SimplePons, Inc.
Form 10-K/A
June 18, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

or

¨ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________________ to ___________________________
Commission file number: 000-21134

SIMPLEPONS, INC.
(Exact name of registrant as specified in its charter)

Delaware	04-2893483
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

220 Congress Park Drive, Suite 304, Delray Beach, FL	33445
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 561-330-3500

Securities registered under Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	Not applicable

Securities registered under Section 12(g) of the Act:

Common Stock, par value $0.01 per share
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
o Yes x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

o Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.4.05 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

x Yes o No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company:

Large accelerated filer	£	Accelerated filer	£
Non-accelerated filer	£	Smaller reporting company	S

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

o Yes x No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked prices of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Approximately $0 on June 30, 2011

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 77,590,870 shares of common stock are issued and outstanding as of March 23, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). None.

Explanatory paragraph:

SimplePons, Inc. is filing this Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2011 to revise certain disclosure regarding the number of outstanding warrants and the exercise prices of those warrants in Part I. Item 1A. Risk Factors, Part II. Item 5. Market Price for Common Stock and Related Stockholder Matters, Part III. Item 12. Security Ownership of Certain Beneficial Owners and Management and Related

Shareholder Matters, and Notes 1(I) and 7 of the Notes to Consolidated Financial Statements contained therein. These revisions did not result in any change in our consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2011 as previously filed. This Form 10-K/A (Amendment No. 1) also contains currently dated certifications as Exhibits 31.1, 31.2, 32.1 and 32.2 hereof. The remaining Items in this Form 10-K/A (Amendment No. 1) consist of all other items originally contained in our Annual Report on Form 10-K for the year ended December 31, 2011 as filed on March 29, 2012.

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SIMPLEPONS, INC.

FORM 10-K/A

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This report includes forward-looking statements that relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Words such as, but not limited to, “believe,” “expect,” “anticipate,” “estimate,” “intend,” “plan,” “targets,” “likely,” “aim,” “will,” “would,” “could,” and similar expressio identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and future events and financial trends that we believe may affect our financial condition, results of operation, business strategy and financial needs. Forward-looking statements include, but are not limited to, statements about our:

- limited operating history,
- ability to continue as a going concern,
- history of losses and need to raise additional capital,
- ability to retain and add merchants,
- ability to effectively compete,
- ability to manage the growth of our company,
- potential infringement of intellectual property rights of others,
- limited trading market for our common stock and the applicability of the penny stock rules, and
- ability to use the anti-takeover provisions of our articles and bylaws.

You should read thoroughly this report and the documents that we refer to herein with the understanding that our actual future results may be materially different from and/or worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements including those made in Item A. Risk Factors. Other sections of this report include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Except for our ongoing obligations to disclose material information under the Federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events. These forward-looking statements speak only as of the date of this report, and you should not rely on these statements without also considering the risks and uncertainties associated with these statements and our business.

OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, when used in this report the terms “SimplePons", "we"", "our", the "Company" and similar terms refer to SimplePons, Inc., a Delaware corporation, and our wholly-owned subsidiary

SimplePons Operations, Inc., a Delaware corporation ("SimplePons Operations"). In addition, when used herein and unless specifically set forth to the contrary, "2011" refers to the year ended December 31, 2011, "2010" refers to the year ended December 31, 2010, and "2012" refers to the year ending December 31, 2012.

The information which appears on our website at www.simplepons.com is not part of this report.

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

Overview

SimplePons™ is a subscription-based e-commerce smartphone application (app), and savings deal book that offers consumers goods and services at substantially discounted prices, as well as buy one get one free offers ("BOGO") from local and national merchants. SimplePons' subscribers gain access to coupons offering savings that can be used throughout the calendar year at participating merchants and businesses in specific geographic regions, which we refer to as "geo territories".

Our business model leverages a traditional printed coupon book with a smartphone app that provides mobile access to all the discount coupons in our savings deal book. We believe the future to be in such mobile technology due to our belief of increased consumer sophistication, price efficiencies and superior ease of use. We believe the geo-location feature of our smartphone app enables subscribers to quickly search for available savings deal locations. Visitors and subscribers are able to browse and buy the SimplePons' electronic deals for their smartphone app or SimplePons savings deal books from our website at www.simplepons.com.

We believe we offer our subscribers a unique value proposition: the subscriber can recoup the entire cost of the app or savings deal book typically after using one or two coupons and can thereafter enjoy additional savings. Furthermore, unlike traditional printed coupon books, our app subscribers enjoy the benefit of having their coupon book available through their smartphones.

