



Management Report
of Quantum software S.A. for the period between
January 1st and December 31st, 2010.

Kraków 21 March 2011

Kraków, 21 March 2011

Letter of the President of the Management Board

Dear Ladies and Gentlemen,

On behalf of the Management Board of Quantum software S.A., I hereby present you with the Management Report for 2010, where you can find not only the information on our financial performance but also the most important highlights and events of the past year.

For the Quantum Capital Group it was the time of intensive work aimed – as in 2008 and 2009 – at strengthening its business position in Central and Eastern European markets as well as development of own product portfolio. For neighbouring countries, it was another year in a row when they were affected by crisis or stagnation, although there are signs of slow recovery in investments. The crisis was (and still is) particularly felt in Ukraine, which is the second largest market for Quantum, right after the domestic market. Although in Ukraine we are the leading supplier of warehouse software, and the economic condition of our subsidiary there is good, the double-digit percentage decline in income has significantly influenced the entire Group's bottom line. Nevertheless, the "eastern direction" is still of strategic importance for Quantum and we are going to develop our business there in a long-term perspective. 2011 will be the first year of our subsidiary in Russia and the time when the comprehensive portfolio of our latest products will debut on the local markets.

Another determinant for the Company's performance last year is the scale of R&D investments, further consolidated with subsidies for two EU projects within the framework of the 'Innovative Economy' programme. In December 2010, we completed a 3-year implementation plan for those projects. Brand new modules of the Qguar suite are already attracting customers and we hope that these new areas (such as production logistics) will put the Company back on the track of rapid growth.

At the end of the last year, the Management Board decided to establish provisions for several large receivables, which had proved difficult to collect mainly due to the customers' financial situation. Moreover, serious problems were encountered by our subsidiary specialising in sales of SAP solutions (CNT-Quantum). A large drop in sales, severe losses and, above all, bleak prospects for future determined the Management Board's definite decision to reevaluate its stake in

the company. Both factors are the reasons for which we are closing the year 2010 with a loss of more than one million.

Definitely good news is the rapid growth in income of our new company, EDISONDA. It should be mentioned, however, that due to its size, this business still has an insignificant impact on the Group's performance. With much satisfaction, indeed, we received the prestigious Quality of the Year 2009 award, and a certificate in the competition: Innovator of the Malopolska Region 2010.

Taking into account the newly signed contracts, new – already completed – products and long-term history of contract-based cooperation with a large customer base, we hope that 2011 will bring a breakthrough – both in terms of income growth and significant improvement in profitability. Excellent testimonials of our current customers open the doors to acquiring new markets for our products and services. I am convinced that the hard work in recent years will ultimately translate into the tangible success, also evidenced by the price of our shares.

Yours faithfully,

Tomasz Hatala

President of the Management Board

PRINCIPLES GOVERNING PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

These annual financial statements have been prepared in line with the International Accounting Standards. All figures stem from the books or off-balance-sheet records. Methods for valuation of assets and equity and liabilities as well as measurement of profit/loss are presented in the financial statements.

This Management Report of Quantum software S.A. covers the period between January 1st and December 31st, 2010.

The annual report of Quantum software S.A. for the reporting period between 01.01.2010 and 31.12.2010 comprises:

- The Issuer's financial statements for the reporting period between 01.01.2010 and 31.12.2010 and as at 31.12.2010 prepared in line with the International Accounting Standards, including balance sheet, income statement, statement of changes in equity, cash flow statement and the notes;
- Comparative financials to the financial statements as at 31.12.2009 and for the period of 12 months ending on 31.12.2009;
- The Issuer's Management Report for the period between 01.01.2010 and 31.12.2010;
- Statements of the Management Board in line with Article 91 para. 1 item 5) and 6) of the Regulation of the Minister of Finance of February 19th, 2009 on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state.

Signatures of Members of the Management Board

Tomasz Hatala
Bogusław Ożóg
Marek Jędra
Tomasz Mnich

Person responsible for
bookkeeping
Chief Accountant
Monika Kuś

1. **Basic information**

Quantum software Spółka Akcyjna; 30-633 Kraków, ul. Walerego Sławka 3A. The Company's business focus is software consultancy. Quantum software S.A. was entered into the Register of Businesses of the National Court Register (KRS) Kraków – Śródmieście, XI Economic Division on October 30th, 2002 under KRS No. 0000136768; PKD (Polish Classification of Activities) No. 72.2 "Software activities".

According to the Statutes, the duration of the Company is unlimited.

Composition of the Management Board:

Tomasz Hatala – President of the Management Board

Bogusław Ożóg – Vice-President of the Management Board

Marek Jędra – Vice-President of the Management Board

Tomasz Mnich – Member of the Management Board

Supervisory Board:

Leopold Kutyla – Chairman of the Supervisory Board

Tomasz Polończyk – Deputy Chairman of the Supervisory Board

Anna Nadolska – Member of the Supervisory Board

Jerzy Majewski – Member of the Supervisory Board

Henryk Gaertner – Member of the Supervisory Board

As at 31.12.2010, the Company is a parent for the following entities:

1) Business name: Quantum East Sp. z o.o. – subsidiary

Registered office: Kraków

Address: Walerego Sławka 3a

National Court Register (KRS): 0000294284

Shareholders: 66.7% of shares held by Quantum software S.A.

Founding capital fully paid up: PLN 270,000.00

2) Business name: Quantum International Sp. z .o.o. – subsidiary

Registered office: Kiev

Address: Prospect Moskovskij

certificate No. 100107724

Shareholders: 100% of shares held by Quantum East

Founding capital fully paid up: USD 76,200

3) Business name: CNT Quantum Sp. z o.o. – related party

Registered office: Kraków
 Address: Walerego Sławka 3a
 National Court Register (KRS): 0000297249
 Shareholders: 48.20% of shares held by Quantum I - Services Sp. z o.o.
 Founding capital fully paid up: PLN 410,500.00

4) Business name: Quantum I - Services Sp. z o.o. – subsidiary

Registered office: Kraków
 Address: Walerego Sławka 3A
 National Court Register (KRS): 0000331050
 Shareholders: 100% of shares held by Quantum software S.A.
 Founding capital fully covered by in-kind contribution: PLN 1,500,000.00

5) Business name: Edisonda Sp. z o.o. – subsidiary

Registered office: Kraków
 Address: Walerego Sławka 3A
 National Court Register (KRS): 0000335987
 Shareholders: 100% of shares held by Quantum software S.A.
 Founding capital fully paid up: PLN 88,800.00

2. Financial performance of the Issuer in 2010

Financial highlights in the Issuer's income statement

| Details | 2010 (in PLN '000) | 2009 (in PLN '000) |
|----------------------------------------------------------|------------------------|------------------------|
| Net sales | 15 426 | 16 054 |
| Net sales of products | 12 967 | 14 439 |
| Net sales of goods and materials | 2 459 | 1 615 |
| Profit on sales | 324 | - 354 |
| Operating profit/loss (EBIT) | - 44 | - 461 |
| Operating profit + amortisation/depreciation (EBITDA) | 958 | 503 |
| Gross profit/loss | - 1 067 | - 203 |
| Net profit/loss | - 1 062 | - 230 |
| Equity | 15 350 | 16 365 |
| Liabilities and reserves | 3 233 | 2 055 |
| Of which long-term liabilities | 85 | 145 |

| | | |
|------------------------|---------|---------|
| | | |
| Return On Sales – ROS | - 6.88% | - 1.43% |
| Return On Assets – ROA | - 5.71% | -1.25% |
| Return On Equity – ROE | - 6.92% | -1.41% |
| Current ratio | 4.58 | 7.02 |
| Quick ratio | 4.54 | 7.01 |

Tabulated ratios have been calculated according to the following formulas:

- a) return on sales – net profit to sales of goods and services
- b) return on assets – net profit to assets as at the end of the reporting period
- c) return on equity – net profit to equity as at the end of the reporting period
- d) current ratio – current assets to the carrying amount of short-term liabilities
- e) quick ratio – current assets less inventories to the carrying amount of short-term liabilities

Financial situation of the Issuer

In 2010, Quantum software S.A. recorded income from core activities (sales of services and Qguar software) of PLN 15,426,000. Compared to the same period of the last year, the Issuer recorded the decrease of income by approx. 4%. In 2010, sales of products and services accounted for 85% of the total sales, i.e. was by 5% lower compared to the previous year. The Issuer recorded 65% increase in sales income relative to goods – third-party manufacturers' hardware and software licences.

