, services to the related entities was carried out under the basic price list. Transactions were made basing on the market prices less the standard trade discounts.

	31.12.2010 000' PLN	31.12.2009 000' PLN
Revenues from sale of goods and services to related entities		
-from affiliates not covered by consolidation	2955	2313
Total revenues from related entities	2955	2313

	31.12.2010 000' PLN	31.12.2009 000' PLN
Purchase of goods and services from related entities and subsidiaries		
- from subsidiaries covered by consolidation	250	252
- from affiliates not covered by consolidation	160	88
Purchase of goods and services from related entities and affiliates	410	340

Any allowances for the doubtful receivables from related entities were not made.

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:

	31.12.2010 000' PLN	31.12.2009 000' PLN
Receivables from related entities due to:		
Deliveries and services	609	556
Receivables from subsidiaries and affiliates	609	556
	31.12.2010 000' PLN	31.12.2009 000' PLN
Liabilities to subsidiaries due to:		
Loans	1951	2044
Liabilities to related entities	1951	2044

Note 34 Issuance of securities made in the reporting period

In the reporting period, any issuance of the securities was not carried out.

Note 35 Differences between financial results shown in the report and these previously expected.

In 2010, the company SIMPLE S.A. did not publish any financial forecasts.

Note 36 Agreement binding the members of the Management Board and Supervisory Board and related persons

Pursuant to the information hold by SIMPLE S.A. as of 31.12.2010 the members of the Management Board and Supervisory Board or their spouses, relatives and kinsmen to the second generation, their adopted or adopting and other persons to who they are related personally did not have any unpaid advance payments, loans or other agreements obligation to any benefits in favor of the Company or its related entities and subsidiaries granted by the Company or its subsidiaries or related entities.

Note 37 Other transactions with members of the Management Board and Supervisory Board

On 20th July 2010 the lease agreement for the car was made by the President of the Management Board Bogusław Mitura and SIMPLE S.A., from 20th July for non-specified period of time.

On 1st October 2010, the agreement for using the number of the mobile phone of PLUS GSM for non-specified period of time is made between the President of the Management Board Bogusław Mitura and SIMPLE S.A. Note 38 Information on agreements concluded between the shareholders and insurance contracts

As of the date of this report, the Management Board of SIMPLE S.A. has no information on agreements between the shareholders.

Simple S.A. concluded for 2010 the Insurance Contract for 8 M against the Third Party Liability and Insurance Contract for the entire property of the Company.

Note 39 Agreements which may change the shareholding of the owners

According to the information and knowledge of the Management Board of SIMPLE S.A. there are no agreements which may cause the changes in the proportions of possessed shares by the current shareholders.

Note 40 Information on granted and received warranties and guarantees.

In the reporting period, the Company did not receive any warranties and guarantees. On 30th December 2010 SIMPLE S.A. granted the aval to the subsidiary SIMPLE CPS Sp. z o.o. for the amount 77,500 PLN.

Note 41 Information on paid dividend, in total and per share.

Pursuant to Art. 395 and 2 par. 2 of the Commercial Companies Code and § 6 sec. 5 par. c) of the Articles of Association the General Meeting of SIMPLE S.A. by the Resolution No. 7 of the Ordinary General Meeting of SIMPLE S.A. of 22nd June 2010 stated to forward the Company's profit for the current year from 1st January 2009 to the 31st December 2009 in the amount 899,703.73 PLN to:

- Supplementary capital of the Company in the amount 198,337.33
- be divided into owners in the amount 701,366.40

The dividend includes all shares of the Company in the amount 2,003,904 pieces per 0.35 PLN (0 zlotys thirty five pens) per share. As the dividend date is the date 16th July 2010 and the dividend payment date is the date 30th July 2010.

Pursuant to Art. 393 par 1, Art. 395 and 2 par. 1 of the Commercial Companies Code, the General Meeting of Shareholders of SIMPLE S.A. by the Resolution No. 6 of the Ordinary General Meeting of SIMPLE S.A. of 22nd June 2010 approved the financial statement for 2009.

3 Report of the Supervisory Board on the business activity of SIMPLE S.A. for 2010

3.1 ABOUT COMPANY

SIMPLE SPÓŁKA AKCYJNA was established from transformation of Spółka z ograniczoną odpowiedzialnością basing on the statement on financial position prepared as of 11th June 1997 with the amount of 3.286 k PLN in assets and liabilities under the decision of the shareholders (basing on Art. 497 of the Commercial Code). Spółka Akcyjna which arose after transformation acquired all Assets and Liabilities of the previous company.

MISSION

To provide the state of art IT solutions supporting the achievement of the business purposes of our clients.

STRATEGY

Our purpose is to satisfy the Client basing on safety, professional service and providing the products and services of the highest quality.

SIMPLE is experiences and competent provider of IT solutions, manufacturer of the software. For over 20 year we are present in the Polish IT market. Thousands of clients have trusted us.

For over 10 years we have been listed in the basic trading floor of Warsaw Stock Exchange. Our target is to take care on the business of the investors and continuous building of the Company's value.

The important elements of SIMPLE S.A. business activity is constant improvement of the quality of the products and serviced provided.

The confirmation of these activities is the certificate held by the Company ISO 9001:2010.

DESCRIPTION OF THE CHANGES IN THE ARTICLES OF ASSOCIATION

The change of the Articles of Association, including adopting the resolutions on increasing or decreasing the share capital is the competence of the General Meeting under the principles specified in the Art. 430 and subsequent of

the Commercial Companies Code including the provisions of the Acts on: public offering and the conditions for introducing the financial instruments to organized trading system and on public companies, on trading the financial instruments and on supervision on the capital market.

Pursuant to § 9 sec. 1 of the Articles of Association the resolution of the General Meeting on the changes in the Articles of Association are adopted by the majority of 3/4 votes.

DESCRIPTION OF GENERAL MEETING OPERATION AND ITS BASIC RIGHTS AND RIGHTS OF THE SHAREHOLDERS AS WELL AS THEIR EXECUTION.

The General Meeting is the highest entity in the Company. It operates pursuant to the law and principles specified by the Articles of Association as well as pursuant to the SIMPLE S.A. General Meeting Regulations accepted by the General Meeting, specifying the organization and course of such Meetings. The General Meeting of Shareholders is convened in an ordinary and extraordinary manner. The Ordinary General Meeting should take place within six months after every fiscal year ended. The Ordinary General Meeting is convened by the Management Board. The Extraordinary General Meeting is convened by the Management Board if needed, or under the request of the Supervisory Board or Shareholder representing at least one tenth of the share capital. Convening the Ordinary General Meeting should be performed within 14 days after the request. The application for convening the Extraordinary General Meeting of Shareholders should contain the issues, which should be introduced to the agenda. The General Meeting may be held and may adopt the resolutions without the formal convening, if the total capital is represented and nobody raises a veto regarding the convening or agenda. In case of veto regarding the convening the General Meeting the resolution may be adopted by the usual majority of votes regarding the convening the Extraordinary General Meeting. The resolutions of the General Meeting, except of other issues, specified by the Commercial Companies Code or Articles of Association, require:

- Considering and approving the report of the Management Board on the Company's business activity and the financial statement for the previous fiscal year and granting the vote of acceptance to the Company's bodies for the discharge of their duties,
- Considering and approving the financial statement of the Capital Group of the Company,
- Decision on the profit distribution or loss coverage, to dispose or lease the company or its organized part and to establish the limited property right,
- To purchase or dispose the real estate or share in real estate of the value exceeding the amount of the Company's assets presented in the last audited statement of financial position, appointment and recalling the members of the Supervisory Board,
- Provisions considering claims of damage caused during the Company establishment, management or supervision,
- Changes in the Articles of Association,
- To increase or decrease the share capital,
- Establishing and dismantling the special funds,
- To issue the shares convertible bonds or senior bonds,
- To set the remuneration for the members of the Management or Supervisory Board,
- To dissolve the Company,
- To elect the liquidators,
- Amortization/depreciation of shares and its conditions,

- To acquire the treasury shares in the case specified in the Art. 362 § 1 par. 2 of the Commercial Companies Code.

The Management Board should previously present the all issues brought to the General Meeting to the Supervisory Board. Shareholder or shareholders, who want to submit the request on the Company's matters to the General Meeting, should submit it in written to the Management Board, which will present it with its opinion to the Supervisory Board. The Supervisory Board is entitled to assess, at its own discretion, whether or not the relevant request of the Shareholder or Shareholders will be submitted to the agenda of the General Meeting, but the request submitted in the proper term by the shareholders holding jointly not less than one tenth of the share capital has to be included to the agenda of the nearest General Meeting. The Shareholders can participate in the General Meeting individually or by proxies. The power of attorney to participate in the General Meeting and to vote should be made in written or otherwise being invalid and should be attached to the minutes. The General Meeting is able to adopt the binding resolutions notwithstanding the number of presented shares and the amount of the capital, unless the provisions of the Commercial Companies Code or this Articles of Association state otherwise. The resolutions concerning the issue of shares, issue of convertible bonds and senior bonds, depreciation of shares, decrease of the share capital, disposal of the company or its organized part, changes of the Articles of Association and dissolving the Company are adopted under the majority of 3/4 votes. Other resolutions of the General Meeting of Shareholders are passed with an absolute majority of votes, and in cases where the Commercial Companies Code requires the qualified majority of votes, with the majority required by the Commercial Code. The resolution on the change of the subject of the business activity adopted by the majority of 2/3 votes at the presence of the Shareholders presenting half of the share capital is effective and does not cause the obligation to buyout the shares of these Shareholders, which do not agree on that change.

The detailed course of the General Meeting is specified by the Regulations of the General Meeting, which is available on the website: www.simple.com.pl, in the folder Investor's relations.

MANAGEMENT BOARD

The Management Board acts under the provisions of the Commercial Companies Code and the Articles of Association and the Regulations adopted by the Management Board. The Management Board manages the total business activity of the Company and represents the Company. The first Management Board is appointed for two years, and then for three years. Jointly two Members of the Management Board or the Member of the Management Board and proxy are entitled to submit the statements in the field of property rights and duties of the Company as well as to sign documents. The principles of the Management Board operation specifying the type of matters requiring the resolution are described in the Regulations adopted by the Management Board. Adopting the regulations and their change requires the presence of all Members of the Management Board and the majority of 3/4 votes. The resolutions of the Board are adopted by the absolute majority of votes. In case of equity of votes, the President's vote is decisive. The Management Board is entitled to take all decisions not reserved by the competences of other Company's bodies. The Management Board is obliged to manage the property and issues of the Company with due diligence required in the trading, comply with the law, regulations of this Articles and Resolutions adopted by the General Meeting and Supervisory Board within their competences.

The Management Board's meetings are convened by the President or substituting for the President the 1st Vice-President or Vice-President of the Management Board. The persons convening the meeting should inform the members of the Management Board on the meeting at least 3 days in advance in written or by e-mail. In case of

emergency, the President or substituting for the President 1st Vice-President or Vice-President of the Management Board may order other way and term of notifying the Members on the date of the meeting.

Resolutions of the Management Board are passed by majority of votes. The Management Board is deemed as to be able to adopt the resolutions in case when although each member was efficiently notified on the meeting within the period of time enabling to be present, but the half of the total number of members is present on the meeting. The Management Board's meetings are held in the Company's registered office or in other place appointed by the President or Vice-President.

The Regulations of the Management Board determines in details the procedure for convening the Management Board's meetings, way of passing the resolutions including voting and making the minutes and the scope of matters for which the Management Board is entitled to pass the resolutions. Pursuant to the Regulations, the Management Board is obliged, within the period of time enabling to express the opinion on these documents, to prepare and submit to the Supervisory Board the financial statement and report on business activity for the previous fiscal year.

The Regulations of the Management Board is available on the website of SIMPLE S.A.: www.simple.com.pl

As of 31st December 2009 the composition of the Supervisory Board and the Management Board of SIMPLE S.A. was as follows:

Paweł Zdunek	– President of the Management Board
Przemysław Gnitecki	– Vice President of the Management Board

On 27th January 2010 the Supervisory Board appointed Mr. Michał Siedlecki to hold a position of Vice President of the Management Board.

On 14th June 2010 Mr. Paweł Zdunek resigned from the position of the President of the Management Board with an effect on 20th July 2010.

On 20th July 2010 the Supervisory Board appointed Mr. Bogusław Mitura to hold a position of President of the Management Board.

As of 31st December 2010 the composition of the Management Board of SIMPLE S.A. was as follows:

Bogusław Mitura- President of the Management Board

PhD, Engineer.