We believe in forming strong, long-term relationships with our merchant partners, as we believe we offer a more merchant-friendly solution, a better value proposition, and ultimately, a superior return on promotional investment to merchants than daily deal competitors as we neither share in the revenue nor charge a fee for participation. Given our emphasis on technology, we will assist them in understanding their business and customers, resulting in what we believe will be strong year-over-year merchant retention and better promotions.

The SimplePons deal book retails in two formats: traditional print format and an electronic format available as a smartphone app downloadable from the iTunes App Store. We are initially focusing on direct sales in connection with fundraising activities by schools, youth groups, sports teams and religious organizations. In the future, subject to, among other factors, sufficient available funds, we may explore and utilize multiple channels.

Our operating subsidiary was formed in February 2011 and through September 30, 2011 it was a development stage company. During the third quarter of 2011 we launched the beta version of our website at www.simplepons.com and completed our first smartphone app for the iPhone. We are developing additional mobile applications for use on Android smartphones, which we anticipate to be completed and available during the second quarter of 2012.

Our Strategy

Our objective is to combine leading edge communication technology with a traditional, time-proven business model – discount coupons – and become a key promotional tool to drive customers to merchants' doors.

Key elements of our strategy include the following, all of which are subject to availability of sufficient working capital:

• *Establish a world-class technology platform.* To build continuous value for our subscribers and merchants, we expect to invest significantly in developing a highly defensible, flexible and robust platform that can better target promotions and increase redemption and subscription rates whilst providing valuable marketing information to merchants.

• *Grow our subscriber base*. Our goal is to acquire and retain subscribers by delivering value, convenience and savings. We plan to invest in subscriber acquisition via various online marketing initiatives such as keyword search marketing, viral marketing, email, and social media sites such as Facebook and Twitter. In addition, we believe that our unique value proposition will further drive subscriber growth by word-of-mouth promotion.

• *Grow the number of merchants we feature*. To drive merchant growth we expect to make investments in our sales force, building merchant relationships and local expertise. As of the end of March 2012, we have in excess of 1,400 merchants.

• *Increase the number and variety of our products we offer*. We expect to launch a variety of new products in the next 12 months designed to increase the average revenue per subscriber, such as targeted or market-specific coupon books. Additionally, we intend to offer “super deals” that are a “daily deal” style component with exceptional limited time offers.

• *Increase the number of markets we serve*. Our initial geographic focus has been Florida and we are currently within 14 geo territories including Florida, Indiana, Virginia and South Carolina. Based upon our internal research, we believe there are approximately 175 additional geo territories nationwide with demographics favorable to our business model. We expect to continue to expand our geo territories over the next 12 months.

- *Develop multiple sales channels*. Historically, community and charitable organizations have been a primary distribution channel for printed discount coupon books. Our virtual fundraising platform enables these organizations to conduct entire fundraising campaigns electronically, thus eliminating the need for door to door selling, physical coupon books, counting orders and collecting cash or checks. We will seek to partner with affiliates who will display, promote and distribute our subscription based smartphone app to their users in exchange for a share of the revenue generated from sales of our smartphone app. We will also explore brick and mortar cross-promotion, private label bundles and corporate partnerships to derive sales.

The Market

The coupon industry is large, growing and has attractive consumer demographics: Over 3 billion coupons were redeemed in the U.S. in 2010 as 40% of consumers used more coupons in 2010 than 2009. Mobile coupon redemptions are projected to reach $2.4 billion by 2013. Based upon our internal research, over 40% of coupon “enthusiast” households have combined annual incomes exceeding $70,000.

SimplePons - our smartphone app and savings deal book

The smartphone app and deal book include coupons for fine and casual dining, fast food restaurants as well as recreational activities and entertainment venues contained within a specific geo territory. All our coupons offer significant value: typically 50% off or buy-one-get-one free. We do not include the type of “junk” coupons consumers might receive via third class mail. Our goal is to have in excess of 100 merchants with more than 300 deals in each geo territory to provide true value to our subscribers.

Ours is a subscription-based revenue model, with no charge to merchants, wherein we sell our territory-specific app or deal book, typically for $20 per year. We also have the ability to upsell subscribers multiple ways, including new geo territories, customized books and super deals.

Subject to the availability of sufficient working capital, over the next 12 months we intend to invest in several product enhancements, including: subscriber profile creation (e.g. listing of favorites); affiliate link generators, and widget generators to track sales.