A decrease in income was accompanied by lower operating costs, which resulted in a considerably better return on sales and profitability of operations. These costs, however, still remain high due to the Issuer's strategy for development (in terms of portfolio, human potential, marketing activities and creation of the Capital Group). Moreover, the Issuer decided to create provisions for doubtful receivables of PLN 387,000 and revaluated its stake in CNT-Quantum (subsidiary of Quantum I - Services Sp. z o.o.) (PLN 1,260,000). These were the determinants of the considerable net loss (PLN 1,062,000).

In the context of economic phenomena, the following factors are of importance for the Issuer:

- a. A slow economic upturn in the logistics industry (TSL), which should be reflected only in the bottom line for 2011. Companies in this group (including international logistics operators) account for approx. 40% of all customers.
- b. Large and medium-sized enterprises representing manufacturing and trading sectors have only recently increased spending on construction of large logistics centres for which the Issuer is a software supplier (as the construction cycle of such centres is long, the impact of the global crisis on the Issuer was delayed);
- c. 2009/2010 stagnation considerably reduced investments in big and expensive ERP-class systems such as the SAP system offered by CNT-Quantum.
- d. The Group has a relatively large exposure to Central European markets (Hungary and Romania – for which talk of an economic recovery would be premature), and particularly to Ukraine, where the crisis is still severe.
- e. Low demand, which has continued in 2010, results in increased competition and price cuts, which, in turn, lower the margin on currently implemented contracts.
- f. In these circumstances, sourcing of contracts requires higher spending on sales and marketing.
- g. Weakening sales coincided with high expenditure on development (part of which influences the running costs).

3. Information of the Issuer's activities in 2010

➤ Acquiring new customers in Poland and abroad:

7R Solution Sp. z o.o., Convert Paper Sp. z o.o., Helvetia Furniture Sp. z o.o., Medivet S.A., Rzeszów University of Technology – Faculty of Mechanical Engineering and Aeronautics, Huhtamaki Polska Sp. z o.o., XS Sp. z o.o., Harper Hygienics Sp. z o.o., Hanyang ZAS Sp. z o.o., Saint-Gobain Construction Product Polska Sp. z o.o. and L'azienda Pacaro Export Import S.r.l. (Italy).

➤ New implementations at the existing customers:

Eco service Sp. z o.o., Wincanton Polska Sp. z o.o., POLOmarket Sp. z o.o., Orlen Oil and Jago S.A.

➤ Completed implementations of the Qguar system for several important customers in Poland, including:

ME Logistics, Leszek i Agata, Wkręć-Met, Silesian University of Technology (Katowice), Harper Hygienics Sp. z o.o., XS Logistics, 7R Solution Sp. z o.o. and Rzeszów University of Technology – Faculty of Mechanical Engineering and Aeronautics.

➤ **Other important events:**

Signing partner agreements with the SCAI S.p.A. Group (Italy) and Application Software Systems Ltd. in Bulgaria.

- Quantum software received a prestigious award “Quality of the Year 2009”.

- Quantum software received a certificate in the competition: Innovator of the Malopolska Region 2010.

4. Changes in equity in terms of amounts and types

None.

5. Information on basic products

The Company's business focus consists of development of support software for logistics and production processes and implementation of complete IT systems in logistics and production companies, including third-party software and hardware. Quantum software S.A. works primarily in the niche segment, providing technically advanced, high-quality solutions for demanding customers. The Company has been operating in Poland since 1997. International experience gathered by the founders since 1991, know-how in the field of IT and logistics and a reliable team of experts have made Quantum software S.A. a leading CEE manufacturer of specialised software for warehousing and distribution.

The Company's flagship product is the Qguar system, with about 200 implementations, mainly in Poland but also in Germany, France, Great Britain, Romania, Slovakia, Czech Republic, Hungary, Ukraine and Russia. Therefore, the Issuer is one of the few Polish IT companies whose proprietary software has won international recognition. The QGUAR system is a set of modules in the SCM class software (Supply Chain Management), and in a more detailed classification, in the SCE class (Supply Chain Execution). Its functionality supports and optimizes the processes associated with warehousing logistics, distribution and production in conjunction with the processes of buying and selling. Its one-off implementation usually entails a significant organisational change in the company and requires several months of an expert team's work. The modular character of the Qguar system makes it possible to manage just the selected links in the integrated supply chain or comprehensively handle the entire logistics.

The Company's product range includes:

- Qguar Warehouse Management System Professional – Qguar WMS PRO;
- Qguar Warehouse Management System Easyway – Qguar WMS EASYWAY;
- Qguar Yard Management System;
- Qguar Manufacturing Execution System – Qguar MES;
- Qguar Transport Management System – Qguar TMS;

And additional modules:

- Qguar VPM – Voice Picking technology
- Remote (Internet) system access application – Qguar 4WEB;
- Qguar Dashboard
- Qguar Pilot
- Qguar Visual Warehouse
- Qguar OTM
- Qguar Messaging
- Qguar Queryser

Implementation of the Qguar system comprises the following stages and service types:

- design (also known as the Technical Specifications for Implementation (STW));
- configuration and customised plug-ins (optional);
- installation;
- training;
- implementation;
- post-implementation assistance;
- service.

Expansion into foreign markets translates into the necessity to localize the Qguar system in new language versions. At the moment, the following versions are available: Polish, English, German, French, Spanish, Hungarian, Italian, Russian and Romanian. Localization as such contributes to new developments and improvements in the existing systems too.

6. Downstream and upstream markets

Operations of Quantum software S.A. focus predominantly in Poland, while export accounts for approx. 16% of sales. In the Ukrainian and Russian markets, there is a developing subsidiary of the Issuer, Quantum International Sp. z o.o. with its registered office in Kiev (Ukraine).

Product breakdown

| | 2010 | % share | 2009 | % share |
|------------------------------------------|---------------|-------------|---------------|-------------|
| Own licences (Qguar) and services | 12 705 | 82.36% | 13 758 | 85.70% |
| Goods | 2 459 | 15.94% | 1 615 | 10% |
| Other sales | 262 | 1.7% | 681 | 4.3% |
| Total | 15 426 | 100% | 16 054 | 100% |

Data in PLN '000

Sales by markets

| | 2010 | % share | 2009 | % share |
|-----------------|---------------|-------------|---------------|-------------|
| Domestic | 12 913 | 83.71% | 13 058 | 81.34% |
| Export | 2 513 | 16.29% | 2 996 | 18.66% |
| Total | 15 426 | 100% | 16 054 | 100% |

Data in PLN '000

Main industry targets for the Company's products and services are:

- distribution centres handling comprehensive distribution of commercial goods, i.e. centres that control all stages in the process, both economic and logistics, from the procurement, transport to the warehouse, storage, sales to forwarding to final sales outlets and settlement of the entire process;
- warehouses providing logistics services on the outsourcing basis, and by the same token acting as external warehouses for manufacturing or trading companies, thus releasing them from merchandise management responsibilities;
- extensive forwarding and transport services;
- manufacturing companies having their own distribution systems that do not outsource logistics services but that could use the outsourced service for their macro-logistics as a whole or whose existing system could be streamlined by development of the IT base.

The aforementioned division is reflected in the current customer base of the Company, featuring predominantly:

- trading and distribution businesses;
- manufacturing businesses (foodstuffs and manufactured articles);

- businesses providing logistics services.

7. Information on important events that occurred after the balance sheet date and were not included in the financial statements.

No such events occurred.

8. Major research and development achievements.

Due to the specific nature of its business, the Company carries out practically ceaseless research activity in the field of IT technologies, i.e. hardware, system software, software tools and database software. The activity is aimed to identify and improve the Company's solutions and technologies to create own products. Since 2008 the R&D activities have been supported by two projects in the field of supply chain management, approved for EU co-financing under the Innovative Economy Operational Programme for 2007-2013, Action 1.4-4.1 "Support for R&D works" as well as practical implementation of such works. The projects were completed in December 2010.

9. Employment and productivity

As at the end of 2010, the average employment at Quantum software S.A. was 120 persons. The average gross salary amounted to PLN 6,158.63.

Employment structure

The average employment at the Company in the year ended on December 31st, 2010 was as follows:

| | Year ended on December 31 st , 2010 | Year ended on December 31 st , 2009 |
|------------------------------|---------------------------------------------------|---------------------------------------------------|
| Management Board | 4 | 4 |
| White collars/Administration | 112 | 125 |
| Blue collars | 0 | 0 |
| Total | 116 | 129 |

10. Contingent liabilities

In 2010, Quantum software S.A. had no contingent liabilities.

