



**Half-yearly consolidated financial statements of the Quantum software S.A.  
Capital Group for H1 2011**

**Kraków, 31 August 2011**

**The half-yearly report comprises:**

1. Financial highlights.
2. Basic rules adopted in preparation of the financial statements.
3. Half-yearly condensed consolidated financial statements.
4. Condensed financial statements of the Issuer.
5. Management report for the Issuer's Capital Group.
6. Statement of the Management Board concerning preparation of financial statements.
7. Statement of the Management Board concerning the entity authorised to audit.
8. Report of the entity authorised to audit financial statements from the review of the Issuer's financial statements.
9. Report of the entity authorised to audit financial statements from the review of the consolidated financial statements.

**Financial highlights, including basic items of the half-yearly consolidated financial statements (also translated into EUR)**

FINANCIAL HIGHLIGHTS, including basic items of the half-yearly consolidated financial statements	in PLN '000		in EUR '000	
	for the period from 2010-01-01 to 2010-06-30	for the period from 2011-01-01 to 2011-06-30	for the period from 2010-01-01 to 2010-06-30	for the period from 2011-01-01 to 2011-06-30
Net sales of products, goods and materials	9 569	9 704	2 390	2 446
Profit (loss) on operating activities	-87	-74	-22	-19
Gross profit (loss)	70	115	17	29
Net profit (loss)	84	64	21	16
Net cash flows from operating activities	636	-864	159	-218
Net cash flows from investing activities	-1 322	-322	-330	-81
Net cash flows from financing activities	62	214	15	54
Total net cash flows	-624	-972	-156	-245
Total assets	19 701	19 620	4 752	4 921
Liabilities and provisions for liabilities	2 464	3 551	594	891
Long-term liabilities	238	456	57	114
Short-term liabilities	2 226	3 095	537	776
Equity	17 237	16 069	4 158	4 031
Share capital	735	740	177	186
Number of shares	1 470 000	1 480 757	1 470 000	1 480 757
Earnings per share (in PLN/EUR)	0.23	-0.70	0.06	-0.18
Diluted earnings per share (in PLN/EUR)	0.23	-0.70	0.06	-0.18
Book value per share (in PLN/EUR)	11.50	10.64	2.77	2.67
Diluted book value per share (in PLN/EUR)	11.50	10.64	2.77	2.67
Declared or paid dividend per share (in PLN/EUR)				

**Principles applicable to translation of basic items of the half-yearly consolidated financial statements into EUR.**

Translations of selected financials into EUR in items I-VIII use the arithmetic mean calculated based on the average exchange rates of the National Bank of Poland (NBP) applicable on the last day of each month in a given period.

Arithmetic mean in the period from 01.01.2011 to 30.06.2011 – PLN 3.9673

Arithmetic mean in the period from 01.01.2010 to 30.06.2010 – PLN 4.0042

Translations of selected financials into EUR in items IX-XVIII use the average exchange rate of the National Bank of Poland (NBP) applicable on the statement day.

H1 2011 – PLN 3.9866

H1 2010 – PLN 4.1458

Average PLN/EUR exchange rates in the period included in the financial statements				
Period	Average exchange rate in the period	Lowest exchange rate in the period	Highest exchange rate in the period	Exchange rate as at the last day of the period
H1 2011	3.9673	3.8403	4.0800	3.9866
H1 2010	4.0042	3.8356	4.1770	4.1458

**Financial highlights, including basic items of the half-yearly separate financial statements (also translated into EUR)**

FINANCIAL HIGHLIGHTS, including basic items of the half-yearly separate financial statements	in PLN '000		in EUR '000	
	for the period from 2010-01-01 to 2010-06-30	for the period from 2011-01-01 to 2011-06-30	for the period from 2010-01-01 to 2010-06-30	for the period from 2011-01-01 to 2011-06-30
Net sales of products, goods and materials	7 970	8 321	1 990	2 097
Profit (loss) on operating activities	277	0	69	0
Gross profit (loss)	90	217	22	55
Net profit (loss)	114	218	28	55
Net cash flows from operating activities	1 043	-167	260	-42
Net cash flows from investing activities	-1 317	-583	-329	-147
Net cash flows from financing activities	70	263	17	66
Total net cash flows	-204	-487	-51	-123
Total assets	18 566	18 584	4 478	4 662
Liabilities and provisions for liabilities	2 071	2 985	500	749
Long-term liabilities	180	320	43	80