Markets Served

SimplePons is presently geographically concentrated within the State of Florida, serving 14 geo territories, which we expect to expand to 30 by the end of second quarter 2012. In February 2012 we opened our first geo-territory outside Florida in northwest Indiana and Hampton Roads, VA.

Our Merchants

SimplePons targets local and national merchants for each geo territory. Merchants are obtained through a combination of direct sales and telemarketing. Our merchant agreements detail the terms of all coupons or discounts offered for a specific period of time which is generally one year.

To date, we have agreements with in excess of 1,400 merchants, including local businesses and regional and national chains such as Burger King, Jiffy Lube, Carvel, Omaha Steaks, and Honey Baked Ham. To date, our deal books comprise approximately 90% local merchants and approximately 10% regional and national merchants. We expect this mix to evolve as we gain a national footprint and develop our technology to provide better feedback to merchants regarding their customers and couponing initiatives. We believe that a strong base of national merchants will assist us to accelerate our growth by providing a foundation for rapid expansion into new geo territories.

Competition

The keystone of our strategy is to continue developing and refining our technology. We employ technology to improve the experience we offer to subscribers and merchants, and enhance the efficiency of our business operations.

We believe that our major competitors include Entertainment Promotions and Enjoy the City in the printed discount coupon sector and Groupon and Living Social from the daily deal sector. We believe we will have significant advantages over our competition, such as low customer acquisition costs, steady revenue stream from a subscription renewal model, higher merchant and subscriber retention and due to our technological focus, substantial potential to develop a sustainable and profitable business model. Most of our competitors, however, are well-established companies that have substantially greater brand recognition and financial resources than we have. There are no assurances we will ever effectively compete in our target market.

Intellectual property

We regard our domain name, trademarks, trade secrets and similar intellectual property as valuable to our business, and rely on trademark and copyright law, trade secret protection and confidentiality or license agreements with our employees, partners and others to protect our proprietary rights. We have applied for federal trademark on SimplePons™.

We own the rights to the domain name www.simplepons.com. However, as with phone numbers, we do not have and cannot acquire any property rights in an Internet address. The regulation of domain names in the United States and in other countries is also subject to change. Regulatory bodies could establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we might not be able to maintain our domain names or obtain comparable domain names, which could harm our business.

There can be no assurance that the steps taken by us will be adequate to prevent misappropriation or infringement of our proprietary property.

Regulation

We are subject to a number of domestic laws and regulations that affect companies conducting business on the Internet, many of which are still evolving and could be interpreted in ways that could harm our business. In the United States, laws relating to the liability of providers of online services for activities of their users and other third parties are currently being tested by a number of claims. These regulations and laws may involve taxation, tariffs, subscriber privacy, data protection, content, copyrights, distribution, electronic contracts and other communications, consumer protection, the provision of online payment services and the characteristics and quality of services. It is not clear how existing laws governing issues such as property ownership, sales and other taxes, libel and personal privacy apply to the Internet as the vast majority of these laws were adopted prior to the advent of the Internet and do not contemplate or address the unique issues raised by the Internet or e-commerce. Accordingly, adverse legal or regulatory developments could substantially harm our business.

Many states have passed laws requiring notification to subscribers when there is a security breach of personal data. There are also a number of legislative proposals pending before the U.S. Congress and various state legislative bodies concerning data protection. It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our data practices. If so, in addition to the possibility of fines, this could result in an order requiring that we change our data practices, which could have an adverse effect on our business. Furthermore, the Digital Millennium Copyright Act has provisions that limit, but do not necessarily eliminate, our liability for linking to third-party websites that include materials that infringe copyrights or other rights, so long as we comply with the statutory requirements of this act. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business.

We are or may be subject to similar laws and regulations in jurisdictions outside of the United States.

Employees

In addition to our four executive officers, at March 22, 2012, we had 19 full time employees.

Consultants

In an effort to contain our initial operating expenses while gaining access to the specialized services we need to rapidly grow our company, we expect to rely heavily on outside consultants to provide us with a wide range of expertise. Our current consulting arrangements include:

- In May 2011 SimplePons Operations hired Grip'd LLC, a software development firm, to provide a comprehensive menu of services to us, including the development of our smartphone app and our website. We chose to outsource these tasks as opposed to hiring a full time software developer to maintain low overhead while availing our company of the services of a successful developer with experience in creating the latest in technology-based applications.