11. Description of significant risk factors and threats

Risk related to the macro-economic situation

The financial situation of the Issuer depends on the macro-economic situation in Poland. Direct and indirect determinants of the Company's financial results include: dynamics of the GDP growth, inflation, monetary and fiscal policy of the state, the level of business investment, the amount of household income and consumer demand. Both of these factors as well as the direction and advancement of their development have an impact on the Issuer's planned actions. Slowdown in economic growth will translate into lower income of companies operating in individual regions and industries. As a result, they will reduce their capital expenditure, including on the development through improvement or purchase of computer hardware and appropriate software. Quantum software S.A., as a supplier of IT systems may be smarted by lower budgets on computer implementations due to businesses' lower return on sales.

Risk related to continuation of the economic crisis.

As a result of collapse in global financial markets, which took place in 2008, a large proportion of economies of countries to which the Company sells its products, faced recession or at least a significant slowdown in the pace of economic development. This situation also applies to the domestic market. As a result of these events, we deal with the increased risk of a decline in demand both in domestic and export markets. In the case of countries such as Ukraine or Russia, there is a risk of a deepening financial crisis, which has already translated into a decline in exports to these countries. The Company seeks to mitigate this risk by widening the product range and finding new sales channels.

Risk of slowdown in individual segments of the IT sector in Poland related to technological developments in the industry

The value of the entire IT market consists of sales of hardware, software and services. Each of these segments may develop with higher or lower dynamics. Market analyses of the hardware and

IT services market point to the upward trend in this respect. As Polish businesses are characterised by low technology saturation, it provides a fertile ground for the development of companies whose business profile is similar to that of Quantum software S.A. However, it should be borne in mind that this market is very sensitive to economic fluctuations. During times of weak economic conditions, businesses put a curb on their investment, including IT expenditure. Lower demand for computer software will be tantamount to lower sales results for the Company, differing significantly from those planned by the Management Board. The Company creates and implements IT systems primarily for the logistics industry. Its customers are manufacturing and trading businesses as well as companies providing warehousing, forwarding and transportation services. The current situation in Poland, its logistically attractive location and trade with foreign countries ensure good climate for the market and create the potential for further development of logistics. Nevertheless, we cannot guarantee that the pace of development in Quantum software S.A. customers' industries will not slow down. In that case, the demand for the Company's products may not grow at the existing pace, and may even be reduced, which will contribute to the lower sales income. Technological developments and frequent innovations on the IT services market are inherent in this sector. The product has a short life cycle, while expenditure on its development is high. Therefore, it might happen that the expenditure on the product may not be covered by the sales proceeds. There is thus a risk that the decision to develop a specific product will be based on wrong premises and as such will not satisfy the current market needs. There is also a risk that product development (design stage), building and testing processes will take longer than expected, so by the time they are completed, the market segment will have been captured by competitors. Monitoring the market needs by the Company's own employees is to mitigate such risk. In addition, the partnership of Quantum software S.A. with suppliers of computer hardware and software makes it possible to keep track of emerging market developments and technological innovations.

Risk of increased competition

The information technology market is undergoing dynamic development, bringing about the systematic rise in sales income for the sector businesses. Such a situation acts as a magnet for new IT service providers which – attracted by large profits – enter the market as new players. Consequently, the market of business software manufacturers is very fragmented and there are still new entities appearing, offering products that differ widely in terms of price, scope of application or technological advancement. This translates directly into the increased market competition and

the Company may have to incur greater expenditure on development and advertising as well as reduce the current margin. In addition, large capacity of the Polish market and the fact that the level of computerisation is different from the average values in other European countries attract global companies providing similar services to start in Poland. Quantum software S.A. has no control over competitors' activities and products but is able to maintain its market position due to its experience.

Risk related to exports

Sales of Quantum software S.A. are mostly domestic sales. However, the Company also concludes contracts with entities operating in Central, Eastern and Western Europe. Currently, approximately 22% of the Company's sales income comes from export sales. Contracts with foreign customers are denominated in EUR. If negative trends occur in the PLN/EUR exchange rate, it may adversely affect the Company's financial results. Weakening of EUR against PLN will reduce export income of Quantum software S.A., resulting in lower yields on export contracts.

Risk of currently implemented contracts

Quantum software S.A. does not sell large quantities of easy-to-install computer programmes but completes relatively large individual implementation projects with a high degree of complexity, usually requiring several months of an expert team's work. The system implemented at a specific enterprise must ensure real-time control over often complex logistics processes and integrate them with operations of all business departments within the enterprise. In such circumstances, we deal with several risks: of incorrect mapping of processes and information flow in the enterprise; of protraction of planned activities and of changing the scope of work in relation to the originally agreed plan. Reducing the original amount of the contract, higher than planned costs of implementation, termination of the contract or possible customer claims for money may all adversely affect the current financial situation of Quantum software S.A. However, an extensive international experience and the Company's own tried and tested standard system reduce the risk of significant errors or delays in contract implementation.

Risk related to the exchange rate

The Company's export transactions are made in foreign currencies (mainly EUR). Changes in currency exchange rates towards PLN may entail results being lower than expected. Currency fluctuations affect the profit/loss through:

- changes in the export sales and costs figures stated in PLN;
- realised foreign exchange differences that have occurred between the date of sale or purchase and the date of payment of a receivable or a liability;
- unrealised foreign exchange differences on measurement of settlements as at the balance sheet date.

Commercial export transactions in foreign currencies are part of the Company's ordinary business. That is why, amounts of relevant future cash flows may change due to currency fluctuations. Therefore, netting between currency income and costs has become less predictable.

12. Information on organisational or capital links of the Company with other entities

In the reporting period, Quantum software S.A. was a parent for the following entities:

Quantum East Sp. z o.o. – a subsidiary of the Group; Quantum software S.A. holds 66.7% of its shares (holding nature). Full consolidation method.

Quantum International Sp. z o.o. – a subsidiary of the Group; Quantum East Sp. z o.o. holds 100% of its shares; business focus consists of sales and implementation of Quantum software S.A. IT solutions in the Russian-speaking countries. Full consolidation method.

CNT Quantum Sp. z o.o. – a related party in the Group; Quantum I - Services Sp. z o.o. holds 48.20% of its shares. The company offers SAP solutions in Poland and in the Eastern European market. Full consolidation method.

Quantum I - Services Sp. z o.o. – a subsidiary of the Group; Quantum software S.A. holds 100% of its shares; business focus consists of sales of licences, hardware and IT services that are not

directly related to Quantum software S.A. own products (at the moment the Qguar series). Full consolidation method.

Edisonda Sp. z o.o. – a subsidiary of the Group; Quantum software S.A. holds 100% of its shares; the company was established to focus on interaction design and research on the communicative effectiveness of websites (or other electronic media) and using the research findings for commercial purposes. Full consolidation method.

13. Information on main domestic and foreign investments of the Company (securities, financial instruments, intangible assets and real estate).

In the presented period, the Company did not invest in real estate, securities or other financial instruments other than described in other items. The increase of the balance sheet item ‘intangible assets’ consists mainly of outlays on development of the proprietary software suite, Qguar, the financing of which was one of the objectives behind the public offering in 2007.

14. Information on loans taken, borrowing agreements and guarantees and sureties granted

In 2010, the following loan agreements were in place (new ones and concluded in the previous periods):