Short-term liabilities	1 891	2 665	456	668
Equity	16 495	15 599	3 979	3 913
Share capital	735	740	177	186
Number of shares	1 470 000	1 480 757	1 470 000	1 480 757
Earnings per share (in PLN/EUR)	0.12	-0.65	0.03	-0.16
Diluted earnings per share (in PLN/EUR)	0.12	-0.65	0.03	-0.16
Book value per share (in PLN/EUR)	11.22	10.53	2.71	2.64
Declared or paid dividend per share (in PLN/EUR)				

**Principles applicable to translation of basic items of the half-yearly separate financial statements into EUR.**

Translations of selected financials into EUR in items I-VIII use the arithmetic mean calculated based on the average exchange rates of the National Bank of Poland (NBP) applicable on the last day of each month in a given period.

Arithmetic mean in the period from 01.01.2011 to 30.06.2011 – PLN 3.9673

Arithmetic mean in the period from 01.01.2010 to 30.06.2010 – PLN 4.0042

Translations of selected financials into EUR in items IX-XVIII use the average exchange rate of the National Bank of Poland (NBP) applicable on the statement day.

H1 2011 – PLN 3.9866

H1 2010 – PLN 4.1458

Average PLN/EUR exchange rates in the period included in the financial statements				
Period	Average exchange rate in the period	Lowest exchange rate in the period	Highest exchange rate in the period	Exchange rate as at the last day of the period
H1 2011	3.9673	3.8403	4.0800	3.9866
H1 2010	4.0042	3.8356	4.1770	4.1458

**Basic rules adopted in preparation of the financial statements**

These Condensed Interim Consolidated Financial Statements of the Group (“Interim Consolidated Financial Statements”) have been prepared in line with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting (“IAS 34”) and in line with relevant accounting standards applicable to interim financial reporting as approved by the European Union, published and valid at the time of preparation of the Interim Consolidated Financial Statements.

Data included in the report was prepared in line with the principles for measurement of assets and equity and liabilities and measurement of net income specified as at the balance sheet date, in keeping with the materiality principle. The Interim Consolidated Financial Statements for H1 2011 were prepared on the assumption that the entity would continue as a going concern

The Interim Consolidated Financial Statements for H1 2011 have been prepared in line with the International Financial Reporting Standards approved by the European Union. These financial statements include financials for H1 2011 and comparative financials for H1 2010. Opinions of the entities authorised to review financial statements on the financial statements for the current year and the statements from which comparative financials have been derived were unqualified.

The Interim Consolidated Financial Statements for H1 2011 have been prepared in PLN with figures rounded off to the nearest whole thousand.

Postings follow the cost method. The undertaking made no adjustments that would have reflected the influence of inflation on individual items of the balance sheet or income statement. The Company prepares the income statement classifying expenses by function. The statement of cash flows uses the indirect method.

**New accounting standards and IFRIC Interpretations and amendments to the standards:**

Amendments to IFRS which became effective as of January 1<sup>st</sup>, 2011 have no influence on current and previously disclosed consolidated profit/loss and consolidated equity. The Group is going to adopt the amendments to IFRS which are published but have not been valid on the date of publication of these condensed half-yearly consolidated financial statements in line with their respective effective dates.

Half-yearly condensed consolidated financial statements
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