- In May 2011 SimplePons Operations entered into a one year agreement with Brainard Ventures LLC to provide us with management consulting, business advisory, strategic planning and investor relations services. As compensation, we paid this firm $100,000 and issued it 4,000,000 shares of SimplePons' common stock valued at $200,000. On February 3, 2012, the Company agreed to amend a May 18, 2011 consulting agreement to pay the consultant an additional $30,000.

- In August 2011 SimplePons Operations entered into a two year consulting agreement with Mr. Emilio DiSanluciano to provide a variety of services to us, including industry analysis, identifying and introducing potential strategic partners to our company, evaluations of competitors and development of strategies to increase our competitiveness and advice on effective management of relationships with investment banking firms. As compensation for these services, SimplePons Operations issued Mr. DiSanluciano 4,000,000 shares of our common stock valued at $200,000. Mr. DiSanluciano, an investor in SimplePons Operations, is a principal of Felix Investments, LLC, a boutique venture capital broker dealer. In February 2012 we engaged Felix Investments, LLC to serve as our exclusive financial advisor under the terms of a one year agreement.

- In August 2011 SimplePons Operations also entered into a two year consulting agreement with Mr. Herb Tabin to provide advice to us regarding the continuing strategic analysis of our business objectives and balancing these objectives with the expectations of the financial markets, the preparation and implementation of a strategic plan for our company, with a view towards enabling us to achieve our financial goals, the development and implementation of a "going public" transaction which results with our company becoming quoted on the OTCBB and in-depth consultations with our senior management to determine the amount and structure of the capital sought by us. As compensation for these services, SimplePons issued Mr. Tabin, an early stage investor in SimplePons Operations, 2,000,000 shares of our common stock valued at $100,000.

Our History

From our incorporation in 1985 through 1999, we operated under the name Procept, Inc., as a biotechnology company engaged in the development and commercialization of novel drugs with a product portfolio focused on infectious diseases and oncology. During fiscal 2000, we closed our research facilities and out-licensed products which had been under development by us for several years.

In January 2000, we acquired Heaven's Door Corporation, a company that provided products and services over the Internet. Effective with the acquisition of Heaven's Door, our name was changed from Procept, Inc. to HeavenlyDoor.com, Inc. At the same time, Procept, Inc. became the new name of our subsidiary, Pacific Pharmaceuticals, Inc., a company engaged in the development of cancer therapies, which we acquired in March 1999. After a sustained period of deterioration in the Internet and technology sectors and related capital markets, we decided, in the fourth quarter of 2000, to discontinue the pursuit of our Internet strategy. Shortly thereafter, we entered into an agreement to sell all of our Web-based assets and Internet operations and ceased our Internet activities. In connection with this agreement, we changed our name, on December 31, 2000, from HeavenlyDoor.com, Inc. to Paligent Inc.

From 2001 until the transaction with IFLC, we were a shell company as that term is defined in the Securities Act.

On November 29, 2006, we acquired IFLC, then known as International Fight League, Inc., a privately held Delaware corporation, pursuant to an agreement and plan of merger, dated as of August 25, 2006, by and among us, our wholly owned subsidiary, and IFLC. Immediately following the merger, we changed our name to International Fight League, Inc. and continued to operate the business of organizing and promoting a mixed martial arts sports league under the name "International Fight League." We discontinued our operations during the quarter ended September 30, 2008, and on September 15, 2008, our wholly-owned subsidiary, IFLC, through which we conducted our operations and which held substantially all of our assets, voluntarily filed a petition for reorganization relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. IFLC's bankruptcy case is docketed as *In re IFL Corp.*, Case No. 08-13589 (MG).

On November 17, 2008, IFLC sold substantially all of its assets to HD Net for $650,000 in cash plus the assumption of certain of IFLC's obligations, pursuant to a sale under Section 363 of the Bankruptcy Code which was approved by the Court on October 28, 2008. In connection with the sale of substantially all of our assets to HD Net, the assets sold included the name "International Fight League," our corporate name. After confirmation of the plan filed with the bankruptcy court and the sale to HD Net, we had no ongoing business operations. Upon the closing of this transaction, we became a "shell company" as that term is defined under federal securities laws.

On January 11, 2010, Insurance Marketing Solutions LLC purchased 730,941 shares of our Series A Convertible Preferred Stock pursuant to the terms of a Series A Preferred Stock Purchase Agreement. The Series A Preferred Stock was convertible into an aggregate of 1,827,353, shares of our common stock. This transaction resulted in a change of control of our company. All shares of our Series A Preferred Stock have subsequently been converted into common stock.