| Liability | 31.12.2009 | | 31.12.2010 | | Type of collateral |
|-------------------------------------|---------------------|----------------------|---------------------|----------------------|------------------------------------------------------------------------|
| | Amount of liability | Amount of collateral | Amount of liability | Amount of collateral | |
| DB Loan, Agreement: KIN/0 948854 | 60 430.20 | 72 520.00 | 36 258.12 | 72 520.00 | Court registered pledge: OPEL, own blank bill of exchange |
| DB Loan, Agreement No.: KIN/0715811 | 12 142.32 | 123 000.00 | 0.00 | 0.00 | Court registered pledge: 3 x PEUGEOT |
| DB Loan, Agreement: KIN/075208 | 8 897.20 | 50 000.00 | 0.00 | 0.00 | Court registered pledge: PEUGEOT 307, blank bill of exchange |
| DB Loan, Agreement: KIN/0730869 | 16 643.07 | 80 000.00 | 0.00 | 0.00 | Court registered pledge: PEUGEOT, SKODA FABIA, blank bill of exchange |
| DB Loan, Agreement: KIN/0834271 | 6 093.39 | 83 000.00 | 0.00 | 0.00 | Court registered pledge: 3 x PEUGEOT S 307, blank bill of exchange |
| DB Loan, Agreement: KIN/0834386 | 21 485.60 | 47 000.00 | 5 371.40 | 47 000.00 | Court registered pledge: SEAT, own blank bill of exchange |
| DB Loan, Agreement: KIN/0851939 | 54 958.86 | 120 000.00 | 18 319.62 | 120 000.00 | Court registered pledge: PEUGEOT, MAZDA, own blank bill of exchange |
| DB Loan, Agreement: KIN/0886174 | 75 135.06 | 128 803.28 | 32 200.74 | 128 803.28 | Court registered pledge: 4 x SKODA OCTAVIA, own blank bill of exchange |
| DB Loan, Agreement: KIN/0897957 | 44 577.45 | 96 500.00 | 21 319.65 | 96 500.00 | Court registered pledge: 2 x SKODA OCTAVIA, own blank bill of exchange |
| RB Loan, Agreement: CRD/33498/10 | | | 75 285.83 | 123 195.00 | Court registered pledge: SKODA OCTAVIA and KIA CEED |
| RB Loan, Agreement: CRD/34131/10 | | | 32 951.64 | 264 099.00 | Court registered pledge: SKODA OCTAVIA |

| | | | | | |
|----------------------------------------------|-------------------|-------------------|-------------------|-------------------|----------------|
| Toyota Leasing Polska, Agreement: 6222009 | 50 500.58 | 0.00 | 23 542.94 | 0.00 | Toyota Avensis |
| TOTAL | 350 863.73 | 800 823.28 | 245 249.94 | 852 117.28 | |

15. Information on borrowings granted in the financial year, particularly borrowings granted to the Issuer's related parties, including their amounts, types and interest rates, currency and maturity dates as well as sureties and guaranties granted

On October 15th, 2009, the Issuer granted a borrowing of PLN 130,000 with interest rate of 12% p.a. and the maturity on 31.10.2011 to Quantum I - Services.

Moreover, the Issuer did not conclude any material borrowing agreements and did not grant any sureties or guaranties.

16. Description of the Issuer's use of funds coming from the issue

By way of Current Report No. 34/2010, the Management Board of Quantum software S.A. announced that pursuant to the communications received from Krajowy Depozyt Papierów Wartościowych S.A. (*National Depository for Securities*) on December 27th, 2010 and Giełda Papierów Wartościowych w Warszawie S.A. (*Warsaw Stock Exchange*) on December 28th, 2010, 10,757 D-series shares of Quantum software S.A. were listed, as of December 29th, 2010 on the stock exchange and registered under the code: PLQNTUM00018. Total number of the Issuer's shares following the registration: 730,757. The issue of D-series shares took place within the framework of the Managerial Stock Option Programme, Package I. As at the Annual Report publication date, the Issuer had no confirmation of registration of D-series shares or a change in the Company's share capital by the District Court Kraków – Śródmieście. Therefore, the amount of the share capital remained unchanged in this report.

17. Evaluation of financial resources management

In the opinion of the Management Board, the Company's financial situation is good. Financial ratios do not indicate any threats to the Company's ability to meet its obligations. The Company's primary sources of financing are equity and trade liabilities. Financial costs in 2010 amounted to PLN 1,341,000, and financial income in the same period was equal to PLN 317,000.

18. Feasibility of investment plans, including capital investments compared to the funds held and taking into consideration possible changes in the structure of financing of such operations.

The Company's financial resources will be enough to complete investments as planned in 2011.

19. Evaluation of atypical factors and events affecting the profit/loss in the period.

No such events occurred.

20. Description of external and internal factors that are important for development of the enterprise and prospects for future development, taking into account elements of market strategy

Among factors that will influence the development of Quantum software S.A. in the next year, we should include external factors that are beyond control of the Company as well as internal factors that Quantum software S.A. can actually control.

External factors include:

- economic situation, especially on financial markets;
- impact of the crisis on the economy of Poland and neighbouring countries, including Ukraine;
- companies' decisions on budgets for IT expenditure;
- availability of structural funds to Polish companies, as they will be partially allocated to the development of IT systems and R&D financing.

Internal factors include:

- prompt completion of works specified in the contracts whose implementation started in 2010 in accordance with budgeted expenditure and contractual terms;
- effective HR policy so as to eliminate the risk of turnover by qualified and skilled employees;
- success of marketing efforts in acquiring new contracts;
- possible finalisation of negotiations concerning capital investments.

Quantum software S.A. is a company focusing on the creation and implementation of IT systems for businesses that look for innovative solutions in the sphere of logistics. Treating own software as a starting point, the Company tries to provide such customers with comprehensive solutions.

Future plans centre around improving the Company's own product – the Qguar system – as well as extending its portfolio and scale of operations. Within such a framework, the strategy for the coming years includes a possibility of capital investments and acquisitions of other entities in the industry. The potential of acquirees combined with the Company's experience and capabilities would allow for creation of a stronger entity. Future investments will be focused around the Company's strategy.

Quantum software S.A. founds its strategy on:

- skills required for creation and implementation of SCM (Supply Chain Management) systems, not only in the field of IT but also in logistics, automatics, merchandise identification technology and business management;
- many years of international experience in working for renowned companies in many European countries.

Strategic development scenarios:

1. Developing of the own software suite, Qguar with new SCM modules;
2. Extending the portfolio by:
 - implementations of third-party software that requires skills and experience in logistics or is complementary to the Qguar system, such as ERP solutions by SAP;
 - full range of services related to integration of logistics systems (consulting, hardware, peripherals and software in all layers);
3. Continuation of geographical expansion and strengthening the position of a leading software manufacturer for broadly defined logistics in Central and Eastern Europe.

The Company plans to achieve these objectives by organic growth, capital investments, acquisitions and mergers. Developing the Qguar suite with new modules is the most natural way for development of the Company's portfolio. Systematic increase in the demand for this type of software results from the following factors:

- increased requirements of the companies as regards optimisation of supply chain and reduction of logistics costs;
- increased demand for logistics services;
- rapid development of technology and falling prices of merchandise identification equipment (bar codes, RFID);

- development of mobile data processing technologies.

The Company's experience and market position may be used to implement third-party applications, which can make a perfect supplement to the Company's own product portfolio. For many years now, Quantum software S.A. has been expanding its integration-oriented activities as regards complete systems for logistics. It is not only about implementation of the application programme as such but about issues related to:

- process design;
- data communication infrastructure;
- devices (including industrial automation);
- operating and database software.

For many companies at an early stage of development, computerization is first implemented in the accounting and only then it becomes critical for logistics. This creates development opportunities for the Company to become a supplier of the complete ERP-class computer systems for businesses, where efficient logistics is key.

The Qguar suite is a well-established leader in the field of warehouse and distribution applications in the Polish market. Used in the countries of Eastern and Western Europe in eight language versions, it provides a good springboard for intensifying exports. In spite of the current crisis/stagnation, Central and Eastern Europe continues to be a promising market because of its expected economic growth resulting from disproportion between CEE and the related Western European markets. Past experience shows that this market is so specific that it is possible to effectively compete there with suppliers of IT solutions from Western countries. It is important here to offer products that have been tried and tested on the international market (multilingual products) and as such are not a barrier to multinational enterprises because "multinationality" is in fact one of the fundamental characteristics of logistics processes.

21. Fulfilment of the profit forecast for 2010

In 2010, no forecasts were published by the Issuer.

22. Changes in the basic management principles

In 2010, there were no changes in the management principles of the Company's enterprise.

23. Description of the proceedings pending before court, competent arbitration authority or public administration authority.

No such events occurred.

24. Information concerning a single or multiple transactions concluded by the Issuer or its subsidiary with related parties, if the value of such transactions (total value of all transactions concluded in the period since the beginning of the financial year) exceeds the Polish zloty equivalent of EUR 500,000:

In the period in question, the Company did not conclude any agreements with related parties.

25. Changes in the composition of managing or supervisory bodies

In 2010, there were no changes in the composition of managing or supervisory bodies.

26. Information on the conclusion by the Issuer or its subsidiary of material transactions with related parties other than arm's length transactions; amounts of such transactions and information describing their nature.

No such events occurred.

27. Remunerations, rewards and benefits under incentive or bonus schemes based on equity, paid or due to Members of the Management and Supervisory Boards and information on remunerations of Members of the Management and Supervisory Boards of Quantum software S.A. relative to positions in authorities of subsidiaries.