A graduate of the Warsaw University of Technology- Institute of Organization and Management and the Doctor Studies at the Warsaw University of Technology in the field of the Organization and Management. The specialist in the field of designing IT systems. Within 1979-1984 he worked in the industry, among others in the Scientific and Production Center for Small Aviation [Centrum Naukowo-Produkcyjne Samolotów Lekkich] and Machinery Industry Organization Institute [Instytut Organizacji Przemysłu Maszynowego], where he managed the IT projects. Within 1984-1996- scientific worker in the Institute of Organization and Management of Warsaw University of Technology and in the Faculty Organization and Economics of Enterprises of Warsaw University of Life Sciences. Within 1992-

1994- Director and the Chief Executive in InterArms Sp. z o.o. Within 1994-2007 co-founder and Vice President of ABG S.A. Since 2007 the financial investor trading in IT market.

Przemysław Gnitecki- Vice President of the Management Board

He graduated the Mathematic and Information Faculty of Breslau University.

The course of the professional work:

1995-1997 MIS Sp. z o.o. - Employed as an analyst-programmer

1998-2000 Sycomex Polska- employed as an analyst- C/C++ programmer

2000-2001 Finexa Inc- employed as Java/Oracle Developer/Release Manager

2001-2005 ABG Sp. z o.o. - Employed as a main “architect”. He was the main “architect” and one of the main creators of IACS system- including the union funds directly to the farmers.

2005 – 2006 ABG S.A. - Employed as a Director of Professional Services

2006 – 2009 ABG S.A. - Employed as a CTO (Chief Technology Officer)

2007-2008- Innovation and Information Society (Research and Development Center of ABG)- he held a position of the President of the Management Board.

Since 2008 he holds a position of the Member of the Management Board Vedia S.A. (listed at NewConnect). He does not appear in the Polish Registry of Insolvent Debtors conducted under the Act on National Court Register.

Michał Siedlecki-Vice-President of the Management Board,

He graduated the Faculty of Mechanics at Warsaw University of Technology in the Institute of Organization and Management.

Within 1983-1988 he was employed in the following companies:

1982-1987- Machinery Industry Organization Institute- as the senior assistant

1987-1988- “InterArms II” Sp. z o.o. as the system designer

Co-founder and shareholder, in the Company was employed as the Chief Designer of Systems.

Within 1992-1997 a member of the Management Board responsible for development.

After 1997 he came back to the position of the Chief Designer of Systems and handled with creation of the basic product of the company- SIMPLE SYSTEM V.

Since June 2006 he held a position of the Vice President of the Management Board of SIMPLE S.A. responsible for the development of SIMPLE products.

In December 2007 he was appointed for a position of the President of the Management Board.

From January to July 2009 he held a position of the Vice President of the Management Board of SIMPLE S.A. and from July 2007 to January 2010 he was an adviser of the Management Board.

APPOINTMENT AND RECALLING THE PROXIES

In the period 01.01.2010 to 31.12.2010 the position of a proxy was held by Regina Kuliś.

THE DESCRIPTION OF THE PRINCIPLES CONCERNING APPOINTING AND RECALLING THE MEMBERS OF THE BOARD AND THEIR RIGHTS.

Pursuant to the Articles of Association and par. II of the Management Board's Regulations, the Management Board consists of 1 to 5 members, including the President, Vice-President and members. They are appointed for joint term of office, which lasts 3 years. Pursuant to § 15 sec. 1 par. 2 of the Articles of Association of SIMPLE S.A. the Members of the Board are appointed and recalled by the Supervisory Board. Pursuant to the Articles of Association and the Management Board's Operation Regulations, the Management Board is entitled to take all decisions not reserved by the competences of other Company's bodies. The Management Board is obliged to manage the property and issues of the Company with due diligence required in the trading, comply with the law, regulations of this Articles and Resolutions adopted by the General Meeting and Supervisory Board within their competences. The Regulations of the Management Board is available on the website of SIMPLE S.A.: www.simple.com.pl in the folder "Investor's relations".

The members of the Management Board are not entitled to take the decision on issuance or buyout of the shares.

SUPERVISORY BOARD

The Supervisory Board acts under the provisions of the Commercial Companies Code, Articles of Associations and Regulations of the Supervisory Board. The Supervisory Board is composed of five to eight Members elected by the General Meeting. The members of the first Supervisory Board are appointed for 1 year. The next members are elected for the three years term of office. The seats of the Members of the Supervisory Board expire with the lapse of the term of office of the Supervisory Board, which composition was elected, as of the date of the General Meeting, approving the financial statement for the previous fiscal year of holding the position of the Member of the Supervisory Board. The Members of the Supervisory Board may be re-elected. The Supervisory Board elects the Chairman, Deputy Chairman and Secretary from among its members. The Members of the Supervisory Board may be only the natural persons.

The independent member of the Supervisory Board is the person meeting the following conditions:

- This person cannot be Simple related Entity, Entity related to the Parent company of Simple or subsidiary of Simple and the subsidiary of Simple in the meaning of the Act on trading the securities,
- This person cannot be relative or relative to the second degree of the Simple's employee or the Entity belonged to Simple.

The Chairman convenes the meetings of the Supervisory Board and he chairs the meeting, in case of his absence-Deputy Chairman. The meetings of the Supervisory Board are held at least one per quarter. The convening of the Supervisory Board's meeting from the Management Board's initiative may occur upon its request submitted to the Chairman or Deputy Chairman. In such case, the meeting of the Supervisory Board should be held at least within 14 days from the date of request. In the periods between the meetings of the Supervisory Board. The Chairman represents the Board towards the Management Board, and in case of his longer absence, the Deputy Chairman or other Member authorized by the Board perform this duty.

The resolutions of the Supervisory Board are valid when all members of the Board were notified on the date of the meeting in a manner specified by the Regulations. The Supervisory Board is entitled to adopt the important resolution in the presence at least 3/4 of elected composition of the Board. The resolutions of the Supervisory Board

are passed by the absolute majority of votes present at the meeting and in case of equity of votes the vote of the Chairman is decisive.

The members of the Supervisory Board can participate in adopting the resolutions by voting in written or by the virtue of other member or using the communication at the distance.

The competences of the Supervisory Board include:

- Passing the regulation of work of the Supervisory Board,
- Appointing and recalling the President and other members of the Management Board,
- Constant supervision on the Company's business activity in all fields,
- Assessment of the report of the Management Board on business activity and financial statement for the previous year regarding the compliance with the records and documents as well as the actual state and the applications of the Board concerning the profit division or loss coverage and also submitting to the General Meeting of Shareholders the annual written statement on the results of such assessment,
- Determining the principles and amount of remuneration for the members of the Management Board,
- Expressing the opinion on requests and matters to be passes at the General Meeting,
- Suspending, because of important reasons, in the activity the particular or all members of the Board and also appointing the members of the Supervisory Board for the period not longer than 3 months, to temporary duties of the members of the Board, who are not able to perform their duties.
- Electing the statutory auditor to audit the annual statement on financial position,
- approving the annual financial plans.

In order to perform its duties the Supervisory Board is entitled to review all Company's documents and to require from the Management Board and employees the statements and explanations as well as to perform the revisions of the Company's property. The meetings of the Supervisory Board are held under the terms and manner specified in the Regulations of the Supervisory Board.

The Regulations of the Supervisory Board is available on the website of SIMPLE S.A.: www.simple.com.pl

Within the period from 01.01.2010 to 31.01.2010 the Supervisory Board was composed of five persons:

- Elżbieta Zybert- Chairman of the Supervisory Board
- Józef Taran- Deputy Chairman of the Supervisory Board
- Andrzej Bogucki- Secretary of the Supervisory Board
- Marta Joanna Adamczyk- Member of the Supervisory Board
- Jacek Kuroś- Member of the Supervisory Board

COMPOSITION OF AUDIT COMMITTEE

The Supervisor Board of SIMPLE S.A. appointed under the resolution of 31st March 2009 the Audit Committee with the following composition:

- Elżbieta Zybert
- Józef Taran
- Jacek Kuroś

SHARES AND SHAREHOLDING STRUCTURE OF SIMPLE S.A.

SIMPLE S.A. issued 2,003,904 shares of the nominal value 1.00 PLN, including 189,000 preference voting shares in proportion 1 to 5.

ORGANIZATIONAL RELATIONS WITH OTHER SIMPLE ENTITIES

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

Subsidiaries:

1. SIMPLE LOCUM SP. Z O.O. seated in Warsaw, at ul. Bronisława Czecha 49/51. The Company SIMPLE S.A. on 24th March 2006 under the notary deed (Rep A No. 1726/06) in the presence of the Public Notary Urszula Statkiewicz-Wysocka established the new company under 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 value of acquired shares is 2,669 k PLN. It has 100% of votes at the General Meeting.
2. SIMPLE CPS SP. Z O.O., seated in Warsaw, at Bronisława Czecha 49/51. The Company's activity started under the name SIMPLE INVEST SP. Z O.O. established on 25th October 1999 under the notary deed (Rep A No. 5653/99) in the Public Notary's Office in Warsaw in the presence of the Public Notary Anna Chełstowska. On 1st August 2002 the name of the company was changed into INVEST SL SP. Z O.O. under the notary deed (Rep A No. 6624/20025) in the Public Notary's Office in Warsaw in the presence of the trainee notary Wojciech Szczypkowski, the deputy of the Public Notary Dorota Kałowska. On 15th June 2004 the name of the company was changed into SIMPLE CPS SP. Z O.O. under the notary deed (Rep A No. 7373/2004) in the Public Notary's Office in Warsaw in the presence of the trainee notary Wojciech Szczypkowski, the deputy of the Public Notary Dorota Kałowska. The value of acquired shares pursuant to the purchase price is 30 k PLN. It has 100% of votes at the General Meeting. As of 31st December 2007 the recoverable amount was set for the amount 14 k PLN and the carrying amount of the shares is 16 k PLN.

Affiliates:

1. SOFTEAM SP. Z O.O. seated in Warsaw, at ul. Łopuszańska 53, registered on 5th June 2001 in the District Court for the capital city of Warsaw in Warsaw, 20th Business Department of the National Court Register, under KRS number 0000013271. The value of acquired shares pursuant to the purchase price is 53 k PLN, that constitutes 50.24% of the share capital.
2. SIMPLE SP. Z O. O. seated in Dąbrowa Górnicza at ul. Cieplaka 19, registered on 24th December 2002 in the National Court Register under KRS number 0000108452 in the District Court in Katowice, Business Department of the National Court Register. The value of acquired shares pursuant to the purchase price is 9.7 k PLN. It has 19.51% of votes at the General Meeting.

3.2 CHANGES IN THE BASIC MANAGEMENT PRINCIPLES

The year 2010 was the next year of changes for SIMPLE S.A. aimed at increasing the efficiency of the Company's actions. The basic changes in the management principles were as follows:

- Implementation of the budgeting and settlements of the results achieved by the departments
- The change of the sale organization consisting in forwarding the responsibility for the sale results of manufactured products and provided services to the particular departments.

3.3 DESCRIPTION OF THE BASIC ECONOMIC AND FINANCIAL FIGURES DISCLOSED IN THE ANNUAL FINANCIAL STATEMENT, INCLUDING, IN PARTICULAR THE DESCRIPTION OF THE FACTORS AND EVENTS OF NON-TYPICAL NATURE, HAVING THE SIGNIFICANT INFLUENCE ON THE ISSUER'S BUSINESS ACTIVITY AND ACHIEVED RESULTS OR INCURRED LOSSES IN THE FISCAL YEAR.

The balance sum of SIMPLE S.A. as of 31st December 2010 is 18.5 M PLN. The share of non-current assets in the balance sum is 46 % and current assets 54 %. The item of intangible assets in the non-current assets increased by 3910 k in comparison to December 2009 as a result of completion of the investment SIMPLE.SCM module and starting its amortization. PP&E increased by 383 k PLN.

In the current assets, there is a significant increase of receivables by 3,427 k PLN in comparison to December 2009 as a result of the increase of revenues from sale.

The non-current assets amount to 8.4 m PLN including:

- 46.61 % intangible assets
- 18.56 % property, plant and equipment
- 0.03 long-term receivables
- 32.47 % investments in related entities and subsidiaries
- 2.33 % other

The current assets are 10 million PLN including:

- 0.52 % stocks of goods
- 76.36 % trade liabilities
- 17.94 % cash and cash equivalents
- 5.18 % prepayments and accrued income

The equity of the Company constitutes 50% of the balance sum, long-term liabilities 19% and short-term liabilities 31% of the balance sum.

The long-term liabilities increased by 167 k PLN in comparison to December 2009. The decrease in provisions for employee leave benefits by 59 k PLN occurred. The liabilities due to the long-term credits and loans in comparison to the same period of last year decreased by 278 k PLN that was caused by the credits and loan repayment. The item of liabilities due to lease increased by 504 k PLN, which was caused by the purchase of leased cars.