BALANCE SHEET ITEM	half year/2010	31.12.2010	half year/2011
<b>ASSETS</b>			
<b>I. Non-current assets</b>	<b>7 930</b>	<b>7 459</b>	<b>6 959</b>
1. Property, plant and equipment	1 473	1 590	1 521.00
2. Investment property			
3. Intangible assets, of which:	6 288	5 797	5 318
- goodwill	1	1	0
4. Investments accounted for using the equity method			
5. Long-term financial assets	108	9	24
5.1. in related parties			
5.2. in other undertakings	108	9	24
6. Other long-term investments			
7. Other long-term receivables	42	42	59
7.1. from related parties			
7.2. from other undertakings	42	42	59
8. Long-term prepayments	19	21	37
8.1. Deferred income tax assets	11	16	10
8.2. Other prepayments	8	5	27
9. Assets under pension plans			
<b>II. Current assets</b>	<b>11 771</b>	<b>12 207</b>	<b>12 661</b>
1. Inventories	2	111	496
2. Trade and other receivables	3 572	3 213	3 502
2.1. from related parties			
2.2. from other undertakings	3 572	3 213	3 502
3. Current part of income tax			
4. Short-term financial assets	139	413	958
4.1. in related parties			
4.2. in other undertakings	139	413	958
5. Other short-term investments			
6. Short-term prepayments	237	169	376
7. Cash and cash equivalents	7 821	8 301	7 329
8. Non-current assets held for sale (discontinued operations)			
<b>Total assets</b>	<b>19 701</b>	<b>19 666</b>	<b>19 620</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Total equity</b>	<b>17 237</b>	<b>16 028</b>	<b>16 069</b>
<b>I.1. Equity</b>	<b>16 900</b>	<b>15 695</b>	<b>15 762</b>

1. Share capital	735	735	740
Contingent capital	141	172	123
2. Called-up share capital (negative figure)			
3. Own stocks (shares) (negative figure)			
4. Supplementary capital	14 416	14 410	13 353
5. Other reserve capitals	989	989	989
6. Revaluation reserve			
7. Foreign exchange gains/losses	-30	-53	-74
8. Profit (loss) brought forward	554	525	490
9. Net profit (loss)	95	-1 083	141
10. Charges against net profit during the financial year (negative figure)			
<b>I.2. Minority interest</b>	<b>337</b>	<b>333</b>	<b>307</b>
<b>II. Long-term liabilities</b>	<b>238</b>	<b>406</b>	<b>456</b>
1. Deferred income tax reserve	25	149	140
2. Provision for retirement pensions and similar benefits	105	129	129
3. Other reserves			
4. Government subsidies			
5. Financial liabilities	108	128	187
5.1. towards related parties			
5.2. towards other undertakings	108	128	187
6. Other liabilities	0	0	0
6.1. towards related parties			
6.2. towards other undertakings			
<b>III. Short-term liabilities</b>	<b>2 226</b>	<b>3 232</b>	<b>3 095</b>
1. Financial liabilities	1 658	2 681	2 224
1.1. towards related parties	0	2	7
1.2. towards other undertakings	1 658	2 679	2 217
a) loans and borrowings	200	184	166
b) trade liabilities	815	1 767	1 565
c) relative to taxes and insurance	606	658	429
d) other	37	70	57
2. Other liabilities	85	27	111
2.1. towards related parties			
2.2. towards other undertakings	85	27	111
3. Current part of income tax			
4. Provision for retirement pensions and similar benefits	3	3	3
5. Other reserves	480	521	757
5.1. government subsidies	263	480	735
5.2. deferred income			
5.3. accruals	217	41	22
6. Liabilities related to non-current assets held for sale (discontinued operations)			
<b>Total equity and liabilities</b>	<b>19 701</b>	<b>19 666</b>	<b>19 620</b>



Book value	16 900	15 695	15 762
Number of shares	1 470 000	1 470 000	1 480 757
Book value per share	11.50	10.68	10.64
Diluted number of shares	1 470 000	1 480 757	1 480 757
Diluted book value per share	11.50	10.60	10.64

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	in '000	in '000
	half year/2010	half year/2011
Net sales of products, goods and materials, of which:	9 569	9 704
from related parties		
Net sales of products and services	8 073	8 484
Net sales of goods and materials	1 496	1 220
Costs of products, goods and materials sold, of which:	6 140	6 616
to related parties		
Cost of products sold	4 904	5 607
Value of goods and materials sold	1 236	1 009
Gross profit (loss) on sales	3 429	3 088
Selling costs	1 142	1 139
General administrative expenses	2 039	2 207
Profit (loss) on sales	248	-258
Other operating income	73	279
Profit on sales of non-financial non-current assets		
Subsidies	50	122
Other operating income	23	157
Other operating costs	408	95
Loss on sales of non-financial non-current assets		
Revaluation of non-financial assets	408	92
Other operating costs	0	3
Profit (loss) on operating activities	-87	-74
Financial income	183	207
Dividends and profit sharing, of which:		
from related parties		
Interest, of which:	173	207
from related parties		
Profit on sales of investments		
Revaluation of investments		
Other	10	0
Financial costs	26	18
Interest, of which:	26	12
for related parties		
Loss on sales of investments		
Revaluation of investments		