In November 2011 we acquired SimplePons Operations in a reverse merger. At closing, in exchange for all of the issued and outstanding capital stock of SimplePons Operations we issued the holders of those shares 74,910,000 shares of the our common stock, which, after giving effect to the stock repurchase described below, represented approximately 97.4% of our outstanding common stock. At closing, we also issued the SimplePons Operations' stockholders who were also warrant holders common stock purchase warrants to purchase 20,010,000 shares of our common stock at an exercise price of $0.25 per share in exchange for identical three year warrants to purchase SimplePons Operations' common stock which were held by the warrant holders immediately prior to closing. Upon the closing of the reverse merger, our sole officer and director resigned and simultaneously with the reverse merger a new board of directors and new officers were appointed. In connection with the reverse merger, we exited shell status and our business and operations are now those of SimplePons Operations entered into a stock repurchase agreement with our then principal stockholder and an affiliate of our then sole officer and director, pursuant to which SimplePons Operations purchased 2,024,706 shares of our common stock for $335,000. Following such purchase, these shares were cancelled and returned to the status of authorized but unissued shares of our common stock. Concurrent with the closing of the reverse merger, we exited shell status and our business and operations are now those of SimplePons Operations.

In December 2011, we changed our name to SimplePons, Inc. In December 2011, we also effected a forward stock split of all of the outstanding shares of our common stock at a ratio of two for one (2:1).

ITEM 1.A RISK FACTORS.

Before you invest in our securities, you should be aware that there are various risks. You should consider carefully these risk factors, together with all of the other information included in this annual report before you decide to purchase our securities. If any of the following risks and uncertainties develop into actual events, our business, financial condition or results of operations could be materially adversely affected.

Risks Related to Our Business

We are an early stage company with a very limited operating history on which to evaluate our business or base an investment decision.

Our business prospects are difficult to predict because of our early stage of development, our unproven business strategy and our unproven product. We have generated minimal revenue since the inception of SimplePons Operations in February 2011. We face numerous risks and uncertainties in implementing our business plan. In particular, we have not proven that we can:

- develop our product offering in a manner that enables us to generate significant and consistent revenue, be profitable and/or meet our customers' requirements;
- develop and maintain relationships with key customers and strategic partners that will be necessary to optimize the market value of our products and services;
- raise sufficient capital in the public and/or private markets to, among other things, fund and/or expand our business until we generate sufficient cash flow to internally fund and/or expand our proposed business; or
- respond effectively to competitive pressures.

If we are unable to accomplish these goals, our business is unlikely to succeed and you will lose your entire investment. Accordingly, you should consider our prospects in light of these risks, challenges and uncertainties.

Our auditors have raised substantial doubts as to our ability to continue as a going concern.

Our financial statements have been prepared assuming we will continue as a going concern. Since the inception of SimplePons Operations in February 2011, we have experienced substantial and recurring losses from operations, which losses have caused an accumulated deficit of $831,590 at December 31, 2011. While we began generating minimal revenues in the fourth quarter of 2011, we continue to experience operating losses. We have been and expect to continue funding our business until, if ever, we generate sufficient cash flow to internally fund our business, with and through sales of our securities, including to insiders and our affiliates. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty. We anticipate that our operating expenses will continue to increase and we will continue to incur substantial losses in future periods until we are successful in significantly increasing our revenues and cash flow. There are no assurances that we will be able to increase our revenues and cash flow to a level which supports profitable operations and provides sufficient funds to pay our obligations. If we are unable to meet those obligations, we could be forced to cease operations in which event investors would lose their entire investment in our company.

We have incurred net losses since inception and we expect our operating expenses to increase significantly in the foreseeable future.

We incurred net losses of $831,590 from inception through December 31, 2011, and had an accumulated deficit of approximately $831,590 at December 31, 2011. We anticipate that our operating expenses will continue to increase substantially in the foreseeable future as we continue to expand our marketing channels, expand our operations, hire additional employees and develop our technology platform. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. Many of our efforts to generate revenue from our business are new and unproven, and any failure to increase our revenue could prevent us from attaining or increasing profitability. We cannot be certain that we will be able to attain or increase profitability on a consistent and substantial basis. If we are unable to effectively manage these risks and difficulties as we encounter them, our business, financial condition and results of operations will suffer, which would, in all likelihood, cause investors to lose their entire investment in our company.

We will need additional financing which we may not be able to obtain on acceptable terms, if at all. If we cannot raise additional capital as needed, our ability to continue our operations and/or grow our company could be in jeopardy.