In the item of short-term liabilities the item of credits taken for purchase of vehicle fleet and the liabilities due to the lease, which was caused by the purchase of leased cars, was increased.

The long-term liabilities amount to 3.5 M PLN including:

- 25.29% provisions
- 55.45% credits and loans
- 19.26 % due to lease

The short-term liabilities amount to 5637 k PLN including:

- 4.47% Credits and loans
- 4.67 % due to lease
- 54.76 % other liabilities
- 36.10 % accrued and deferred assets and liabilities

Finally, the balance sum in comparison to the comparable period of the previous year increased by 3.152 m PLN.

3.4 DESCRIPTION OF THE SIGNIFICANT RISKS AND THREATS WITH SPECIFICATION TO WHAT EXTENT THE ISSUER IS EXPOSED TO THEM

The key threat and risk factors related to the SIMPLE S.A. developments in the context of prospects are as follows:

RISK OF CRISIS

Although that Poland keeps the economic growth tendency it may occur that the economic depression in the world markets affect negatively the domestic economy. Such situation may result in limitation of investments decisions and waiting for economic situation improvement. Therefore, it may mean the decrease of new sales as well as achieving lower margins in sales of the current products: services, subscriptions and service care.

The Company counteracts this by market diversification, adjusting the product to the individual customer's needs as well as assistance in obtaining the investment funds.

RISK OF STAFF

During the crisis of the demand and economic uncertainty, the competitive companies are interested in the efficient and well-qualified employees. The companies manufacturing products with high knowledge involvements are exposed to loss of key specialists. The companies constantly penetrate the labor market and the employees want to have alternative place of work. It is related to the increase of payrolls and decrease of business activity profitability.

The Company creates the attractive work conditions for employees as well as profitable motivation systems, implements the shares buy-out program.

RISK OF COMPETITION

The risk of competition has some aspects. The most important are branches' consolidation by main players and investments of foreign companies. The big IT companies and integrators disposes the tools allowing to achieve the competitive advantage by acquiring the market, reducing prices which is apparent (for investors), short-term but consumptive for other manufacturers. It may cause shrinking the portfolio of the orders and the possible new clients and this is one of the key development factors for the companies of modern technology.

The Polish market is also attractive for other foreign companies. In particular for SME sector, which market has growing tendency and is always insatiable. The acquiring the market by the foreign suppliers is characterized by the low margins, which result in competitive battle.

RISK OF SYSTEM IMPLEMENTATION

The IT system receivers limit the funds for investments. However, this kind of business activity does not allow to reduce the requirements for the systems. The risks mentioned above in the unfavorable situation stake on supplier. It often has to meet the increasing client's needs during the implementation, change the assumptions and reduce the remuneration. Moreover, present economic processes are more and more complicated issues, where without good knowledge it is easy to implements the system, which is not favorable for the client's needs. In addition, the recipients want to treat their IT systems suppliers and business advisors and require the increase of economic efficiency after installing the IT solutions. There is a risk that without the proper analyses such needs can be unsatisfied.

The implementation efficiency is one of the Company's goals, implementation of budgeting system reduces such risk. The implementation divisions have many levels of implementation methodology where analytic errors are reduced. The processes of business analyses were introduced at the initial presentation level.

RISK OF POSSIBLE DELAYS IN PREPARING NEW PRODUCTS AND SERVICES

Solutions of ERP class have to be complex in full meeting the client and his surrounding's needs. The solutions supplier cares of extending the offer, introducing new functionalities and ensuring the data integrity. However, the competition and client's need are still more and more. There is a risk to be passed by and that other suppliers will acquire the market. It is related to the production capacity and availability of union funds to expand or improve products.

SIMPLE S.A. relied on the products quality increasing the quality services as well as automation of test processes. The specialist for analyses and solution design were employed as well as selection of product manager started.

3.5 DEVELOPMENT PROSPECTUS FOR 2011

In 2011 we plan the further dynamic development of the Company. The source of our development are as follows:

- 1) Organic development related to ERP class systems,
- 2) Achieving and developing new competences (dedicated systems, consulting),
- 3) Acquisition of the companies from IT market.

The purpose of the acquisition is to acquire not big IT companies having the complementary products and technologies in comparison to SIMPLE. It allows achieve new products and technologies and winning new markets and clients. As a result it expands the offer of the Company. In 2011 we plan to acquire 2-3 companies.

In 2011 we expect the further development and sale increase in all channels: headquarter and branch offices and in the partners network.

The important elements of this growth is the development of the products and technologies, improvement of he software production process and services for the clients.

The important tool to assess the operation of the organizational unit will be the budgeting system to be implemented from 2011. It improves the process of planning and allows to improve the efficiency of the company's operation.

3.6 CHARACTERISTIC OF BUSINESS ACTIVITY

Products and services of the Company

The Company decided to expand the scope of the offered products and services. The adopted strategy anticipates the development of the activity in the following fields:

1. The present product Simple.ERP in the field related to the following verticals:
 - a. Medicine
 - b. Construction
 - c. Education
 - d. Production
 - e. Wide-understood public sector
 - f. Trade
2. New product related to the soft HR- eSimple.KARO HRMS.
3. Simple CRM in the field of the Microsoft CRM products and present product Simple.CRM.
4. Products such as Business Intelligence in the field of won product Simple.BI as well as of foreign products Prophix, Targit and Hyperion.
5. Consulting services in the field of analysis and design of systems.
6. Services related to the complex performance of the systems for the order (pursuant to the Client's order)
7. Continuance of the development of the systems prepared in the special technology SIMPLE SYSTEM and SIMPLE BUSINESS.

SIMPLE.ERP package

SIMPLE.ERP system is one of the main products in the offer. IN the second half of 2010 the next version 6.0.c. was implemented to the market and the works related to transferring the system in 3D architecture and cooperation with many databases are started. Version 6.0.c, except for adjustment to the changed regulations (including VAT tax changes) includes several new functions increasing the attractiveness of the product. The material improvements refer in particular to SIMPLE.BUD designated for construction companies.

SIMPLE.ERP includes the complex solutions dedicated for the medial and educational branch- SIMPLE.MED and SIMPLE.EDU.

The basic segments of the market to which the actual offers are addressed are the big and medium enterprises of various branches from production to commercial, public and non-public health care institutions, private and state high schools and research and scientific entities. We owe such wide range to universality and flexibility of system as well as expanded references.

eSimple.KARO HRMS package

eSIMPLE.KARO HRMS is a modern system supporting the HR management, equipped with many functions meeting the needs of HR departments, personal directors, executing staff and employees. The system automatizes the HR processes and implements the tool to the HR Management. In 2010, the company intensified the sale of this products, that generated many trade processes and it should brought the higher sale in 2011.

Microsoft Dynamics CRM and Simple.CRM packages

In 2010, the Company strengthened its competences in the field of MS CRM product. Our employees obtained eleven certificates in this field and we made the first sale and implementation of this product. The increase of the MS CRM sale in 2011 is one of the key issues of the Company. The Company will also continue and develop the sale of the present, recognized by the Clients, solution Simple.CRM.

Business Intelligence Packages

In 2010 the Company continued the sale of the product Simple.BI, which is strictly integrated with Simple.ERP and is based on Microsoft Analysis Services. It is the products used and appreciated by many Simple's Clients. Contrary to the previous years, Simple started the sale and successfully implemented the solutions for budgeting of Prohix in some clients. In 2011, we expect the increase of sale in this field. In connection with making the competences in the field of BI the Company has developed also the competences in the field of the Tagit and Hyperion tools. It is planned to sale these products in 2011.

Consulting services in the field of analysis and design of systems.

In 2010, the Company performed first small consulting projects referred to the analysis and design. It was possible due to obtaining the competences in this field. In the next years, the company intends to use the above competences to develop the activity in this field.

Services related to the complex performance of the systems for the order

Pursuant to the information above, the Company obtained the competences needed to perform such projects. Now we enter into some trade processes in public and commercial sector, which are to be completed in 2011. And then we intend to start the performance of the first such projects.

SIMPLE BUSINESS package

The package of software for small and medium enterprises which has been developed by SIMPLE S.A. in 1990-2003. Now this system is adjusted to the changes in the regulations. Similar as in case of SIMPLE SYSTEM the version basing on MS SQL was created and is offered as the system modernization. SIMPLE S.A. plans the migration of packages SIMPLE BUSINESS operating in medium enterprises to SIMPLE.ERP.

Maintenance services for implemented systems

Service care

The service care is a type of service offered to the current client consisting of guaranteeing them the access to the wider functionalities occurring in the new versions of software packages in case of change in law, which affect the system operation.

Consultation and implementation services

The consultation and implementation services are aimed at adjusting the system to the business processes of the client. They are rendered also during the implementation as well as after implementation enabling the client to use all functionalities of the system.

Service

The services rendered in case of troubles with software operation.

Supplementing software

SIMPLE S.A. offers its software for wide range of branches and therefore it expands its offer with the products of third parties which supplement the SIMPLE.ERP system.

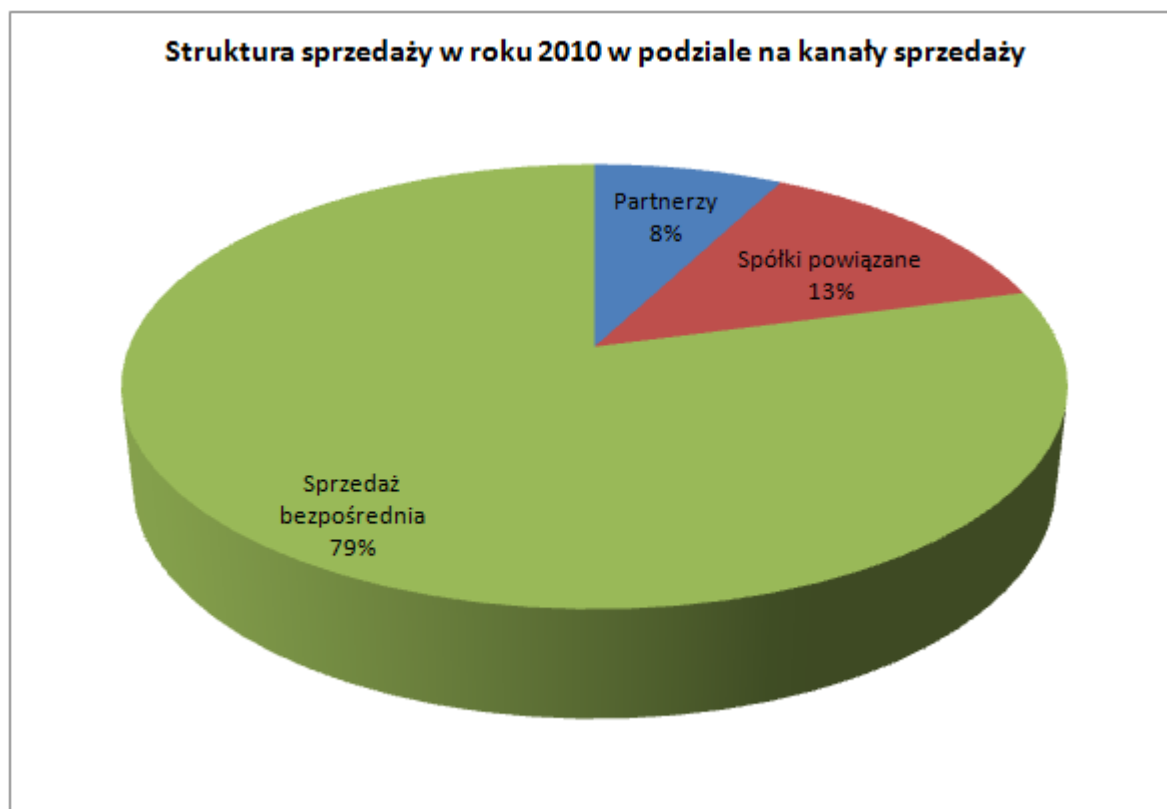
The sale of equipment and system software and services

In order to ensure the complex service of the potential and current clients SIMPLE S.A. offers the sale of computer hardware (in particular servers) working stations, system software and renders the services on parameterization. In this field the Company conducts also outsourcing of services for the current clients.