Other	0	6
Profit (loss) on sales of shares in subordinates in whole or in part		
Profit (loss) on economic activities	70	115
Extraordinary profit/loss	0	0
Extraordinary gains		
Extraordinary losses		
Write-off of goodwill of subordinates		
Write-off of negative goodwill of subordinates		
Gross profit (loss)	70	115
Income tax	-14	51
current tax	109	54
deferred tax	-123	-3
Other obligatory charges on profit (increases of loss)		
Net profit (loss)	84	64
Share in net profit (loss) of subordinates that are accounted for using the equity method		
Minority (gains) losses	-11	-77
Net profit (loss) of the parent	95	141
Net profit (loss) (annualised)	334	-1 038
Weighted average of equity shares	1 470 000	1 480 757
Earnings per share (in PLN)	0.23	-0.70
Diluted weighted average of equity shares	1 470 000	1 480 757
Diluted earnings per share (in PLN)	0.23	-0.70

**STATEMENT OF CHANGES IN CONSOLIDATED EQUITY**

	H1/2010	2010	H1/2011
Equity at the beginning of period (OB)	17 083	17 083	16 028
changes in accepted accounting principles (policy)			
adjustments for fundamental errors			
Equity at the beginning of period (OB) reconciled with comparative amounts	17 083	17 083	16 028
Share capital at the beginning of the period	735	735	735
Changes in share capital	0	0	5
increases (relative to)	0	0	5
issue of stocks (shares)	0	0	5
decreases (relative to)	0	0	0
redemption of stocks (shares)			
Share capital at the end of the period	735	735	740
Contingent capital at the beginning of the period	125	125	172

<b>Changes in contingent capital</b>	<b>16</b>	<b>47</b>	<b>-49</b>
increases (relative to)	16	47	31
managerial stock options	16	47	31
decrease	0	0	80
issue of shares based on managerial stock options	0	0	80
<b>Contingent capital at the end of the period</b>	<b>141</b>	<b>172</b>	<b>123</b>
<b>Called-up share capital at the beginning of the period</b>			
<b>Changes in called-up share capital</b>			
increases (relative to)			
decreases (relative to)			
<b>Called-up share capital at the end of the period</b>			
<b>Own stocks (shares) at the beginning of the period</b>			
<b>Changes in own stocks (shares)</b>			
increases (relative to)			
decreases (relative to)			
<b>Own stocks (shares) at the end of the period</b>			
<b>Supplementary capital at the beginning of the period</b>	<b>14 646</b>	<b>14 652</b>	<b>14 340</b>
<b>Changes in supplementary capital</b>	<b>-230</b>	<b>-242</b>	<b>-987</b>
increases (relative to)	0	0	75
share premium	0	0	75
from distribution of profit (statutory)			
from distribution of profit (above statutorily required minimum amount)			
decreases (relative to)	230	242	1 062
coverage of loss	230	230	1 062
minority interest	0	12	0
establishment of reserve capital			
<b>Supplementary capital at the end of the period</b>	<b>14 416</b>	<b>14 410</b>	<b>13 353</b>
<b>Revaluation reserve at the beginning of the period</b>			
<b>Changes in revaluation reserve</b>			
increases (relative to)			