Remunerations of Members of the Management Board between 01.01.2010 and 31.12.2010

| Full name | Total remuneration for the period between 01.01.2010 and 31.12.2010 in PLN |
|---------------|----------------------------------------------------------------------------|
| Tomasz Hatala | 202 750.00 |
| Bogusław Ożóg | 127 502.79 |

| | |
|--------------|------------|
| Marek Jędra | 158 730.00 |
| Tomasz Mnich | 163 535.90 |

Remunerations of Members of the Supervisory Board between 01.01.2010 and 31.12.2010

| Full name | Total remuneration for the period between 01.01.2010 and 31.12.2010 in PLN |
|------------------|----------------------------------------------------------------------------|
| Leopold Kutyla | 2 000.00 |
| Tomasz Polończyk | 26 409.93 |
| Anna Nadolska | 1 000.00 |
| Henryk Gaertner | 2 000.00 |
| Jerzy Majewski | 2 000.00 |

28. All agreements concluded between the Issuer and managers, providing for a compensation if such persons resign or are dismissed from their position without a valid reason or if they are recalled or dismissed as a result of the Issuer's merger by acquisition

The President of the Management Board of Quantum software S.A., Mr Tomasz Hatala is the Operations Director pursuant to the agreement concluded with a managerial company, Hatala i Spółka Sp. J. The agreement provides for 6-month period of notice without additional compensation.

The Vice-President of the Management Board, Mr Marek Jędra, the Vice-President of the Management Board, Mr Bogusław Ożóg and the Member of the Management Board, Mr Tomasz Mnich are employed under contracts of employment in managerial and special positions (differing from the Labour Code regulations). Their agreements do not provide for compensations.

29. In the case of associations of capital: total number and par value of all stocks (shares) of the Issuer and stocks and shares in the Issuer's related parties held by managers and supervisors of the Issuer (for each person separately):

The Company's share capital amounts to PLN 735,000 and is divided into 1,470,000 shares (750,000 registered shares of A series and 720,000 equity bearer shares of B and C series) of a par

value of PLN 0.50 each. In connection with item 16 of this report and following the registration by the District Court for Kraków Śródmieście, the Company's share capital will amount to PLN 740,378.50, and the number of shares will be 1,480,757.

List of managers and supervisors holding shares in Quantum software S.A.

| Management Board | December 31st, 2010 |
|--------------------------|---------------------------------------|
| Tomasz Hatala | 36 200 |
| Bogusław Ożóg | 24 603 |
| Marek Jędra | 8 200 |
| Tomasz Mnich | 3 400 |
| Supervisory Board | December 31st, 2010 |
| Tomasz Polończyk | 8 200 |

Also, the persons listed above and Mr Henryk Gaertner (Member of the Supervisory Board) hold shares in the Company's parent.

To the knowledge of the Management Board of the Company, no managers or supervisors hold shares in the subsidiaries of Quantum software S.A.

30. Shareholders holding, directly or indirectly through their subsidiaries, at least 5% of the total number of votes at the Issuer's general meeting, including the number of shares held by such entities, their percentage share in the share capital, the number of resulting votes and their percentage share in the total votes at the general meeting.

To the knowledge of the Company, as at December 31st, 2010, shareholders holding, directly or indirectly through their subsidiaries, at least 5% of the total votes at the Company's General Meeting were:

A dominant shareholder in the company is Quantum Assets sp. z o.o. with its registered office in Kraków, holding 675,421 registered multiple-vote shares of A series and 222,979 equity bearer shares of B series, accounting in total for 61.12% of its share capital and giving the holder 1,573,821 votes at the general meeting of the company, i.e. 70.89% of the total votes.

31. Information on agreements known to the Issuer (including those concluded after the balance sheet date) that may change the proportion of interest held by the current shareholders and bondholders in the future.

To the knowledge of the Issuer's Management Board, there are no agreements other than the incentive programme and the own share redemption programme that might change the proportion of interest held by current shareholders in the future.

32. Information on the system of controlling employee stock plans

The MSO Programme is targeted at key managerial staff of the Company, its subsidiaries and associates ("Authorised Persons"). The aim of the MSO Programme is to create a motivational system by closely linking Authorised Persons' interests with the interest of the Company and its remaining shareholders. The Rules and Regulations define operational details of the MSO Programme, in particular the conditions for acquiring registered subscription warrants ("Warrants") and the right to acquire and exercise the right to take hold of D-series shares of Quantum S.A. of a par value of PLN 0.50 each ("Shares") by Authorised Persons. A warrant gives the holder the right to subscribe to one D-series share at the issue price of PLN 1. The MSO Programme will be implemented by issuing Warrants to Authorised Persons named in separate resolutions of the Supervisory Board. The MSO Programme provides for a free of charge issue of not more than 44,100 Warrants in three Packages.

On October 3rd, 2008, the Supervisory Board adopted the resolution concerning adoption of the Rules and Regulations of the Managerial Stock Option Programme ("Rules and Regulations"). The Rules and Regulations were adopted pursuant to Resolution No. 18/2008, Resolution No. 19/2008 and Resolution No. 20/2008 of the Ordinary General Meeting of Shareholders of Quantum software S.A. of June 17th, 2008 on implementation of the Company Motivational Plan for the years 2008-2011, on conditional increase of the share capital of Quantum software S.A. and on emission of the Company Subscription Warrants as part of the Managerial Stock Option Programme ("MSO Programme"). On July 15th, 2009, the Supervisory Board adopted the resolution on amending the resolution of October 3rd, 2008 concerning adoption of the Rules and Regulations of the Managerial Stock Option Programme ("Rules and Regulations") announced by the Issuer in Current Report No. 23/2008. Pursuant to Resolution No. 19 of the Ordinary General Meeting of June 17th, 2008 defining terms of acquisition of D-series shares issued pursuant to item XI of the Statutes and the authorisation granted by way of Resolution No. 19 of the Ordinary General Meeting of May 18th, 2009 in order to enable sales of own shares acquired by the Company to participants in the Managerial Stock Option Programme, the Company's Supervisory Board decided that the Programme may be implemented concurrently in two ways: by offering to Authorised Persons conclusion of Promised Agreements and acquisition

of the Company's Own Shares but also by providing for a possibility for Authorised Persons to take hold of Subscription Warrants that can be converted into D-Series Shares. Pursuant to the Rules and Regulations, the Supervisory Board may, upon the motion of the President of the Management Board, define the list of Authorised Persons who will be offered conclusion of Preliminary Agreements. Offering Authorised persons conclusion of Preliminary Agreements may take place at any time. The total number of the Company's shares (D-Series Shares and Own Shares) that will be included in the Programme under Warrant and Preliminary Agreement frameworks remains unchanged and will not exceed 44,100. D-Series Shares that are not taken hold of by Authorised Persons will be redeemed by the Company. The Supervisory Board, acting pursuant to items 4.4 and 4.5 of the Rules and Regulations adopted the resolution concerning specification of the final number of warrants under Block One (10,757) and the resolution concerning transfer of 1,000 warrants from Block One to Block Two. Also, the Ordinary General Meeting of Shareholders held on May 18th, 2010 authorised the Issuer's Supervisory Board, by way of Resolution No. 26, to amend the Rules and Regulations of the Managerial Stock Option Programme by extending the Programme validity until 2011, without increasing the number of subscription warrants and shares offered to participants in the Programme. By way of CR No. 34/2010, the Management Board of Quantum software S.A. announced that pursuant to the communications received from Krajowy Depozyt Papierów Wartościowych S.A. (*National Depository for Securities*) on December 27th, 2010 and Giełda Papierów Wartościowych w Warszawie S.A. (*Warsaw Stock Exchange*) on December 28th, 2010, 10,757 D-series shares of Quantum software S.A. were listed, as of December 29th, 2010 on the stock exchange and registered under the code: PLQNTUM00018. Total number of the Issuer's shares following the registration: 730,757.

The cost of the MSO Programme, First Package as recognised in 2008 amounted to PLN 21,205.00; in 2009 – PLN 88,571.70; and in 2010 – PLN 62,001.80.

The Rules and Regulations of the own share redemption programme by the Issuer

In CR 21/2009, the Management Board of the Issuer announced detailed terms for acquisition of own shares. The "Rules and Regulations of the Own Share Redemption Programme" implemented at Quantum software S.A. is available on the Issuer's website. On April 29th, 2010, the Issuer's Management Board amended, by way of resolution, "Rules and Regulations of the Own Share Redemption Programme implemented at QUANTUM SOFTWARE S.A." (CR 11/2010). As at December 31st, 2010, the total number of own shares as held by the Issuer amounted to 6,119, accounting for 0.4163% share in the Issuer's share capital and 0.2756% of votes at the Issuer's General Meeting.