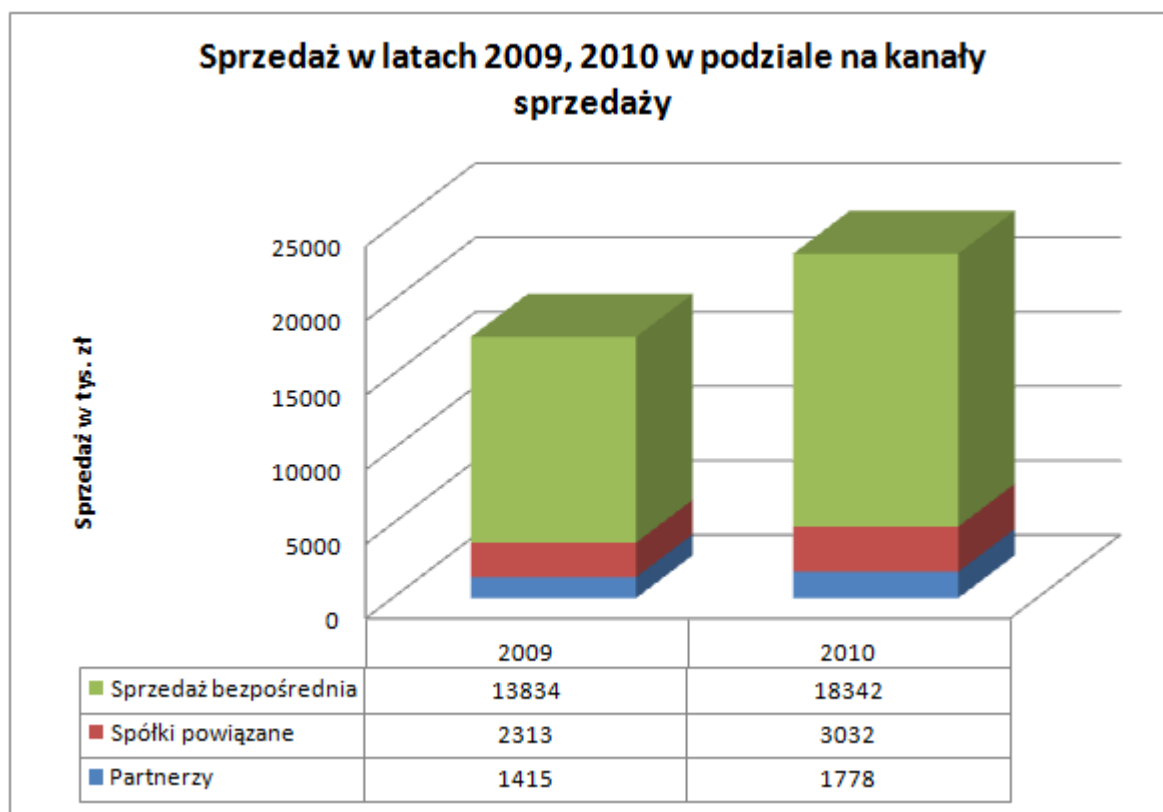
Sale markets

The market for SIMPLE S.A. was all territory of Poland. The company realized the direct deliveries, using the branch offices in Rzeszów, Kraków i Wrocław and by the agency of the capital related entities and partnerships.

The biggest own sale was noted in the Central Region. The sale leader in the partner channel were the following companies: Simple Sp. z o.o., Softeam Sp. z o.o. oraz Konsultant Komputer Sp. z o.o. Similar to 2009, the sale share of the partner channel was 21% of the total sale in 2010.



The sale results in 2010 show very dynamic and regular increase in all sale channels.

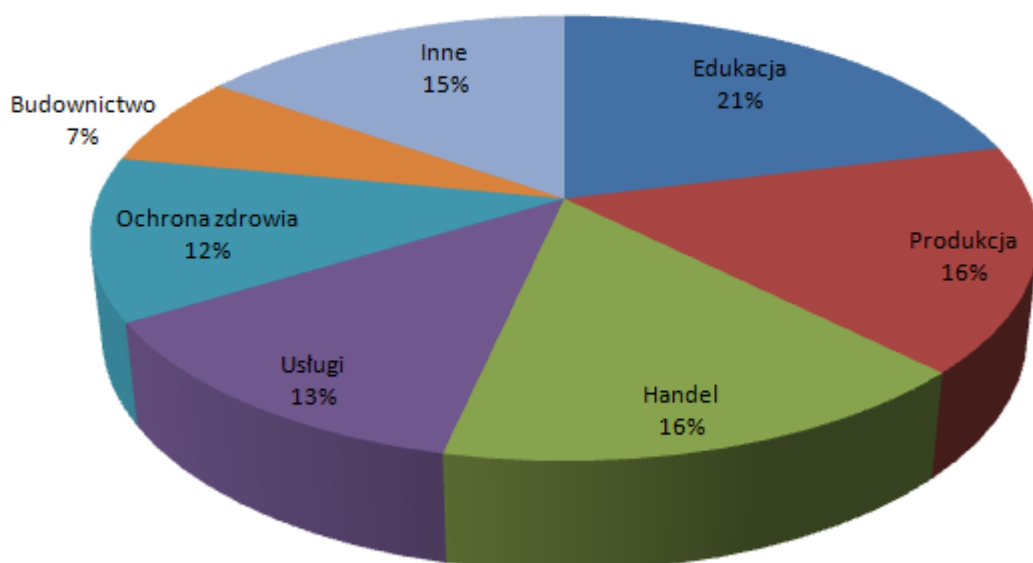


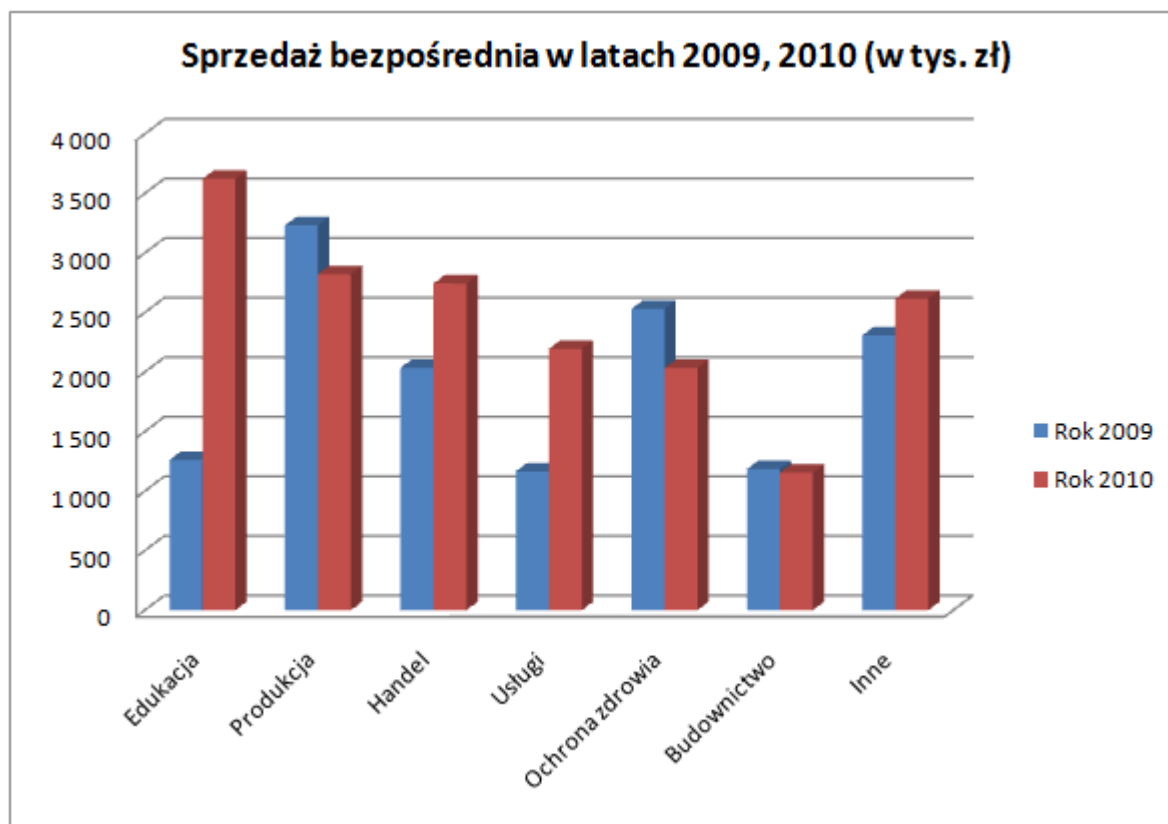
Because of the market of recipients, it should be noted that still the basic recipients of SIMPLE systems are the clients from the following market sectors:

- Education
- Manufacturing companies
- Trade
- Health care
- Services
- Construction

The structure of the direct sale (without partner channel) by branches in 2010 is as follows:

Struktura sprzedaży bezpośredniej w roku 2010





In comparison to 2009, the highest increase of sale was in the field of education, services and trade.

In connection with the conducted business activity, the partners of SIMPLE S.A. are mainly the companies supplying the software supplementing the SIMPLE systems with the additional functionality, computer hardware or system software. The company cooperated with the following companies:

- MICROSOFT in the field of system software, data bases, group work systems and BI as well as software.net to create the software (SIMPLE S.A. has the highest status of partner of Microsoft – GOLD PARTNER)
- Sybase in the field of software for systems,
- IBM in the field of servers, work stations and notebooks
- RRC, ABC DATA in the field of the sale of computer hardware, system software and network hardware),
- DAGMA, ALSTOR, AJM, VERACOMP, TECHDATA in the field of the sale of network hardware, system software and computer accessories.

3.7 SIGNIFICANT AGREEMENTS FOR THE COMPANY

On 20.12.2010 SIMPLE S.A. concluded with the natural persons Hubert Abramouk and Michał Abramiuk, the partners of the private partnership Highcom s.c., the preliminary contract for sale of the shares in the limited liability company, which will arise as a result of transformation of the private partnership, and which important provisions were specified below.

- I. Subject matter of contract: The subject of the contract is that Huber Abramiuk and Michał Abramiuk, the partners in the private partnership Highcom s.c., shall undertake to sell and SIMPLE S.A. shall undertake to purchase 200 shares of the limited liability company, in stages, that will constitute 100% of the limited liability shares, which will arise as a result of transformation of Highcom s.c. This shares purchase transaction will be carried out under 5 contracts for sale/disposal within the period from March 2011 to December 2012.
- II. In the first stage, i.e. to 31.04.2011 SIMPLE S.A. will purchase under the contract for sale 102 shares of limited liability company, constituting 51% of shares of the limited liability company at the total price PLN 500,004.
- III. In the next stages SIMPLE S.A. will purchase under four contracts for sale the remained 98 shares of the limited liability company, that will constitute the remained 49% shares of the limited liability company. The purchase price for the remained 98 shares of the limited liability company will amount to PLN 1,800,000.30 (one million eight hundred thousands 30/100).
- IV. The Issuer states that the value of the subject of the mentioned 5 contracts (value of sale of the shares in the limited liability company) will exceed 10% of the equity of the Issuer.

On 19.11.2010 SIMPLE S.A. reached the agreement with the Company CRON Sp. z o.o., seated in Warsaw, under which the Company CRON undertakes to sell the rights to its products (including the computer software) and to make the assignment to SIMPLE of receivables attributable to CRON from the present agreements with clients and undertakes not to enter into agreements with the present clients so that the SIMPLE is the entity authorized to exclusive service of all present clients of CRON, including:

- a. Acquisition of the rights to CRON products and exclusive service of ERP Clients of CRON. The subject of agreement refers to the following services and products: licenses, service care, post-implementation care, single consultancy and other services for ERP Clients of CRON. Under the following settlement, the revenues due to sale of Simple products and related services to CRON Clients will not be considered.
- b. Financial condition: Simple shall pay CRON 160 k as the pre-payment for acquisition of products and exclusive service of Clients. The payment shall be made within 7 days after the final agreement.
- c. Additional payments due to acquisition of the rights to CRON products will be dependent on the level of sale to CRON Clients in the field specified in the subpar. a within 02.11.2010 to 31.10.2011. The additional payment will be calculated in the following manner:
 - Revenues over 500 k PLN - Additional payment 200 k + 20% from the sale (revenue) of this products over 500 k
 - Revenues between 500 k PLN and 400 k PLN - Additional payment 200 k PLN
 - Revenues below 400 k PLN - - no additional payment

On 29th September 2010 the company SIMPLE S.A. has entered, as the Consortium Partner, into the significant agreement with the Oncology Center in Warsaw- as the Employer. The consortium in the composition of UHC Sp. z

o.o. seated in Lublin and SIMPLE S.A. undertake to installation, implementation and integrated IT System for the Oncology Center- Curie-Skłodowska Institute in Warsaw for two localizations: at ul. W.K. Roentgena 5, 02-781 Warsaw (Ursynów District) and at ul. Wawelska 15 (Ochota District) including:

- Hospital IT System;
- RIS/PACS solutions;
- Hospital administration system.
- with the consideration in the amount net 4,496,000 PLN, i.e. gross 5,409,820 PLN.