Capital is needed for the effective development and expansion of our business. Our future capital requirements, however, depend on a number of factors, including our ability to internally grow our revenues, free cash flow and achieve significant and consistent profitability, manage our business and control our expenses. In order to implement our business strategy, we will need to raise additional capital. We do not have any firm commitments to provide any additional capital and we anticipate that we will have certain difficulties raising capital given the limited operating history of our company. Accordingly, we cannot assure you that additional working capital will be available to us upon terms acceptable to us, if at all. If we are subsequently unable to raise additional funds as needed, our ability to implement our business plan and grow our company will be in jeopardy and investors risk losing their entire investment.

If we fail to retain existing merchants or add new merchants, our revenue and business will be harmed.

The success of our business will depend on a number of factors including, but not limited to, our ability to attract and retain merchants that are prepared to offer products or services on compelling terms through our marketplace. We do not have long-term arrangements to guarantee the availability of deals that offer attractive quality, value and variety to consumers or favorable payment terms to us. We must continue to attract and retain merchants in order to increase revenue and achieve profitability. If we are unable to attract new merchants in numbers sufficient to materially grow our business, or if too many merchants are unwilling to offer products or services with compelling terms through our marketplace or offer favorable payment terms to us, we may sell fewer SimplePons and our operating results will be adversely affected.

Our business is highly competitive. Competition presents an ongoing threat to the success of our business.

We expect competition in e-commerce generally, and group buying in particular, to continue to increase because there are no significant barriers to entry. We compete against a number of large companies including, but not limited to, Groupon and Living Social, and expect to compete against other large Internet and technology-based businesses, such as Google and Microsoft, each of which has launched initiatives which are competitive to our business. We also expect to compete against other Internet sites that are focused on specific communities or interests and offer coupons or discount arrangements related to such communities or interests. We also compete with traditional offline coupon and discount services, as well as newspapers, magazines and other traditional media companies who provide coupons and discounts on products and services. Moreover, in the future, additional competitors may enter into our business area. Substantially all of our current and future competitors have (or will have) substantially greater capital and employees than us. There are no assurances we will ever effectively and successfully compete in our market.

We cannot assure you that we will be able to manage the growth of our organization effectively.

We currently expect to experience rapid growth in demand for our products if we are able to penetrate new markets. Any future successful growth and/or expansion of our business and product offerings will place significant demands on our management and our operational and financial resources. We will be required to manage multiple relations with various merchants, subscribers, technology licensors and other third parties. In the event of further growth of our operations or in the number of our third-party relationships, our information technology systems or our internal controls and procedures may not be adequate to support our operations. To effectively manage our proposed growth, we must continue to implement operational plans and strategies, improve and expand our infrastructure of people and information systems, and train and manage our employee base. There are no assurances our efforts will be effective.

We may face intellectual property infringement or other claims against us or our intellectual property that could be costly to defend and result in our loss of significant rights.

Although we believe that our software and other trade secrets used in our operations do not infringe upon the rights of others, there are no assurances that a claim of infringement will not be made against us. In the event of infringement, we could, under certain circumstances, be required to obtain a license or modify aspects of the technology and trade secrets we developed or refrain from using same. We may not have the necessary financial resources to defend an infringement claim made against us or be able to successfully terminate any infringement in a timely manner, upon acceptable terms and conditions or at all. Failure to do any of the foregoing could have a material adverse effect on us and our financial condition. Moreover, if the technology or trade secrets we developed or use in our business are deemed to infringe upon the rights of others, we could, under certain circumstances, become liable for damages, which could have a material adverse effect on us and our financial condition.

Risk Related to Our Common Stock

Our common stock is currently quoted on the OTC Bulletin Board, but trading in the securities is limited.

Currently, our common stock is quoted on the OTC Bulletin Board. The market for these securities is extremely limited and there are no assurances an active market for either security will ever develop.

Provisions of our certificate of incorporation and bylaws may delay or prevent a take-over which may not be in the best interests of our stockholders.

Provisions of our certificate of incorporation and bylaws may be deemed to have anti-takeover effects, which include when and by whom special meetings of our stockholders may be called, and may delay, defer or prevent a takeover attempt. In addition, certain provisions of the Delaware General Corporation Law also may be deemed to have certain anti-takeover effects which include that control of shares acquired in excess of certain specified thresholds will not possess any voting rights unless these voting rights are approved by a majority of a corporation's disinterested stockholders.