decreases (relative to)			
sales of fixed assets			
<b>Revaluation reserve at the end of the period</b>			
<b>Other reserve capitals at the beginning of the period</b>	<b>989</b>	<b>989</b>	<b>989</b>
<b>Changes in other reserve capitals</b>	<b>0</b>	<b>0</b>	<b>0</b>
increases (relative to)	0	0	0
establishment of reserve capital			
decreases (relative to)	0	0	0
<b>Other reserve capitals at the end of the period</b>	<b>989</b>	<b>989</b>	<b>989</b>
<b>Foreign exchange gains/losses on translation of subordinates</b>	<b>-30</b>	<b>-53</b>	<b>-74</b>
<b>Profit (loss) brought forward at the beginning of the period</b>	<b>324</b>	<b>295</b>	<b>-572</b>
<b>Profit brought forward at the beginning of the period</b>	<b>626</b>	<b>602</b>	<b>613</b>
changes in accepted accounting principles (policy)			
adjustments for fundamental errors			
<b>Profit brought forward at the beginning of the period, reconciled with comparative amounts</b>	<b>626</b>	<b>602</b>	<b>613</b>
increases (relative to)	0	0	0
distribution of profit brought forward			
decreases (relative to)	0	0	0
distribution of profit brought forward			
<b>Profit brought forward at the end of the period</b>	<b>626</b>	<b>602</b>	<b>613</b>
<b>Loss brought forward at the beginning of the period</b>	<b>302</b>	<b>307</b>	<b>1 185</b>
changes in accepted accounting principles (policy)			
adjustments for fundamental errors			
<b>Loss brought forward at the beginning of the period, reconciled with comparative amounts</b>	<b>302</b>	<b>307</b>	<b>1 185</b>
increases (relative to)	0	0	0
loss brought forward to be covered			
decreases (relative to)	230	230	1 062
coverage of loss	230	230	1 062
<b>Loss brought forward at the end of the period</b>	<b>72</b>	<b>77</b>	<b>123</b>

<b>Profit (loss) brought forward at the end of the period</b>	<b>554</b>	<b>525</b>	<b>490</b>
<b>Net profit/loss</b>	<b>95</b>	<b>-1 083</b>	<b>141</b>
net profit	421	72	290
net loss	-326	-1 155	-149
appropriations from profit			
<b>Equity at the end of the period (CB)</b>	<b>16 900</b>	<b>15 695</b>	<b>15 762</b>
<b>Minority interest at the beginning of the period</b>	<b>335</b>	<b>335</b>	<b>315</b>
<b>Changes in minority interest</b>	<b>2</b>	<b>-2</b>	<b>-8</b>
increase	19	83	103
acquisition of shares in subsidiaries	0	48	103
profit sharing	19	35	0
decrease	17	85	111
sales of shares in subsidiaries			
loss sharing	17	85	111
<b>Minority interest at the end of the period</b>	<b>337</b>	<b>333</b>	<b>307</b>
<b>Equity, after proposed distribution of profit (coverage of loss)</b>	<b>17 237</b>	<b>16 028</b>	<b>16 069</b>

## CONSOLIDATED CASH FLOW STATEMENT

	in PLN '000	
	H1/2010	H1/2011
<b>Net cash flows from operating activities (I-II) – direct method</b>		
(indirect method)		
Net profit (loss)	95	141
Total adjustments	541	-1 005
Minority gains (losses)	-11	-77
Share in net (profit) loss of subordinates that are accounted for using the equity method		
Amortisation/depreciation, of which:	487	739
write-offs of goodwill of subordinates or negative goodwill of subordinates		
Foreign exchange (gains) losses	86	11
Interest and profit sharing (dividends)	-27	-191
(Profit) loss on investing activities	300	2
Movement in reserves	-124	-9
Movement in inventories	12	-384
Movement in receivables	1 049	-340
Movement in short-term liabilities, except for loans and borrowings	-1 299	-511
Movement in prepayments and accruals	102	-154
Other adjustments	-34	-91
Net cash flows from operating activities (I+/-II); direct method	636	-864

<b>Cash flows from investing activities</b>		
Inflows	29	231
Sales of intangible assets and property, plant and equipment		
Sales of investments in property and intangible assets		
From financial assets, of which:	29	174
in related parties	0	0
sales of financial assets		
dividends and profit sharing		
repayment of long-terms borrowings granted		
interest		
other inflows from financial assets		
in other undertakings	29	174
sales of financial assets		
dividends and profit sharing		
repayment of long-terms borrowings granted	17	0
interest	12	174
other inflows from financial assets		
Other investment inflows	0	57
Expenditure	1 351	553
Acquisition of intangible assets and property, plant and equipment	1 221	111
Investments in property and intangible assets		
On financial assets, of which:	0	16
in related parties	0	0
acquisition of financial assets		
long-term borrowings granted		
in other undertakings	0	16
acquisition of financial assets		
long-term borrowings granted	0	16
Dividends and other profit sharing paid to minority shareholders		
Other investment expenditure	130	426
<b>Net cash flows from investing activities (I-II)</b>	<b>-1 322</b>	<b>-322</b>
<b>Cash flows from financing activities</b>		
Inflows	215	391
Net inflows from issue of stocks (shares) and other equity instruments and contributions to equity		
Loans and borrowings	0	14
Issue of debt securities		
Other financial inflows	215	377
Expenditure	153	177
Acquisition of own stocks (shares)		
Dividends and other payments to owners		
Expenditure against distribution of profit, other than payments to owners		
Repayment of loans and borrowings	108	99
Redemption of debt securities		