On 30th September 2011 SIMPLE S.A., as the Consortium Leader, has entered into the agreement on delivery and implementation of the Integrated IT System and delivery of the hardware for the Jan Kochanowski University of Humanities and Science in Kielce amounting to 4,774,900.00 PLN.

The consortium including SIMPLE S.A. seated in Warsaw and Partners in Progress Sp. Z o.o. seated in Rzeszów undertook to perform the Project consisting of delivery, implementation and maintenance of the integrated IT system supporting the management of the University and delivery of the equipment for the Jan Kochanowski University of Humanities and Sciences ul. Żeromskiego 5, 26-369 Kielce, by performance of the following tasks:

- Design, performance and implementation of the System, including:
- Pre-implementation analysis completed with the System Implementation Concept,
- Implementation of the System in accordance with the System Implementation Concept,
- Delivery of equipment,
- Configuration of the System software,
- Preparing the assumptions and tests as well as carrying out the technical tests in the presence of the Employer,
- Delivery of the complete documentation of the System in electronic form as well as in paper form, including the technical, operation and user's documentation.
- Migration the data to the System basing on prepared data migration project,
- Carrying out the training for the System's users and administrators,
- Technical support and System maintenance services,
- Being ready to develop the ZSI System.

3.8 TRANSACTIONS WITH RELATED ENTITIES

SIMPLE S.A. did not enter into the transactions with the related entities, which amounts exceed 500,000 EUR or on the conditions other than market conditions.

Description of the transactions with the related entities is presented in the Note 33.

3.9 CREDITS AND LOANS

Information on taken and terminated agreements on loans and credits from 1st January 2010 to 31st December 2010 are presented in the Notes 25 and 27.

3.10 PROCEEDINGS AT COURT

As of 31st December 2010 there are not any court proceedings, where the SIMPLE is a party. S.A.

3.11 FINANCIAL AND ECONOMIC STANDING OF THE COMPANY

The financial standing of SIMPLE S.A. is good and safe. The big share of the repeatable revenues from the present clients indicates the safety of financing for the next periods. The current tasks of the Company are financed from own funds. The Company has a small debt. The good condition allows the Company to pay the part of the profit as the dividend.

Taken or terminated agreements on credits and loans

Described in the Note 25.

Granted loans

Described in the Note 27.

Proceeds from issue

In the reporting period, any issuance of the securities was not carried out.

3.12 ASSESSMENT OF THE DIFFERENCES BETWEEN THE FINANCIAL RESULTS AND FORECASTS

In 2010 the Company did not present any financial forecasts.

3.13 ASSESSMENT ON FINANCIAL RESOURCES MANAGEMENT

SIMPLE S.A. manages the financial liquidity and supervises the situation of receivables and liabilities on a current basis. It makes all endeavors to meet the taken financial obligations timely and at the same aims at reducing the costs. It does not have any overdue amounts in liabilities due to deliveries, taxes and other liabilities. It is of a good financial standing and there are not any threats in fulfillment of liabilities.

3.14 ASSESSMENT OF INVESTMENTS PERFORMANCE

The basic investment goal for 2011 are the planned acquisition of the IT companies.

These investments will be financed mainly from the funds obtained from the planned issue of shares and partially from the own funds.

The Company plans to issue the shares to the amount 10 m PLN in 2010. These funds will be designated to the acquisition.

Very good financial results of the Company allowed to cumulated the financial funds. These funds will be partially used for the planned investments.

3.15 AGREEMENTS CONCLUDED BY THE COMPANY AND MANAGEMENT BOARD

Information on the agreements concluded by the Company and Management Board are in the Note 37.

3.16 VALUE OF REMUNERATIONS, AWARDS AND BENEFITS FROM THE MOTIVATION PROGRAMS FOR THE MANAGEMENT BOARD

Information on remunerations paid to the Management Board and Supervisory Board are in the Note 29.

3.17 AGREEMENTS RESULTING IN CHANGES IN THE SHAREHOLDING STRUCTURE

In 2010 any agreements resulting in the changes of the shareholding structure of SIMPLE S.A were not concluded.

3.18 EMPLOYEES' PROGRAMS CONTROL SYSTEM

On 30th June 2009, the Ordinary General Meeting of Shareholders adopted the Resolution No. 20 on purchasing the treasury bonds by SIMPLE S.A. in connection to the Art. 362 § 1 par. 2 of the Commercial Companies Code, which will be offered to be purchase by the employees or persons, who was employed in the Company or entity related for the period at least 3 years.

30 par. 2009 of the Ordinance of the Minister of Finances of art.362 February 2010 on current and periodic information the Management Board of SIMPLE S.A. informs that executing the resolution of the Ordinary General Meeting of 30th June 1 on expressing consent on buyout of shares by the Company to offer to be bought by the Company's employees adopted under art. 362 § par. Commercial Companies Code in connection with art. 393 par. 6 of the Commercial Companies Code and basing on "Regulations of Shares Repurchase to offer them to the Company's employees" adopted by the Management Board under the Resolution No. VI/02/05/2010 of 27th May 2010, bought back the shares in the amount 2755 pieces at the nominal value 1.00 PLN, average purchase price 7.69 PLN and purchase price of the purchased shares 21,1897.22 The buy-out was made within 10th June 2010 to 30th June 2010.

In the reporting period for 2010, SIMPLE S.A. did not realize any employees' programs.

3.19 DESCRIPTION OF THE BASIC FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE PROCESS OF PREPARING THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS APPLIED IN THE ISSUER'S COMPANY.

The Company has an internal control system, which enables the efficient and reasonable flow of financial and non-financial information between the particular organizational units of the Company. The Financial Director, responsible for finance, performs the substantial supervision on the process of preparing the financial statement and periodic reports. The efficiency of the internal control system and risk management in the financial reporting process is ensured by:

- 1) Internal regulations system including, but not limited to:
 - a) Organizational structure adjusted to the needs of the Company's business activity, setting:
 - b) Rules of mutual communication between the organizational units,
 - c) scope of activities, rights and responsibilities of the relevant units, positions and persons,
- 2) Documents for the accounting policy prepared pursuant to:
 - a) Accounting Act in the field of measurements of assets and liabilities and presentation of the financial statements
 - b) Pursuant to the requirements of the International Accounting Standards,
 - c) other regulations and internal orders
- 3) The books are kept using the IT system, which has the recommendation of the Accountant Association in Poland. The IT system provides the clear division of competences and automatic control of the access to resources as well as full documentation of transactions performed by particular persons.
- 4) The all accounting evidences control and their handling procedure ensuring their correctness in terms of its factual content and integrity and accounting.
 - a) Audit and verification of the financial statement by the independent statutory auditor. The election of the statutory auditor is made by the Supervisory Board under the selection of offers among the recognized auditing companies.

3 AGREEMENT WITH THE ENTITY AUTHORIZED TO AUDIT THE FINANCIAL STATEMENTS

On 31st July 2009 the agreement with the entity authorized to audit financial statements DORADCA Auditors Sp. z o.o. seated in Gdańsk, ul. Grunwaldzka 212, KRS No. 0000087341, District Court in Gdańsk-Północ, 7th Business Department of the National Court Register, share capital in the amount 50,000.00 PLN, NIP No. 586-001-74-39 was concluded in order to audit and review financial statements. The agreement include the audit of financial statements (individual and consolidated) prepared pursuant to the state as of 31.12.2009 pursuant to the International Accounting Standards and the accounting books as well as review of financial statements (individual and consolidated) prepared pursuant to the state as of 30.06.2009 pursuant to the International Financial Reporting Standards.

The remuneration for the Contractor is the total amount 27,000.00 PLN (say: twenty seven thousands 00/100), including:

- Review of the individual financial statement- 5,800.00 PLN,
- Review of the consolidated financial statement- 5,000.00 PLN,
- audit of the individual financial statement- 9,200.00 PLN,
- audit of the consolidated financial statement- 7,000.00 PLN.

In January 2009, the Company SIMPLE S.A. paid the remuneration for DORADCA Auditors Sp. z o.o., ul. Grunwaldzka 212, 80-226 Gdańsk in the amount of 2,440.00 PLN for:

-issuing an opinion on compliance of SIMPLE.ERP system in the field Finance and Accountancy, ver. 5.0 with the Accounting Act, Vallue Added Tax Act and Excise Tax Act.

On 29th July 2010 the agreement with the entity authorized to audit financial statements DORADCA Auditors Sp. z o.o. seated in Gdańsk, ul. Grunwaldzka 212, KRS No. 0000087341, District Court in Gdańsk-Północ, 7th Business Department of the National Court Register, share capital in the amount 50,000.00 PLN, NIP No. 586-001-74-39 was concluded in order to audit and review financial statements. The agreement include the audit of financial statements (individual and consolidated) prepared pursuant to the state as of 31.12.2010 pursuant to the International Accounting Standards and the accounting books as well as review of financial statements (individual and consolidated) prepared pursuant to the state as of 30.06.2010 pursuant to the International Financial Reporting Standards.

The remuneration for the Contractor is the total amount 25,000.00 PLN (say: twenty seven thousands 00/100), including:

- Review of the individual financial statement- 5,400.00 PLN,
- Review of the consolidated financial statement- 4,600.00 PLN,
- audit of the individual financial statement- 9,200.00 PLN,
- audit of the consolidated financial statement- 6,500.00 PLN.

In August 2010, the Company SIMPLE S.A. paid the remuneration for DORADCA Auditors Sp. z o.o., ul. Grunwaldzka 212, 80-226 Gdańsk in the amount of 3,660.00 PLN for:

-Certification of SIMPLE.ERP system in the field Finances and Accounting and SIMPLE.ERP PERSONEL system (HR and payrolls)

4 Statements of the Management Board on the financial statement and the auditor

The Management Board of SIMPLE SA states that pursuant to its best knowledge, the annual financial statement for 2010 and the comparable data were prepared pursuant to the accounting principles and reflect in the true and reliable and clear manner the property and financial situation of the Company and its financial result. The annual report on business activity contains the true description of the development, achievements and the Company's condition, including the description of the basic risks and threats.

The Management Board of SIMPLE SA states that the entity authorized to audit financial statements, DORADCA Auditors Sp. z o.o., performing the audit of the annual financial statement for 2010, was elected pursuant to the law and that this entity and statutory auditors performing the audit met the requirements regarding issuance of the neutral and independent report from the audit, compliant with the applicable state regulations.

21-03-2011 Bogusław Mitura- President of the Management Board

.....

21-03-2011 Przemysław Gnitecki- Vice President of the Management Board

.....

21-03-2011 Michał Siedlecki-Vice-President of the Management Board,

.....

5. Statement of the Management Board on applying the corporate governance principles in the company SIMPLE S.A. in 2010

5.1. INDICATION OF THE CORPORATE GOVERNANCE PRINCIPLES, WHICH ISSUER APPLIES, AND PLACE WHERE THEY ARE AVAILABLE FOR PUBLIC.

In the fiscal year 2010, the Company applied the corporate governance principles conveyed by the document titled "CODE OF BEST PRACTICES OF WSE LISTED COMPANIES" adopted under the Resolution No. 12/1170/2007 of the WSE Council on 4th July 2007, which full text is placed on the website: www.corp-gov.gpw.pl and on the website of the Company www.simple.com.pl in the folder Investor's relations, excluding the principles presented in the par. 2 hereof. The full text of the corporate governance principles is available for public on the Company's website.

5.2. INFORMATION, TO WHAT EXTENT THE ISSUER WITHDREW FROM THESE PRINCIPLES AND EXPLANATION OF THE REASONS.

The Management Board of SIMPLE SA, in connection with coming into force as of 1st January 1170 the the Code of Best Practices of WSE Listed Companies implemented basing on the Resolution of the WSE Supervisory Board dated 4th July 2007 published the information on corporate governance principles to be applied by the Issuer:

1. par.I.1

states that "the Company should enable on-line broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on the company website."

The Company does not apply this principle. Justification is presented in par. 5.

2. par. I.9 states that "WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."

The Company does not apply this recommendation referring to the composition of the Management Board.

3. Par. II.2 states that "A company should publish its website in English, at least to the extent described in section II par. 1 This rule should be applied not later than 1 January 2009."

The Company publishes on its website the current, quarter and annual report translated into English. Due to the present shareholding structure and taking into consideration the current scope of its activity, the Company did not see justification to incur the additional costs related to this rule with the reference to the other information specified in section II. par. 1 The Company will take some actions to implement this rule in future.

4. par II.6. states that „At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company."

This rule is not observed by the Company. The General Meeting in the ballot appointed the Supervisory Board of SIMPLE S.A., where only one member meets the criteria of being independent from the company.

5. par. IV.10 states that „A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

1) real-life broadcast of General Meetings,

2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting,

3) exercise their right to vote during a General Meeting either in person orthrough a plenipotentiary.”