Further, our certificate of incorporation authorizes the issuance of up to 5,000,000 shares of preferred stock with such rights and preferences as may be determined from time to time by our board of directors in their sole discretion. Our board of directors may, without stockholder approval, issue series of preferred stock with dividends, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of our common stock.

The tradability of our common stock is limited under the penny stock regulations which may cause the holders of our common stock difficulty should they wish to sell the shares.

Because the quoted price of our common stock is less than $5.00 per share, our common stock is considered a “penny stock,” and trading in our common stock is subject to the requirements of Rule 15g-9 under the Securities Exchange Act of 1934. Under this rule, broker/dealers who recommend low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements. The broker/dealer must make an individualized written suitability determination for the purchaser and receive the purchaser’s written consent prior to the transaction.

SEC regulations also require additional disclosure in connection with any trades involving a “penny stock,” including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and its associated risks. These requirements severely limit the liquidity of securities in the secondary market because few broker or dealers are likely to undertake these compliance activities and this limited liquidity will make it more difficult for an investor to sell his shares of our common stock in the secondary market should the investor wish to liquidate the investment. In addition to the applicability of the penny stock rules, other risks associated with trading in penny stocks could also be price fluctuations and the lack of a liquid market.

All of our outstanding common shares are “restricted securities” and we have outstanding options, warrants and a convertible note to purchase approximately 27% of our currently outstanding common stock.

At March 23, 2012 we had 77,590,870 shares of common stock outstanding together with outstanding options and warrants to purchase an aggregate of 24,979,412 shares of common stock at exercise prices of between $0.25 and $250 per share together with a note which is convertible into 400,000 shares of our common stock. All our outstanding shares of common stock at March 23, 2012, are "restricted securities." Future sales of restricted common stock under Rule 144 or otherwise could negatively impact the market price of our common stock. In addition, in the event of the exercise of the warrants and/or options and/or convertible note, the number of our outstanding common stock will increase by almost 21%, which will have a dilutive effect on our existing stockholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

Not applicable to a smaller reporting company.

ITEM 2. DESCRIPTION OF PROPERTY.

Our principal executive offices are located in approximately 3,200 square feet of office space which we lease from an unaffiliated third party under the terms of a three year agreement expiring in December 2014. Under the terms of the lease, the annual base rent and our share of the operating expenses will range from approximately $60,000 in year one to approximately $62,000 in year three.

ITEM 3. LEGAL PROCEEDINGS.

We are not a party to any pending or threatened litigation.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable to our company.

PART II

ITEM 5. MARKET FOR COMMON STOCK AND RELATED SHAREHOLDER MATTERS.

Our common stock is quoted in the OTC Bulletin Board under the symbol “QPON.” The reported high and low last sale prices for the common stock are shown below for the periods indicated. The quotations reflect inter-dealer prices, without retail mark-up, markdown or commission, and may not represent actual transactions. The historical share prices in this table have been adjusted to give effect to the forward stock split of our common stock in December 2011.

	High	Low
2010		
First quarter ended March 31, 2010	$2.40	$0.50
Second quarter ended June 30, 2010	$1.125	$0.375
Third quarter ended September 30, 2010	$0.85	$0.10
Fourth quarter ended December 31, 2010	$2.00	$0.10
2011		
First quarter ended March 31, 2011	$1.20	$1.00
Second quarter ended June 30, 2011	$0.275	$0.275
Third quarter ended September 30, 2011	$0.275	$0.275
Fourth quarter ended December 31, 2011 [(1)]	$4.00	$0.20

(1) We acquired SimplePons Operations in the reverse merger on November 11, 2011.

The last sale price of our common stock as reported on the OTC Bulletin Board on March 5, 2012 was $0.55 per share. As of March 23, 2012, there were approximately 150 record owners of our common stock.

Dividend Policy

We have never paid cash dividends on our common stock. Under Delaware law, we may declare and pay dividends on our capital stock either out of our surplus, as defined in the relevant Delaware statutes, or if there is no such surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. If, however, the capital of our company, computed in accordance with the relevant Delaware statutes, has been diminished by depreciation in the value of our property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, we are prohibited from declaring and paying out of such net profits and dividends upon any shares of our capital stock until the deficiency in the amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets shall have been repaired.

Registration Rights Granted to Our Shareholders

We have previously agreed to register an aggregate of 42,950,000 shares of our common stock, including 22,290,000 shares which are currently outstanding and 20,660,000 shares underlying warrants which are exercisable at prices ranging from $0.25 to $0.50 per share, which were either sold in prior offerings or shares which were outstanding at the time of the reverse merger. We expect to file a resale registration statement with the SEC covering these shares during the second quarter of 2012.