33. Agreements with an entity authorised to audit financial statements

On March 15th, 2010, the Supervisory Board of Quantum software S.A. selected Auxilium Audyt Krystyna Adamus, Jadwiga Faron – Spółka Komandytowa as the authorised entity for audit of annual financial statements and review of half-yearly financial statements of Quantum software S.A. and the Quantum software S.A. Capital Group.

On April 20th, 2010, the Company concluded an agreement with “Auxilium Audyt” Krystyna Adamus, Jadwiga Faron – Spółka Komandytowa, entered on the list of entities authorised to audit financial statements under No. 3436 with its registered office in Kraków, Al. Pokoju 84 on the review of half-yearly financial statements for the period 01.01.2010 – 30.06.2010 and the audit of financial statements for the period 01.01.2010 – 31.12.2010.

For the aforementioned services, the auditor will receive the total net remuneration of PLN 20,000.

34. Information on observance of corporate governance rules

There is a separate document on the subject prepared by the company and published in the annual report.

Kraków, 21 March 2011

Members of the Management Board

Tomasz Hatala

Bogusław Ożóg

Marek Jędra

Tomasz Mnich

STATEMENT

The Management Board of Quantum software S.A. declares that to the best of its knowledge, the annual financial statements and comparative information were prepared in line with the applicable accounting principles and provide a true, reliable and fair view of Quantum software S.A.'s financial situation and its profit/loss, while the annual management report provides a true reflection of Quantum software S.A.'s achievements and development, including major threats and risks.

Kraków, 21 March 2011

| | |
|---------------|----------------------------------------|
| Tomasz Hatala | President of the Management Board |
| Bogusław Ożóg | Vice-President of the Management Board |
| Marek Jędra | Vice-President of the Management Board |
| Tomasz Mnich | Member of the Management Board |

STATEMENT

The Management Board of Quantum software S.A. declares that the entity authorised to audit financial statements, auditing the separate annual financial statements of the Company, has been selected in line with the law, and that the entity and its auditors responsible for the audit met the criteria necessary to provide the unbiased and impartial opinion, in line with the applicable provisions of the national law.

Kraków, 21 March 2011

| | |
|---------------|----------------------------------------|
| Tomasz Hatala | President of the Management Board |
| Bogusław Ożóg | Vice-President of the Management Board |
| Marek Jędra | Vice-President of the Management Board |
| Tomasz Mnich | Member of the Management Board |

Statement on compliance with the rules of corporate governance by Quantum software S.A. in 2010

I. Indication of a set of corporate governance rules adopted by Quantum software S.A.

Pursuant to §29 section 5 of the Warsaw Stock Exchange Rules adopted by way of Resolution No. 13/1171/2007 of the Supervisory Board of the Warsaw Stock Exchange of July 4th, 2007, the Management Board of Quantum software S.A. (the “Company”) hereby presents the report on the Company’s application in 2010 of the corporate governance rules specified in the “Code of Best Practice for WSE Listed Companies” constituting an annex to Resolution No. 12/1170/2007 of the WSE Board of July 4th, 2007, amended by way of Resolution No. 17/1249/2010 of May 19th, 2010. Full text of the document can be found on the WSE’s website at <http://www.corp-gov.gpw.pl/>.

II. The extent to which Quantum software S.A. has departed from the aforementioned provisions, indication of these provisions and reasons for the departure.

According to the statement of January 2nd, 2008, published in Current Report No. 1/2008, in 2010, the Company did not apply, in whole or in part, the following rules of corporate governance:

Rule II section 1.6 stating that the company should publish, on its corporate website, annual reports on the Supervisory Board’s activity, taking account of the work of its committees. As there are no committees within the Issuer’s Supervisory Board, it is not possible to take account of their work in the reports on the Supervisory Board’s activity.

Rule III section 8, states that Annex I to the Commission Recommendation on the role of non-executive directors should apply to the tasks and the operation of the committees of the Supervisory Board (...). This rule does not apply because there are no committees operating within the Supervisory Board.

III. Description of basic characteristics of the Company’s internal control and risk management systems in relation to the process of preparing financial statements and consolidated financial statements.

The process of preparing financial information for statutory reporting is automated and based on the consolidated financial and bookkeeping system – Quantum. Preparation of data in source systems is subject to formal operational and acceptance procedures, which define the responsibilities of individuals. The Management Board and top executives oversee various business areas, processes and products. The key people are responsible for creation, implementation, operation and monitoring of the effective and efficient internal control system as well as identification and control of risk. In addition, financial statements are subject to formal review and approval by the supervisory body, i.e. the Supervisory Board.

In the opinion of the Supervisory Board, the internal control system is adapted to the level and profile of risk involved in the Company's operations. At the same time the management of risk significant for Quantum operations is carried out in an adequate and effective manner.

IV. Shareholders who, directly or indirectly, hold substantial stakes of shares, number of shares held by such entities, their percentage share in the share capital, number of votes attached to such shares and their percentage share in the total votes at the general meeting.

As at the day of publication of this annual report, the list of shareholders holding at least 5% of the total votes at the General Meeting is as follows:

A dominant shareholder in the company is Quantum Assets sp. z o.o. with its registered office in Kraków, holding 675,421 registered multiple-vote shares of A series and 222,979 equity bearer shares of B series, accounting in total for 61.12% of its share capital and giving the holder 1,573,821 votes at the general meeting of the company, i.e. 70.89% of the total votes. Among shareholders of Quantum Assets Sp. z o.o. there are managers of Quantum software S.A.

By way of Current Report No. 34/2010, the Management Board of Quantum software S.A. announced that pursuant to the communications received from Krajowy Depozyt Papierów Wartościowych S.A. (*National Depository for Securities*) on December 27th, 2010 and Giełda Papierów Wartościowych w Warszawie S.A. (*Warsaw Stock Exchange*) on December 28th, 2010, 10,757 D-series shares of Quantum software S.A. were listed, as of December 29th, 2010 on the stock exchange and registered under the code: PLQNTUM00018. Total number of the Issuer's shares following the registration: 730,757. The issue of D-series shares took place within the framework of the Managerial Stock Option Programme, Package I. As at the Annual Report publication date, the Issuer had no confirmation of registration of D-series shares or a change in

the Company's share capital by the District Court Kraków – Śródmieście. Therefore, the amount of the share capital remained unchanged in this report.

V. Holders of any securities granting special control rights and description of such rights.

The Company holds multiple-vote registered shares of A series that are not admitted to the regulated market. The privilege under A-series registered shares consists in attachment of two votes at the General Meeting of Shareholders to one share. B-, C- and D-series shares are equity bearer shares and no restrictions apply to their disposal.

Holders of A-series registered shares granting special control rights over the Company as at the day of publication of the annual report:

| Shareholder | Number of A-series shares and their structure | Number of votes at the General Meeting of Shareholders under A-series shares and structure of such votes |
|--------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| “Quantum Assets” Sp. z o.o. | 675 421 (90.06%) | 1 350 842 (90.06%) |
| Tomasz Hatała | 28 181 (3.75%) | 56 362 (3.75%) |
| Bogusław Ożóg | 19 150 (2.56%) | 38 300 (2.56%) |
| Marek Jędra | 6 384 (0.85%) | 12 768 (0.85%) |
| Robert Dykacz | 11 832 (1.58%) | 23 664 (1.58%) |
| Tomasz Mnich | 2 648 (0.35%) | 5 296 (0.35%) |
| Tomasz Polończyk | 6 384 (0.85%) | 12 768 (0.85%) |
| Total number of A-series shares and votes attached to such shares | 750 000 (100%) | 1 500 000 (100%) |

VI. All restrictions regarding the right to vote, such as restricted right to vote by holders of a given part or number of votes, temporary restrictions on the right to vote or provisions under which, in cooperation with the company, capital rights linked to securities are separated from holding of securities.

The Issuer did not issue any shares with such restrictions.

VII. All restrictions on the transfer of title to the Issuer's securities.

The Issuer did not issue any shares with restrictions on transfer.

VIII. Description of rules applicable to amendments to the Issuer's Statutes

Any amendment to the Statutes requires a resolution of the General Meeting adopted by a majority of $\frac{3}{4}$ of votes.