This principles is not observed by the Company. The costs related to providing the technical infrastructure enablinf the on-line broadcast of the General Meeting are too high. All information related to convening and process of the General Meeting are published by the Company in a form of Current Reports using ESPI system and the information are placed on the website in the folder “Investor’s Relations”.

5.3. DESCRIPTION OF THE BASIC FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT IN RELATION TO THE PROCESS OF PREPARING THE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS APPLIED IN THE ISSUER’S COMPANY.

The Company has an internal control system, which enables the efficient and reasonable flow of financial and non-financial information between the particular organizational units of the Company. The Financial Director, responsible for finance, performs the substantial supervision on the process of preparing the financial statement and periodic reports. The efficiency of the internal control system and risk management in the financial reporting process is ensured by:

1. Internal regulations system including, but not limited to:

Organizational structure adjusted to the needs of the Company’s business activity, setting:

Rules of mutual communication between the organizational units,

b) scope of activities, rights and responsibilities of the relevant units, positions and persons,

c) Documents for the accounting policy prepared pursuant to:

Accounting Act in the field of measurements of assets and liabilities and presentation of the financial statements

Pursuant to the requirements of the International Accounting Standards,

d) other regulations and internal orders

2. The books are kept using the IT system, which has the recommendation of the Accountant Association in Poland. The IT system provides the clear division of competences and automatic control of the access to resources as well as full documentation of transactions performed by particular persons.

3. The all accounting evidences control and their handling procedure ensuring their correctness in terms of its factual content and integrity and accounting.

5. Audit and verification of the financial statement by the independent statutory auditor. The election of the statutory auditor is made by the Supervisory Board under the selection of offers among the recognized auditing companies.

5.4. LIST OF SHAREHOLDERS HOLDING, DIRECTLY OR INDIRECTLY, THE SIGNIFICANT BLOCK OF SHARES

The owners holding at least 5% of general number of votes at the General Meeting of SIMPLE S.A. As of the date of this report, pursuant to the information held by the Management Board.

Item	Imię i nazwisko	Liczba akcji	Udział w kapitale zakładowym (%)	Liczba głosów	Udział głosów na Walnym Zgromadzeniu (%)
1	Bogusław Mitura	316,693	15.80	696,693	25.24
5	Cron Sp. z o.o.	558,088	27.85	597,288	21.64

Changes in shareholder structure and preferences (options) of the members of the Supervisory Board.

Item	Name	Number of shares as of 15.11.2010	Number of shares as of 21.03.2011
1	Elżbieta Zybert	0	0
2	Józef Taran	0	0
3	Andrzej Bogucki	0	0
4	Marta Joanna Adamczyk	0	0
5	Jacek Kuroś	0	0

Changes in shareholder structure and preferences (options) of the members of the Management Board.

Item	Name	Number of shares as of 15.11.2010	Number of shares as of 21.03.2011
1	Paweł Zdunek	0	0
2	Bogusław Mitura	316 693	316 693
2	Przemysław Gnitecki	0	0
3	Michał Siedlecki	80 000	80 000

5.5. INDICATION OF THE HOLDERS OF ANY SECURITIES WITH THE SPECIAL CONTROL RIGHTS WITH THEIR DESCRIPTION.

The securities with the special control rights towards the Company do not exist.

5.6. INDICATION OF ALL LIMITATIONS REGARDING THE VOTING RIGHT EXECUTION.

Any limitations of the voting rights are not attributed to the shares of the Company. Pursuant to the Art. 3 of the Articles of Association the registered shares of A1 series in the amount of 189.000 carry the right to five votes each. The other shares carry the one voting right at the General Meeting.

5.7. INDICATION OF ALL AND ANY LIMITATIONS CONCERNING TRANSFER OF THE OWNERSHIP FOR THE ISSUER'S SECURITIES.

The shares of the Company have any limitation regarding transferring the ownership.

5.8. DESCRIPTION OF THE PRINCIPLES OF APPOINTING AND RECALLING THE MEMBERS OF THE BOARD AND THEIR RIGHTS, IN PARTICULAR THE RIGHT TO TAKE A DECISION ON ISSUE OR BUY-OUT OF SHARES.

Pursuant to the Articles of Association and par. II of the Management Board's Regulations, the Management Board consists of 1 to 5 members, including the President, Vice-President and members. They are appointed for joint term of office, which lasts 3 years. Pursuant to § 15 sec. 1 par. 2 of the Articles of Association of SIMPLE S.A. the Members of the Board are appointed and recalled by the Supervisory Board. Pursuant to the Articles of Association and the Management Board's Operation Regulations, the Management Board is entitled to take all decisions not reserved by the competences of other Company's bodies. The Management Board is obliged to manage the property and issues of the Company with due diligence required in the trading, comply with the law, regulations of this Articles and Resolutions adopted by the General Meeting and Supervisory Board within their competences. The Regulations of the Management Board is available on the website of SIMPLE S.A.: www.simple.com.pl, folder Investor's relations.

The members of the Management Board are not entitled to take the decision on issuance or buyout of the shares.

5.9. DESCRIPTION OF THE CHANGES IN THE ARTICLES OF ASSOCIATION

The change of the Articles of Association, including adopting the resolutions on increasing or decreasing the share capital is the competence of the General Meeting under the principles specified in the Art. 430 and subsequent of the Commercial Companies Code including the provisions of the Acts on: public offering and the conditions for introducing the financial instruments to organized trading system and on public companies, on trading the financial instruments and on supervision on the capital market.

Pursuant to § 9 sec. 1 of the Articles of Association the resolution of the General Meeting on the changes in the Articles of Association are adopted by the majority of 3/4 votes.

5.10. DESCRIPTION OF GENERAL MEETING OPERATION AND ITS BASIC RIGHTS AND RIGHTS OF THE SHAREHOLDERS AS WELL AS THEIR EXECUTION.

The General Meeting is the highest entity in the Company. It operates pursuant to the law and principles specified by the Articles of Association as well as pursuant to the SIMPLE S.A. General Meeting Regulations accepted by the General Meeting, specifying the organization and course of such Meetings. The General Meeting of Shareholders is convened in an ordinary and extraordinary manner. The Ordinary General Meeting should take place within six months after every fiscal year ended. The Ordinary General Meeting of Shareholders is convened by the Management Board. The Extraordinary General Meeting is convened by the Management Board if needed, or under the request of the Supervisory Board or Shareholder representing at least one tenth of the share capital. Convening the Ordinary General Meeting should be performed within 14 days after the request. The request on convening the General Meeting should include the issue to be resolved. The General Meeting may be held and may adopt the resolutions without the formal convening, if the total capital is represented and nobody raise a veto regarding the convening or agenda. In case of veto regarding the convening the General Meeting the resolution may be adopted by the usual majority of votes regarding the convening the Ordinary General Meeting. The resolutions of the General Meeting, except of other issues, specified by the Commercial Companies Code or Articles of Association, require:

- Considering and approving the report of the Management Board on the Company's business activity and the financial statement for the previous fiscal year and granting the vote of acceptance to the Company's bodies for the discharge of their duties,
- Considering and approving the financial statement of the Capital Group of the Company in the terms of the Accounting Act,
- the decision on the profit distribution and loss coverage,
- to dispose or lease the company or its organized part and to establish the limited property right,
- To purchase or dispose the real estate or share in real estate of the value exceeding the amount of the Company's assets presented in the last audited statement of financial position,
- To appoint and recall the member of the Supervisory Board,

- Provisions considering claims of damage caused during the Company establishment, management or supervision,
- Changes in the Articles of Association,
- To increase or decrease the share capital,
- To establish and dismantle the special funds,
- To issue the shares convertible bonds or senior bonds,
- To set the remuneration for the members of the Management or Supervisory Board,
- To dissolve the Company,
- To elect the liquidators,
- Amortization/depreciation of shares and its conditions,
- To acquire the treasury shares in the case specified in the Art. 362 § 1 par. 2 of the Commercial Companies Code.

The Management Board should previously present the all issues brought to the General Meeting to the Supervisory Board. Shareholder or shareholders, who want to submit the request on the Company's matters to the General Meeting, should submit it in written to the Management Board, which will present it with its opinion to the Supervisory Board. The Supervisory Board is entitled to assess at its own discretion whether or not the relevant request of the Shareholder or Shareholders will be submitted to the agenda of the General Meeting, but the request submitted in the proper term by the shareholders holding jointly not less than one tenth of the share capital has to be included to the agenda of the nearest General Meeting. The Shareholders can participate in the General Meeting individually or by proxies. The power of attorney to participate in the General Meeting and to vote should be made in written or otherwise being invalid and should be attached to the minutes. The General Meeting is able to adopt the binding resolutions notwithstanding the number of presented shares and the amount of the capital, unless the provisions of the Commercial Companies Code or this Articles of Association state otherwise. The resolutions concerning the issue of shares, issue of convertible bonds and senior bonds, depreciation of shares, decrease of the share capital, disposal of the company or its organized part, changes of the Articles of Association and dissolving the Company are adopted under the majority of 3 votes. Other resolutions of the General Meeting of Shareholders are passed with an absolute majority of votes, and in cases where the Commercial Companies Code requires the qualified majority of votes, with the majority required by the Commercial Code. The resolution on the change of the subject of the business activity adopted by the majority of 2/3 votes at the presence of the Shareholders presenting half of the share capital is effective and does not cause the obligation to buyout the shares of these Shareholders, which do not agree on that change.

The detailed course of the General Meeting is specified by the Regulations of the General Meeting, which is available on the website: www.simple.com.pl, in the folder Investor's relations.

5.11. THE COMPOSITION AND ITS CHANGES DURING THE LAST FISCAL YEAR AND DESCRIPTION OF THE ACTIVITY OF MANAGING, SUPERVISING AND ADMINISTRATING ENTITIES AND THEIR COMMITTEES.

Management Board

The Management Board acts under the provisions of the Commercial Companies Code and the Articles of Association and the Regulations adopted by the Management Board. The Management Board governs the overall business activity of the Company and represents the Company outside. The first Management Board is appointed for the period two years, then for three years periods of time.

Jointly two Members of the Management Board or the Member of the Management Board and proxy are entitled to submit the statements in the field of property rights and duties of the Company as well as to sign documents. The Management Board's principles specifying in particular the type of matters requiring the Management Board's resolution will be determined by the Regulations adopted by the Management Board. Adopting the regulations and their change requires the presence of all Members of the Management Board and the majority of 3/4 votes. The resolutions of the Management Board are passed by the absolute majority of votes. In case of equity of votes, the President's vote is decisive. The Management Board is entitled to take all decisions nor reserved by the competences of other Company's bodies. The Management Board is obliged to manage the property and issues of the Company with due diligence required in the trading, comply with the law, regulations of this Articles and Resolutions adopted by the General Meeting and Supervisory Board within their competences.

The Management Board's meetings are convened by the President or substituting for the President the 1st Vice-President or Vice-President of the Management Board. The persons convening the meeting should inform the members of the Management Board on the meeting at least 3 days in advance in written or by e-mail. In case of emergency, the President or substituting for the President 1st Vice-President or Vice-President of the Management Board may order other way and term of notifying the Members on the date of the meeting.

Resolutions of the Management Board are passed by majority of votes. The Management Board is deemed as to be able to adopt the resolutions in case when although each member was efficiently notified on the meeting within the period of time enabling to be present, but the half of the total number of members is present on the meeting. The Management Board's meetings are held in the Company's registered office or in other place appointed by the President or Vice-President.

The Regulations of the Management Board determines in details the procedure for convening the Management Board's meetings, way of passing the resolutions including voting and making the minutes and the scope of matters for which the Management Board is entitled to pass the resolutions. Pursuant to the Regulations, the Management Board is obliged, within the period of time enabling to express the opinion on these documents, to prepare and submit to the Supervisory Board the financial statement and report on business activity for the previous fiscal year.

The Regulations of the Management Board is available on the website of SIMPLE S.A.: www.simple.com.pl

Composition of the management board in 2010

As of 1st Janaury 2010 the composition of the Management Board of SIMPLE S.A. was as follows:

Paweł Zdunek	– President of the Management Board
Przemysław Gnitecki	– Vice President of the Management Board

On 27th January 2010 the Supervisory Board appointed Mr. Michał Siedlecki to hold a position of Vice President of the Management Board.

On 14th June 2010 Mr. Paweł Zdunek resigned from the position of the President of the Management Board with an effect on 20th July 2010.

On 20th July 2010 the Supervisory Board appointed Mr. Bogusław Mitura to hold a position of President of the Management Board.