Recent Sales of Unregistered Securities

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable to a smaller reporting company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations for 2010 and 2009 should be read in conjunction with the financial statements and the notes to those statements that are included elsewhere in this report. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the Item 1A. Risk Factors, Cautionary Notice Regarding Forward-Looking Statements and Business sections in this Form 10-K. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

Overview

Prior to the reverse merger with SimplePons Operations, we were a "shell company" as that term is defined in federal securities laws. The transaction with SimplePons Operations was accounted for as a reverse merger and recapitalization of SimplePons Operations whereby SimplePons Operations was considered the acquirer for accounting purposes. As such, our business and operations are now those of SimplePons Operations.

We generate revenue from the sale of our savings deal book which will be available in both a printed format and an electronic format accessible through our smartphone app. Our customers are obtained through a series of different marketing activities including fundraisers at schools, sports groups, little leagues and other local religious and civic groups that are seeking to raise money for their organizations.

In October 2011 SimplePons Operations completed its initial round of capital raising resulting in gross proceeds to it of $1,000,500. Subsequent to that date we raised an additional $315,000 through the sale of equity and debt. Although we do not have any commitments for capital expenditures, we will need to raise substantial additional capital to provide funding for marketing, technology development, additional sales and customer service personnel, and our operating infrastructure. Given the small size of our company, the early stage of our operations, we may find it difficult to raise sufficient capital to meet our needs. If we are unable to access capital as needed, our ability to grow our company is in jeopardy and absent a significant increase in our revenues we may be unable to continue as a going concern.

Going Concern

We have incurred net losses of $831,590 since inception through December 31, 2011. The report of our independent registered public accounting firm on our financial statements for the period of inception (February 7, 2011) through December 31, 2011 contains an explanatory paragraph regarding our ability to continue as a going concern based upon our net loss and cash used in operations. These factors, among others, raise substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might result from the outcome of this uncertainty. There are no assurances we will be successful in our efforts to generate revenues or report profitable operations or to continue as a going concern, in which event investors would lose their entire investment in our company.

Results of Operations

As of December 31, 2011, we had exited development stage and begun generating revenues. Our operating expenses for the period from inception (February 7, 2011) through December 31, 2011 consist primarily of salary expense, consulting fees, legal and professional fees and selling, general and administrative expenses. We expect our expenses in each of these areas to continue to increase during 2012 and beyond as we expand our operations. However, we are unable at this time to estimate the amount of the expected increases.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate sufficient cash to satisfy its needs for cash. At December 31, 2011 we had working capital $364,043. Our current assets at December 31, 2011, included cash, inventory, prepaid and other current assets. Prepaid and other current assets primarily represent prepaid consulting fees which are being amortized over the term of the consulting agreements. Our current liabilities at December 31, 2011 included accrued expenses representing accrued commissions, payroll and payroll taxes, together accrued salary - officers which represents accrued but unpaid compensation due our executive offices together with related payroll taxes. Through December 31, 2011, our executive officers have deferred $92,339 of compensation due them in order to conserve our cash resources.

Net cash used in operating activities for the period of inception (February 7, 2011) through December 31, 2011 primarily consisted of our net loss adjusted for certain non-cash items such as depreciation and stock based compensation as well as changes in working capital. Net cash used in investing activities for the period of inception (February 7, 2011) through December 31, 2011 primarily consisted of the costs associated with registering a trademark, and other costs for the startup of the SimplePons business. Net cash provided by financing activities for the period of inception (February 7, 2011) through December 31, 2011 represented proceeds to SimplePons from the sale of its securities in a private placement.

Critical Accounting Policies

Website Development

We have adopted the provisions of FASB Accounting Standards Codification No. 350 *Intangible-Goodwill and Other*. Costs incurred in the planning stage of a website are expensed, while costs incurred in the development stage are capitalized and amortized over the estimated three year life of the asset. During the period February 7, 2011(Inception) to December 31, 2011, we incurred $114,612 in website development costs. The website was put into service on September 30, 2011. Amortization for the period February 7, 2011(Inception) to December 31, 2011 was $8,301.

Stock-Based Compensation

We recognize compensation costs to employees under FASB Accounting Standards Codification No. 718, *Compensation – Stock Compensation*. Under FASB Accounting Standards Codification No. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options, restricted share plans, performance based awards, share appreciation rights and employee share purchase