IX. Description of rules governing appointments and dismissals of managers and their rights, in particular, the right to decide on the issue or purchase of shares

The President of the Management Board and other Members of the Management Board are appointed and dismissed by the Supervisory Board for the period of three years. The Management Board is composed of 1 to 5 Members, and the actual number is determined by the Supervisory Board. Members of the Management Board are appointed for a joint term of office. Mandates of Members of the Management Board expire on the day when the General Meeting is held. The condition is the approval of the financial statements for the last full financial year when the Member sat on the Management Board. The Management Board manages the Company and represents it in courts and elsewhere. Making declarations of will on behalf of the Company requires joint action of two Members of the Management Board.

Powers of the Management Board include all issues that are not reserved for the General Meeting or the Supervisory Board.

Decisions of the Management Board are in the form of resolutions adopted by an absolute majority of votes. Resolutions of the Management Board are adopted by open ballot. The rules of procedure of the Management Board defining, in particular, the type of issues that require its resolution will be defined by the Rules and Regulations adopted by the Supervisory Board. The Management Board prepares and keeps the records of the Company's organisational activities, in particular:

- carries out all activities related to registration stemming from applicable laws;

- publishes announcements required by law and the Company's Statutes in a manner specified therein;
- convenes General Meetings of Shareholders and keeps the records related to their convening and course;
- keeps the shareholders' register;
- maintains the minutes of the Supervisory Board;
- provides the Supervisory Board and the General Meeting of Shareholders with exhaustive explanations concerning the Company;
- prepares the Management Report for the previous financial year;
- prepares a proposal for the distribution of profit or coverage of loss for a given financial year;
- establishes and announces the dividend payment day;
- keeps the Rules and Regulations of the Management Board and other rules and regulations.

Issues of new shares

Pursuant to Article XIII of the Statutes, the Company's share capital may be increased by issues of new shares. The Company's Statutes authorises the Management Board to determine the issue price. Shares in new issues may be registered or bearer shares and may be covered in cash or in kind. Shares are indivisible. The Management Board is authorised to issue shares as multiple-share certificates. Shares will bear the Company's stamp and the Management Board's signature. The Management Board's signature may be reproduced in facsimile. If a right originates to co-ownership of shares, co-owners exercise their rights through one of them or their duly authorised joint representative.

X. Rules of procedure of the General Meeting and its major powers and description of shareholder's rights and how they are exercised, in particular, the principles stemming from the Rules and Regulations of the General Meeting (if adopted) insofar as relevant information cannot be inferred directly from law.

The General Meeting of the Company acts pursuant to the applicable legal regulations, including the changes introduced by the Act of December 5th, 2008 amending the Code of Commercial Companies, and the Act on trade in financial instruments (J. of Laws 09.13.69), effective since

3.08.2009. The Company is going to adjust the provisions of the Rules and Regulations of the General Meeting to the amended version of the Code of Commercial Companies.

In view of the amendment of the legal regulations referred to above, on May 18th, 2010, the Ordinary General Meeting of Shareholders, by way of Resolution No. 25, accordingly amended the Rules and Regulations of the General Meeting of Shareholders of Quantum software S.A.

The Ordinary General Meeting is convened by the Management Board and held by June 30th of each calendar year. The Extraordinary General Meeting is convened by the Management Board upon its own initiative or upon a motion of the Supervisory Board or shareholders representing at least 1/20 of the share capital. General Meetings are held either in Kraków or in Warsaw. Information on convening of the General Meeting of Shareholders is published as a current report and as a message on the Company's website. The notice should be made at least twenty-six days before the date of the General Meeting. The notice on the general meeting of a public company should include at least the information specified in Article 402² of the Code of Commercial Companies.

The following issues require a resolution of the General Meeting:

1. review and approval of financial statements and Management Reports for the previous year;
2. determining wage regulations for Members of the Supervisory Board;
3. approval of the Rules and Regulations of the General Meeting and the Supervisory Board;
4. appointment of liquidators (if any);
5. exclusion of profit, in whole or in part, from distribution (if any);
6. appointment and dismissal of the Supervisory Board.

The General Meeting of Shareholders adopts resolutions on issues reserved to its authority, in particular, by the provisions of the Code of Commercial Companies, Rules and Regulations of the General Meeting of Shareholders and the Statutes. Unless it is specified otherwise in the Code of Commercial Companies and the Statutes, resolutions are adopted by a simple majority of votes. Pursuant to the Statutes, a resolution on abandonment of discussion of any item in the agenda upon a motion of shareholders is adopted by the General Meeting of Shareholders by a

75% majority of votes and following the consent of all the shareholders present who have submitted such motion. Resolutions of the General Meeting of Shareholders are minuted by a civil law notary. Resolutions of the General Meeting of Shareholders may be appealed against in court in the procedure and on the conditions specified in the Code of Commercial Companies.

Shareholders may participate in the General Meeting and exercise their voting rights under registered shares in person or through attorneys. A power of attorney authorising the holder to participate in the general meeting and exercise the right to vote must be in writing or in an electronic format. An electronic power of attorney does not require a safe electronic signature verified with the use of a valid qualified certificate. Representatives of shareholders being legal persons should dispose of valid extracts from a relevant commercial register or the National Court Register (KRS) where authorised representatives of such entities are named, or hold a power of attorney signed by the persons named in the extract. An electronic power of attorney authorising the holder to participate in the general meeting and exercise the right to vote should be sent to the investor contact e-mail address indicated on the Company's website not later than 2 days before the session of the general meeting that the holder is authorised to participate in under such POA. Each registered share of A series gives the holder two votes at the General Meeting, whereas B-, C- and D-series shares are equity bearer shares giving the holder one vote at the General Meeting. The right to participate in a general meeting of a public company is vested in persons that have been the company shareholders sixteen days before the date of the general meeting (general meeting registration date). Persons authorised under registered shares and provisional share certificates as well as pledgees and users with the right to vote have the right to participate in a general meeting of a public company if they have been entered in the shareholders' register on the day when they register to participate in the general meeting. Bearer shares in a form of the document give the holder the right to participate in a general meeting of a public company, if such documents are filed with the company not later than on the day of registration to participate in the general meeting and not reclaimed by the end of that day. Optionally, it is possible to submit, instead of shares, a certificate confirming that the shares have been filed with a civil law notary, bank or an investment company having their registered office or branch within the territory of the European Union or a state party to the Agreement on the European Economic Area, as indicated in the general meeting convening notice. The certificate should state numbers of share documents and confirm that such share documents will not be given out before the end of the day of registration for the general meeting.

Each shareholder has the right to demand copies of motions regarding issues included in the agenda of the upcoming General Meeting. Such request should be submitted to the Management Board. Copies of motions should be given not later than a week before the General Meeting.

As soon as the Chairman of the General Meeting is elected, the attendance list should be compiled, specifying the names of participants in the General Meeting, their shareholdings and votes attached thereto. The Chairman is obliged to sign the list and make it available for inspection during the General Meeting's session. Pursuant to Article 410 § 2, upon a motion of shareholders holding 1/10 of the share capital represented at the General Meeting, the attendance list should be verified by a specifically appointed committee.

Pursuant to the Company's Statutes, shareholders are entitled to their share in the annual profit allocated for distribution by the General Meeting of Shareholders. The Management Board is authorised to pay an advance to shareholders in respect of a future dividend at the end of the financial year, provided that the Company disposes of sufficient funds. Payment of such advance requires the consent of the Supervisory Board.

XI Composition of managing and supervisory authorities of the Company and their committees, changes in their composition in the last financial year and description of their rules of procedure.

As at 31.12.2010, the composition of the Management Board was as follows:

| | |
|----------------------------------------|---------------|
| President of the Management Board | Tomasz Hatala |
| Vice-President of the Management Board | Bogusław Ożóg |
| Vice-President of the Management Board | Marek Jędra |
| Member of the Management Board | Tomasz Mnich |

Detailed tasks of the Company's Management Board are defined in the Rules and Regulations of the Management Board adopted by the Management Board and approved by the Supervisory Board.

Rules of procedure of the Management Board

The President of the Management Board and other Members of the Management Board are appointed and dismissed by the Supervisory Board for the period of three years. The Management Board is composed of 1 to 5 Members, and the actual number is determined by the Supervisory Board.

Members of the Management Board are appointed for a joint term of office. Mandates of Members of the Management Board expire on the day when the General Meeting is held. The condition is the approval of the financial statements for the last full financial year when the Member sat on the Management Board.

The Management Board manages the Company and represents it in courts and elsewhere. Making declarations of will on behalf of the Company requires joint action of two Members of the Management Board.