Supervisory Board

The Supervisory Board acts under the provisions of the Commercial Companies Code, Articles of Associations and Regulations of the Supervisory Board. The Supervisory Board is composed of five to eight Members elected by the General Meeting. The members of the first Supervisory Board are appointed for 1 year. The next members are elected for the three years term of office. The seats of the Members of the Supervisory Board expire with the lapse of the term of office of the Supervisory Board, which composition was elected, as of the date of the General Meeting, approving the financial statement for the previous fiscal year of holding the position of the Member of the Supervisory Board. The Members of the Supervisory Board may be re-elected. The Supervisory Board elects the Chairman, Deputy Chairman and Secretary from among its members. The Members of the Supervisory Board may be only the natural persons.

The independent member of the Supervisory Board is the person meeting the following conditions:

- This person cannot be Simple related Entity, Entity related to the Parent company of Simple or subsidiary of Simple and the subsidiary of Simple in the meaning of the Act on trading the securities,
- This person cannot be relative or relative to the second degree of the Simple's employee or the Entity belonged to Simple.

The Chairman convenes the meetings of the Supervisory Board and he chairs the meeting, in case of his absence-Deputy Chairman. The meetings of the Supervisory Board are held at least one per quarter. The convening of the Supervisory Board's meeting from the Management Board's initiative may occur upon its request submitted to the Chairman or Deputy Chairman. In such case the meeting of the Supervisory Board should be held at least within 14 days from the date of request. In the periods between the meetings of the Supervisory Board. The Chairman represents the Board towards the Management Board, and in case of his longer absence, the Deputy Chairman or other Member authorized by the Board perform this duty.

The resolutions of the Supervisory Board are valid when all members of the Board were notified on the date of the meeting in a manner specified by the Regulations. The Supervisory Board is entitled to adopt the important resolution in the presence at least 3/4 of elected composition of the Board. The resolutions of the Supervisory Board are passed by the absolute majority of votes present at the meeting and in case of equity of votes the vote of the Chairman is decisive.

The members of the Supervisory Board can participate in adopting the resolutions by voting in written or by the virtue of other member or using the communication at the distance.

The competences of the Supervisory Board include:

- Passing the regulation of work of the Supervisory Board,
- Appointing and recalling the President and other members of the Management Board,
- Constant supervision on the Company's business activity in all fields,
- Assessment of the report of the Management Board on business activity and financial statement for the previous year regarding the compliance with the records and documents as well as the actual state and the applications of the Board concerning the profit division or loss coverage and also submitting to the General Meeting of Shareholders the annual written statement on the results of such assessment,
- Determining the principles and amount of remuneration for the members of the Management Board,
- Expressing the opinion on requests and matters to be passes at the General Meeting,
- Suspending, because of important reasons, in the activity the particular or all members of the Board and also appointing the members of the Supervisory Board for the period not longer than 3 months, to temporary duties of the members of the Board, who are not able to perform their duties.
- Electing the statutory auditor to audit the annual statement on financial position,
- approving the annual financial plans.

In order to perform its duties the Supervisory Board is entitled to review all Company's documents and to require from the Management Board and employees the statements and explanations as well as to perform the revisions of the Company's property. The meetings of the Supervisory Board are held under the terms and manner specified in the Regulations of the Supervisory Board.

The Regulations of the Supervisory Board is available on the website of SIMPLE S.A.: www.simple.com.pl

Composition of supervisory board in 2010:

Within the period from 01.01.2010 to 31.01.2010 the Supervisory Board was composed of five persons:

- Elżbieta Zybert- Chairman of the Supervisory Board
- Józef Taran- Deputy Chairman of the Supervisory Board
- Andrzej Bogucki- Secretary of the Supervisory Board
- Marta Joanna Adamczyk- Member of the Supervisory Board
- Jacek Kuroś- Member of the Supervisory Board

COMPOSITION OF AUDIT COMMITTEE

The Supervisor Board of SIMPLE S.A. appointed under the resolution of 31st March 2009 the Audit Committee with the following composition:

- Elżbieta Zybert
- Józef Taran
- Jacek Kuroś

Recalling and appointment of proxies

On 22nd December 2009 basing on the Resolution of the Management Board, Mr. Andrzej Szlaski was recalled from the position of the Proxy of the SIMPLE S.A. Company.

Proceedings in progress before the court, entity competent for the arbitration proceeding or public administration entity

In 2010 there were not any proceedings in progress before court, entity competent for arbitration proceeding or public administration entity, which amount constitutes at least 10% of Issuer's equity.

*STATEMENT OF THE MANAGEMENT BOARD ON APPLICATION THE CORPORATE GOVERNANCE WAS
ACCEPTED BY THE MANAGEMENT BOARD ON 21.03.2011 AND SIGNED BY ALL MEMBERS:*

21-03-2011 Bogusław Mitura- President of the Management Board

.....

21-03-2011 Przemysław Gnitecki- Vice President of the Management Board

.....

21-03-2011 Michał Siedlecki-Vice-President of the Management Board,

.....

6. Opinion and report of the statutory auditor on audit of the financial statement of the Company for 2010

Table of contents:

OPINION OF AN INDEPENDENT STATUTORY AUDITOR

Błąd! Nie zdefiniowano zakładki.

REPORT SUPPLEMENTING THE OPINION FROM THE AUDIT OF THE FINANCIAL STATEMENT OF SIMPLE S.A. FOR THE FISCAL YEAR FROM 01.01.2010 TO 31.12.2010

Błąd! Nie zdefiniowano zakładki.

I. GENERAL PART

Błąd! Nie zdefiniowano zakładki.

II. DETAILED PART

Błąd! Nie zdefiniowano zakładki.

III. FINANCIAL ANALYSIS

Błąd! Nie zdefiniowano zakładki.

OPINION OF AN INDEPENDENT STATUTORY AUDITOR

for General Meeting of SIMPLE S.A. seated in Warsaw ul. Bronisława Czecha 49/51

- I. We carried out the audit of the attached separate financial statement of SIMPLE S.A. seated in Warsaw, ul. Bronisława Czecha 49/51("Company"), consisting of:
- 1) The financial statement prepared as for 31.12.2010, which assets and liabilities present the same amount 18,464 k PLN,
 - 2) The consolidated statement on comprehensive income for the fiscal year from 01.01.2010 to 31.12.2010 presenting the total comprehensive income in the amount of 2.058 k PLN,
 - 3) statement of changes in equity for the period from 01.01.2009 to 31.12.2009 presenting the increase of equity by the amount 1.336 k PLN,
 - 4) cash flow statement for the period from 01.01.2010 to 31.12.2010 presenting the decrease of the net pecuniary assets by the amount 743 k PLN,
 - 5) Additional information on applied accounting principles and other explanations.

The Management Board of the Company is responsible for preparing and reliable presentation of this individual financial statement and accuracy of the accounting books pursuant to the International Financial Reporting Standards, which were accepted by the European Union and other applicable regulations. This responsibility includes: design, implementation and maintenance of internal control related to preparation and reliable presentation of the financial statements free of discrepancies arisen as a result of willful actions or omissions, selection and application of proper accounting principles as well as accounting estimations applied to the circumstances.

Our task was, basing on carried audit, express the opinion and to prepare the report on this individual financial statement and the correctness of the accounting books being a base for it.

- II. The audit of the financial statement has been conducted according to the provisions of:
- 1) Chapter 7 of the Act of 29th September 1994 -Accounting Act (Dz. U. No. 152, of. 2009, item 1223 with further amendments),
 - 2) International Standards of Auditing
 - 3) Standards for the statutory auditor profession, issued by the National Council of the Statutory Auditors in Poland,

These regulations impose the obligation to observe the ethic principles and to plan and to carry out the audit so that to obtain the reasonable certain that the financial statement and accounting books being the base for it are free from any discrepancies. The audit consists of carrying out the procedures aimed at obtaining the evidences on amounts and information disclosed in the financial statement.

The selection of audit procedures depends on our opinion, including the material discrepancy risk as a result of willful actions or omissions. Carrying the assessment of such risk, we consider the internal control related to preparation and reliable presentation of the financial statement in order to plan the proper procedures to circumstances but not to express the opinion on efficiency of the internal control in the entity. This audit includes also the assessment of accuracy of applied accounting principles, the grounds for estimations made by the Management Board and the assessment of the general presentation of the financial statement.

We are convinced that obtained evidences are the sufficient base to issue an opinion.

III. In our opinion, the attached individual financial statement of SIMPLE S.A.:

- a) Presents in reliable and clear manner the financial and property condition of the audited company as for 31.12.2010, the other comprehensive income and cash-flows for fiscal year ending on this date,
- b) Was prepared in all material aspects pursuant to the International Financial Reporting Standards which were recommended by the European Union basing on the correctly kept, in all material aspects, accounting books,
- c) is compliant with the legal regulations and the provisions of the Articles of Association having an influence on the individual financial statement contents.

IV. The report on business activity of the Company includes, in all material aspects, information mentioned in Art. 49 sec. 2 of the Accounting Act and of the Ordinance of the Minister of Finances dated on 19th February 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. No. 33 of 2009, item 259 and further amendments) and the included information, coming from the audited financial statement, are compliant with it.

Statutory auditor:
entities authorized to

Anna Wiszejko, entered to the list of
Statutory auditors under the number 10030

The entity entered into the list of
audit under the number of 913:

DORADCA Auditors Sp. z o.o.
80-266 Gdańsk
ul. Grunwaldzka 212

Warsaw, March 21, 2011

**REPORT SUPPLEMENTING THE OPINION FROM THE AUDIT OF THE FINANCIAL STATEMENT OF
SIMPLE S.A. FOR THE FISCAL YEAR FROM 01.01.2010 TO 31.12.2010**

I. GENERAL PART

Data identifying the Company

Name of entity, legal form and address of seat office:

SIMPLE S.A. seated in Warsaw (04-555) ul. Bronisława Czecha 49/51.

Subject of activity:

The basic subject of activity is the business activity in the field of production and sale of IT software for the enterprises of all sectors and the distribution of the computer hardware.

Legal base of activity

The company was entered to the National Court Register under KRS number 0000065743, kept by the District Court for the Capital City Warsaw, 13th Business Department of the National Court Register on 26.11.2001

Tax identification number (NIP): 113-00-22-578

Statistical number (REGON): 012642634

Equity

The equity as for 31.12.2010 was 9.292 k PLN.

The share capital was 2.004 k PLN and was divided into 2.004 k shares with the nominal value 1.00 PLN each.

The Shareholders of the Company holding at least 5% of votes at the General Meeting of SIMPLE S.A. were as follows:

Shareholder	Number of shares	Interest in total number of shares	Number of votes	Interests of votes at the General Meeting
Bogusław Mitura	316 693	15.80%	696 693	25.24%
CRON Sp. z o.o.	558 088	27.85%	597 288	21.64%

Management Board of the Company

from 15th July 2009 to 26th January 2010: Paweł Zdunek President of the Management Board

Przemysław Gnitecki Vice President of the Management Board

from 27th January 2010 to 20th July 2010: Paweł Zdunek President of the Management Board

Przemysław Gnitecki Vice President of the Management Board

Michał Siedlecki Vice President of the Management Board

from 20th July 2010: Bogusław Mitura

President of the Management Board

Przemysław Gnitecki

Vice President of the Management Board

Michał Siedlecki

Vice President of the Management Board

Supervisory Board of the Company

From 9th September 2008:

Elżbieta Zybert Chairman of the Supervisory Board

Józef Taran Deputy Chairman of the Supervisory Board

Andrzej Bogucki Secretary of the Supervisory Board

Marta Joanna Adamczyk Member of the Supervisory Board

Jacek Kuroś Member of the Supervisory Board

Chief Accountant Regina Kuliś

Information on the financial statement for the previous fiscal year and profit division

The financial statement for 2009 was audited by the statutory auditor Anna Wiszejko, entered to the list of statutory auditors under the number 10030 acting on behalf of DORADCA Auditors Sp.z o.o. in Gdańsk- the entity entered to the list of the entities authorized to audit the financial statements under the number 913. This statement had no reservations.

The financial statement for 2009 was approved under the Resolution No. 6 of the General Meeting of SIMPLE S.A. of 22nd June 2010. Pursuant to the Resolution No. 7 of the General Meeting of SIMPLE S.A. of 22nd June 2010 the profit for the fiscal year from 1st January to 31st December 2009 in the amount of 899,703.73 PLN will be designated to be divided in the amount 701,366.40 PLN and the remained part in the amount 198,337.33 PLN to increase of the supplementary capital.

Pursuant to the law, the financial statement with required appendices was published in the Monitor Polski B No. 2490 of 17th December 2010 and submitted to the Register Court on 7th July 2010.