Powers of the Management Board include all issues that are not reserved for the General Meeting or the Supervisory Board.

Decisions of the Management Board are in the form of resolutions adopted by an absolute majority of votes. Resolutions of the Management Board are adopted by open ballot. The rules of procedure of the Management Board defining, in particular, the type of issues that require its resolution will be defined by the Rules and Regulations adopted by the Supervisory Board. The Management Board prepares and keeps the records of the Company's organisational activities, in particular:

- carries out all activities related to registration stemming from applicable laws;
- publishes announcements required by law and the Company's Statutes in a manner specified therein;
- convenes General Meetings of Shareholders and keeps the records related to their convening and course;
- keeps the shareholders' register;
- maintains the minutes of the Supervisory Board;
- provides the Supervisory Board and the General Meeting of Shareholders with exhaustive explanations concerning the Company;
- prepares the Management Report for the previous financial year;

- prepares a proposal for the distribution of profit or coverage of loss for a given financial year;
- establishes and announces the dividend payment day;
- keeps the Rules and Regulations of the Management Board and other rules and regulations.

As at 31.12.2010, the composition of the Supervisory Board was as follows:

| | |
|------------------------------------------|------------------|
| Chairman of the Supervisory Board | Leopold Kutyla |
| Deputy Chairman of the Supervisory Board | Tomasz Polończyk |
| Member of the Supervisory Board | Henryk Gaertner |
| Member of the Supervisory Board | Jerzy Majewski |
| Member of the Supervisory Board | Anna Nadolska |

Rules of procedure of the Supervisory Board

The Supervisory Board acts based on the Rules and Regulations of the Supervisory Board of Quantum software S.A. and the Statutes of the Company. The Supervisory Board comprises five to nine Members elected by the General Meeting. The Supervisory Board is appointed for a 3-year term of office. If a mandate of the Chairman or Member of the Supervisory Board expires before the expiry of the term of office, a new Chairman or Member of the Board is elected for their position only until the expiry of the term of the remaining Members of the Supervisory Board. At least two Members of the Supervisory Board should meet the independence criterion.

Powers of the Supervisory Board include:

- evaluation of annual financial statements and the Management Report as well as proposals concerning the distribution of profit or coverage of loss;
- submission to the General Meeting of a written report on the result of the activities referred to in item 1 above;
- authorisation of purchase and sales of real estate, perpetual usufruct or interest in real estate;
- authorisation of acquisition of shares or stocks in other enterprises, acquisitions and establishment of other business entities;
- allowing Members of the Management Board to take up competitive businesses or participate in a competitive company as a partner or a member of authorities;

- reviewing other issues submitted by the General Meeting;
- granting approval for the Management Board's appointment of commercial representation;
- selection, upon a motion of the Management Board, of an auditor to audit the Company's annual financial statements.

Meetings of the Board are convened by the Chairman on his/her own initiative or upon a motion of another Member of the Supervisory Board or upon a motion of the Management Board. The Supervisory Board adopts resolutions by an absolute majority of votes. No resolutions can be adopted by the Supervisory Board on issues that are not included in the agenda, unless all Members of the Supervisory Board are present and provided that none of them raises an objection. Members of the Supervisory Board may participate in adopting of the Supervisory Board's resolutions by written ballot, acting through another Member of the Supervisory Board. Casting written votes cannot be applied to the issues that have been introduced to the agenda during the meeting of the Supervisory Board. Resolutions of the Supervisory Board may also be adopted without holding of a meeting, by written procedure or using means of direct remote communication. A resolution is valid, provided that the content of the draft resolution has been communicated to all Members of the Supervisory Board. The Supervisory Board of Quantum software S.A. comprises five Members only and, therefore, it has not established any committees. The Supervisory Board takes on the role of committees.

Kraków, 21.03.2011

| | |
|---------------|----------------------------------------|
| Tomasz Hatala | President of the Management Board |
| Bogusław Ożóg | Vice-President of the Management Board |
| Marek Jędra | Vice-President of the Management Board |
| Tomasz Mnich | Member of the Management Board |

Kraków, 14 March 2011

**Report of the Supervisory Board of Quantum software S.A.
for the financial year 2010 with evaluation of the Supervisory Board's activities**

I. The composition of the Supervisory Board in the financial year 2010 was as follows:

1. Leopold Kutyla – Chairman of the Supervisory Board
2. Tomasz Polończyk – Deputy Chairman of the Supervisory Board
3. Henryk Gaertner – Member of the Supervisory Board
4. Jerzy Majewski – Member of the Supervisory Board
5. Anna Nadolska – Member of the Supervisory Board

II. Rules and manner of procedure of the Supervisory Board of Quantum software S.A.

are governed by the applicable legal regulations on public associations of capital and:

- Statutes of Quantum software S.A.
- Rules and Regulations of the Supervisory Board of Quantum software S.A.
- Rules of corporate governance.

In 2010, the Supervisory Board of Quantum software S.A. in Kraków held two meetings (on March 15th and September 27th) at the Company's registered office. The meetings were attended by individual Members of the Supervisory Board constituting a quorum sufficient to adopt resolutions; the average turnout at the meeting was 4 (four) out of 5 (five) Members of the Board.

The Supervisory Board exercised continuous supervision over the Company's operations. Supervision and control activities included in particular:

- monitoring, analysis and evaluation of the Company's financial situation;
- analysis of interim financial statements;
- getting acquainted with interim information from the Management Board on the current and planned operations of the Company;
- formal and legal issues related to the Supervisory Board's activities.

As part of its activities, the Supervisory Board adopted the following resolutions:

- on evaluation of the Management Report for the Company and the Capital Group and the financial statements of the Company and the Capital Group for the financial year 2009;
- on recommended coverage of the loss for 2009 entirely from the Company's supplementary capital;
- on appointment of an entity authorised to review and audit the financial statements of the Company as at June 30th, 2010 and December 31st, 2010;
- giving positive opinion on the Company's financial performance after two quarters of 2010;
- on acknowledging the fulfilment of duties by Members of the Management Board in 2009;
- on appointment of the Management Board for the new term of office, composed of: (a) Tomasz Hatala to be the President of the Management Board; (b) Bogusław Ozóg to be the Vice-President Management Board; (c) Marek Jędra to be the Vice-President Management Board and (d) Tomasz Mnich to be the Member of the Management Board;
- on amendment to the Rules and Regulations of the Managerial Stock Option Programme;
- on the rules for remunerating Members of the Management Board.

The Issuer's Supervisory Board is composed of the minimum number of members required by law. There are no committees within the Supervisory Board, including the audit committee. The Supervisory Board in its basic composition is capable to correctly fulfil obligations relating to audit of the Company's affairs.

Pursuant to Article 382 para. 3 of the Code of Commercial Companies, the Supervisory Board has evaluated the following:

1. Financial statements of the Company for 2010;
2. Management Report for the period between 01.01.2010 and 31.12.2010;

3. Management Report for the Capital Group for period between 01.01.2010 and 31.12.2010;
4. Consolidated financial statements of the Capital Group for 2010.

With a view to the foregoing, the Supervisory Board requests that the Ordinary General Meeting of Quantum software S.A. adopt:

1. Management Report for the period between 01.01.2010 and 31.12.2010;
2. Financial statements of the Company for 2010.
3. Management Report for the Capital Group for the period between 01.01.2010 and 31.12.2010;
4. Consolidated financial statements of the Capital Group for 2010.

III. Evaluation of activities of the Supervisory Board of Quantum software S.A. and of the internal control system and the systems for management of risk significant for the Company.

The Supervisory Board gave a positive opinion on its own activities in terms of correct operation of the internal control system and the system for management of risk significant for the Company. In the opinion of the Supervisory Board, both of them ensured correctness of financials included in the interim statements and reports. In the opinion of the Supervisory Board, the internal control system is adapted to the level and profile of risk involved in the Company's operations. At the same time the management of risk significant for Quantum operations is carried out in an adequate and effective manner.

The process of preparing financial information for statutory reporting is automated and based on the consolidated financial and bookkeeping system – Quantum. Preparation of data in source systems is subject to formal operational and acceptance procedures, which define the responsibilities of individuals. The Management Board and top executives oversee various business areas, processes and products. The key people are responsible for creation, implementation, operation and monitoring of the effective and efficient internal control system as well as identification and control of risk. In addition, financial statements are subject to formal review and approval by the supervisory body, i.e. the Supervisory Board.

This report was approved by the Supervisory Board by way of resolution on March 14th, 2011.

Leopold Kutyla
Chairman of the Supervisory Board