Data identifying the statutory auditor and entity authorized to audit financial statements

The audit of the financial statement of the SIMPLE S.A. was carried out by DORADCA Auditors Sp.z o.o. seated in Gdańsk, ul. Grunwaldzka 212, the entity entered to the list of entities authorized to audit under the number 913. The audit was carried out in the seat office of the Company in the period from 1st to 18th March 2010 under the agreement of 29th July 2010. The audit was preceded by the review of the financial statement for first six months of 2010. The selection of the auditor was made by the Supervisory Board under the Resolution No. VI/27/2010 adopted by electronic way on 27th July 2010.

DORADCA Auditors Sp. z o.o., members of its Management Board and other persons participating in the audit of the individual financial statement of SIMPLE S.A. meets the requirement of independency from the audited Company in the meaning of Art. 56 sec. 3 and 4 of the Act of 7th May 2009 on the Statutory Auditors and Their Self-Regulation, entities authorized to audit financial statements and on public supervision (Dz. U. 2009 No. 77 item 649 with subsequent amendments).

Scope of responsibility

This report was prepared for the General Meeting of SIMPLE S.A. and refers to the separate financial statement of the Company, composed of the financial statement prepared as for 31.12.2010, which assets and liabilities present the same amount 18,464 k PLN, the consolidated statement on comprehensive income for the fiscal year from 01.01.2010 to 31.12.2010 presenting the total comprehensive income in the amount of 2.058 k PLN, statement of changes in equity for the period from 01.01.2010 to 31.12.2010 presenting the increase of equity by the amount 1.336 PLN, cash flow statement for the period from 01.01.2010 to 31.12.2010 presenting the decrease of the net pecuniary assets by the amount 743 k PLN, additional information on applied accounting principles and other explanations.

The audited entity prepares the individual financial statements pursuant to the International Standards of Financial Reporting, which were recommended by the European Union.

The Management Board of the Company is responsible for preparing and reliable presentation of this individual financial statement and accuracy of the accounting books pursuant to the International Financial Reporting Standards, which were accepted by the European Union and other applicable regulations.

The entity's Management Board and the members of the Supervisory Board are obliged to ensure that the individual financial statement and the report on business activity comply with the requirements stipulated in the Accounting Act.

Our task was, basing on carried audit, to express the opinion and to prepare the report on this individual financial statement and the correctness of the accounting books being a base for it.

Data availability and Management Board statement

The audited entity made required data, information and explanations available for the statutory auditor. The Management Board submitted the statement on complete recognition of the data in the accounting books and presenting all contingent liabilities as well as informing on important events, which occurred after the balance date.

II. DETAILED PART

The assessment of the accounting system and internal control

Accounting policy

The Company prepares the financial statement pursuant to the International Financial Reporting Standards and International Accounting Standards. The Company has updated approved by the Management Board of the parent entity documents describing the accepted accounting policy, where the principles for assets and liabilities measurement and financial result were specified as well as the method of accounting books keeping. The corporate chart of accounts consisting of the list of accounts of main ledger and analytic accounts meets the requirements specified in the Accounting Act and International Financial Reporting Standards and International Accounting Standards.

Accounting books and documenting the economic operations

The accounting books of the Company are kept using the computer system SIMPLE.ERP. The system has proper securities against unauthorized access. The system of main ledger enables to prepare necessary records. At the end of each months the print outs, which were a subject of

processing, were made. The physical security of the access to microcomputers and data processing was accurate.

The accounting books met the requirement of reliability, verifiability and faultlessness and keeping the records in systematic and chronological order. The complete and proper accounting devices to analytic recording were used.

The documenting of the economic events were sufficient and clear. The principle of completion in documenting of the relevant records in the accounting books was observed. The documents before being accounted for were controlled in the formal and accounting aspect and decreed.

Stocktaking

The stocktaking concerned all property components for which the Accounting Act provides the obligation. The documents and settlement of stocktaking do not raise any reservation in substantial and formal aspect.

The completeness and accuracy of the additional information and explanations

The data included in the explanatory notes to the financial statement including the description of the material accounting principles and other explanatory information were presented, in all material aspects, as complete and accurate. These data constitutes the integral part of the individual financial statement.

Completeness and accuracy of the report on business activity of the Company The report on business activity of the Company includes, in all material aspects, information mentioned in Art. 49 sec. 2 of the Accounting Act and of the Ordinance of the Minister of Finances dated on 19th February 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. No. 33 of 2009, item 259 and further amendments) and the included information, coming from the audited financial statement, are compliant with it.

III. FINANCIAL ANALYSIS

The analysis of the individual financial statement

Statement of financial condition

ASSETS	31.12.2009		31.12.2010	
	tys. zł	struktura	tys. zł	struktura
Non-current assets				
Property, plant and equipment	1 188	7.8%	1 571	8.5%
Intangible assets	35	0.2%	3 945	21.4%
Shares and stocks in related entities	2 748	17.9%	2 748	14.9%
Long- term receivables	3	0.0%	2	0.0%
Assets due to the deferred income tax	206	1.3%	197	1.1%
Total fixed assets	4 180	27.3%	8 463	45.8%
Current assets				
Inventories	17	0.1%	52	0.3%
Trade receivables and other receivables	4 210	27.5%	7 637	41.4%
Short-term financial assets	205	1.3%	223	1.2%
Cash	2 314	15.1%	1 571	8.5%
Accrued and deferred assets and liabilities	4 386	28.6%	518	2.8%
Total current assets	11 132	72.7%	10 001	54.2%
SUM OF ASSETS	15 312	100.0%	18 464	100.0%
LIABILITIES	31 12 2009		31 12 2010	
	k PLN	structure	k PLN	structure
Equity				
Share capital	2 004	13.1%	2 004	10.9%

Own shares	0	0.0%	-21	-0.1%
Supplementary capital	5 053	33.0%	5 251	28.4%
Profit	899	5.9%	2 058	11.1%
Total equity	7 956	52.0%	9 292	50.3%
Long-term liabilities				
Credits and loans	2 238	14.6%	1 960	10.6%
Provisions	953	6.2%	894	4.8%
Other long-term liabilities	177	1.2%	681	3.7%
Total long-term liabilities	3 368	22.0%	3 535	19.1%
Short-term liabilities				
Credits and loans	295	1.9%	252	1.4%
Trade liabilities and other	1 581	10.3%	3 350	18.1%
Accrued and deferred assets and liabilities	2 112	13.8%	2 035	11.0%
Total short-term liabilities	3 988	26.0%	5 637	30.5%
SUM OF LIABILITIES	15 312	100.0%	18 464	100.0%

Statement on comprehensive income

	<i>01 01</i> <i>2009</i>	<i>- 31 12 2009</i>	<i>01 01</i> <i>2010</i>	<i>- 31 12 2010</i>
	k PLN	Share in the revenues from sale	k PLN	Share in the revenues from sale
Revenues from sale	17 549	100.0%	23 075	100.0%
Cost of sales	-9 766	-55.6%	-12 802	-55.5%
Gross profit from sales	7 783	44.4%	10 273	44.5%
Distribution costs	-3 011	-17.2%	-4 245	-18.4%
General administrative expenses	-3 741	-21.3%	-3 285	-14.2%
Other operating revenues	164	0.9%	256	1.1%
Other operating costs	-112	-0.6%	-131	-0.6%
Profit from operational activity	1 083	6.2%	2 868	12.4%
Financial income	317	1.8%	75	0.3%
Financial costs	-264	-1.5%	-342	-1.5%
Profit before tax	1 136	6.5%	2 601	11.3%
Income tax	-237	-1.4%	-543	-2.4%
Net profit	899	5.1%	2 058	8.9%
Components of other comprehensive income	0	0.0%	0	0.0%
TOTAL OTHER COMPREHENSIVE INCOME	899	5.1%	2 058	8.9%

Analysis of changes in last three years of business activity of the Company

The table below presents the basic amounts characterizing the business activity of the Company within 2008-2010 (data in k PLN)

category	2008	2009	2010	Change 2009- 2008	Change 2010- 2009
Balance sums	13 938	15 312	18 464	1 374	3 152
Non-current assets	4 817	4 180	8 463	-637	4 283
Current assets	9 121	11 132	10 001	2 011	-1 131
Trade receivables	2 852	4 078	7 250	1 226	3 172
Equity	7 057	7 956	9 292	899	1 336
Liabilities and provisions for liabilities	6 881	7 356	9 172	475	1 816
Trade liabilities	579	331	1 208	-248	877
Revenues from sale	16 353	17 549	23 075	1 196	5 526
Operating activity costs	15 529	16 518	20 332	989	3 814
Profit/loss on sales,	824	1 031	2 743	207	1 712
Gross result	499	1 136	2 601	637	1 465
Net result	424	899	2 058	475	'1 159

Ratio analysis

The table below presents the key ratios characterizing the financial and property condition of **SIMPLE S A** within 2008-2010

<i>Ratios</i>	<i>Method of calculation</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Return on net assets	Net profit * 100/ Revenues from sale	2.59%	5.12%	8.92%
Return on sales	Sales result * 100/ Revenues from sale	5.04%	5.87%	11.89%
Return on net property	Net profit * 100/ Total assets	3.04%	5.87%	11.15%
Return on equity	Net profit * 100/ Equity	6.01%	11.30%	22.15%
Current liquidity	Total current assets/ short-term liabilities	2.45	5.93	2.78
High liquidity	Current assets-Inventories/ Short-term liabilities	2.44	5.92	2.76
Cash liquidity	Pecuniary assets/short-term liabilities	0.50	1.23	0.44
Turnover ratio of trade receivables in days	Average state of trade receivables * 365/ Revenues from sale	60	72	90
Turnover ratio of trade liabilities in days	Average state of liabilities *365/ Materials and energy consumption+ Outsourced services+ Value of materials and goods sold	46	28	32
Turnover ratio of inventories	Average inventories * 365/ Value of goods and materials sold	10	10	7

Book value per one share	Equity/number of shares	3.52	3.97	4.64
Profit per one share	Net profit/number of shares	0.21	0.45	1.03
Structure of assets	Non-current assets *100 / Current assets	52.81%	37.55%	84.62%
Property financing structures	Equity/total assets	50.63%	51.96%	50.32%
Liabilities covering the property	Outsourced capitals Total assets	49.37%	48.04%	49.68%
Sustainability of financing (%)	Equity+ Long-term provisions and liabilities/ Non-current assets	65.52%	80.57%	41.77%

The year 2010 was the special year for the Company. The Company noted the increase of the revenues from sale by 5,526 k PLN that caused the increase of the result from sale by 1 712 k PLN

The profitability ratios illustrated the relation of the achievements to other economic categories. They inform on return on property and equity

The return on net assets and sale ratio illustrates how much of profit or loss brought one zloty of sale in the particular years

The return on property ratio indicates how much of profit or loss brought one zloty of the Company's property

The return on equity ratio informs on the amount of the profit worked out by one zloty invested by the equity's owner

The liquidity ratios are used to assess the entity's capacity to pay the current liabilities on time. Lowering the level of turnover ratios below the stipulated level says that the entity lost the capacity to pay the liabilities on time. The increase of the turnover ratios over the recommended level may prove that the current assets are frozen, that lowers the achievable return on equity

The liquidity ratios decreased in 2010 Their amounts at the end of 2010 significantly exceed the recommended levels, which are as follows, for current liquidity ratio- 1 5 – 2 0, and high liquidity ratio 1 0-1 2. The slight difference between the current liquidity ratio and high liquidity ratio results from the relatively low amount of inventories in comparison to the level of other current assets

The cash liquidity ratio at the end of 2010 indicates that as for the balance day the Company was able to repay 44% of its short-term liabilities

The level of the turnover ratio of the trade receivables amounting to 90 days in 2010 means that the Company is able to perform its receivables in three months period of time. This ratio significantly increased in 2010 that may be deemed as unfavorable.

The turnover ratio of liabilities in 2010 amounts to 32 days. Its amount shows that the SIMPLE S A pays its obligation during a month.

The book value per one share specifies the property of the Company, which is not burdened by the liabilities, per 1 share.

Calculates assets structure ratio indicates the high flexibility of the Company's property in the analyzed period - if this ratio exceeds 100% means that the property is immobilized.

The property to liabilities ratio and corresponding financing structure ratio informs that in 2010 the business activity of the Company was financed in half by the liabilities and thus 50% of the Company's property was covered by equity.

The sustainability of financing structure ratio set at the end of 2010 informs that the gold balance rule was met which says that the fixed assets should be financed by equity increased by long-term liabilities.

The ratio analysis shows that the business activity carried out in 2010 by the SIMPLE SA was profitable. The liquidity ratios set at the end of 2010 exceeded the stipulated levels. The turnover ratios remained at the good level. The financing structure ratios inform that the business activity of the Company is financed by equity in 50%. All these assumptions allow stating that there is no risk for going concern principle.

Anna Wiszejko

Statutory Auditor

Warsaw, March 21, 2011