Relative to other financial liabilities		
Payments of liabilities under finance lease agreements	33	67
Interest	12	11
Other financial expenditure		
Net cash flows from financing activities (I-II)	62	214
Total net cash flows (A.III+/-B.III+/-C.III)	-624	-972
Balance sheet movement of cash, of which:	-623	-972
movement in cash due to foreign exchange gains/losses	1	0
Cash at the beginning of the period	8 444	8 301
Cash at the end of the period (F+/-D), of which:	7 821	7 329
of limited disposability	4	5

**Identification of operating segments**
**- breakdown by product**

Item	Product segment				Total
	Qguar Licences and Maintenance	Qguar Services: Implementati on, Service	Goods (of which third-party licences)	Other	
<b>Sales income</b>	2 002 290.62	5 731 766.04	1 219 855.33	750 161.20	9 704 073.18
<b>Costs of core operating activities</b>	1 829 274.71	3 138 159.01	1 009 019.25	639 801.76	6 616 254.72
<b>Selling costs</b>	268 827.71	769 547.40	0.00	100 716.71	1 139 091.81
<b>General administrative expenses</b>	502 790.09	1 439 289.14	76 578.69	188 371.06	2 207 028.98
<b>Financial income</b>	45 832.26	131 199.64	6 980.60	17 171.13	201 183.63
<b>Operating income</b>	157 712.78	102 801.46	5 469.65	13 454.43	279 438.32
<b>Financial costs</b>	2 725.74	7 802.70	415.15	1 021.20	11 964.79
<b>Operating costs</b>	738.61	94 405.49	112.50	276.72	95 533.32
<b>Profit/loss (net income)</b>	<b>-398 521.18</b>	<b>516 563.40</b>	<b>146 179.98</b>	<b>-149 400.69</b>	<b>114 821.51</b>

**Condensed financial statements of the Issuer**
**SEPARATE STATEMENT OF FINANCIAL POSITION**

<b>BALANCE SHEET ITEM</b>	<b>half year/2010</b>	<b>31.12.2010</b>	<b>half year/2011</b>
<b>ASSETS</b>			
<b>I. Non-current assets</b>	<b>8 270</b>	<b>7 814</b>	<b>7 325</b>
1. Property, plant and equipment	1 259	1 412	1 233
2. Investment property			
3. Intangible assets, of which:	5 309	5 788	5 312
- goodwill			
4. Investments accounted for using the equity method			
5. Long-term financial assets	1 651	558	730
5.1. in related parties	1 651	549	706
5.2. in other undertakings	0	9	24
6. Other long-term investments			
7. Other long-term receivables	42	42	42
7.1. from related parties			
7.2. from other undertakings	42	42	42
8. Long-term prepayments	9	14	8
8.1. Deferred income tax assets	9	14	8
8.2. Other prepayments			
9. Assets under pension plans			
<b>II. Current assets</b>	<b>10 296</b>	<b>10 769</b>	<b>11 259</b>
1. Inventories	0	107	493
2. Trade and other receivables	3 310	2 896	2 858
2.1. from related parties	164	225	381
2.2. from other undertakings	3 146	2 671	2 477
3. Current part of income tax			
4. Short-term financial assets	139	448	967
4.1. in related parties	0	149	266
4.2. in other undertakings	139	299	701
5. Other short-term investments			
6. Short-term prepayments	225	161	271
7. Cash and cash equivalents	6 622	7 157	6 670
8. Non-current assets held for sale (discontinued operations)			
<b>Total a s s e t s</b>	<b>18 566</b>	<b>18 583</b>	<b>18 584</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Total equity</b>	<b>16 495</b>	<b>15 350</b>	<b>15 599</b>
<b>I.1. Equity</b>	<b>16 495</b>	<b>15 350</b>	<b>15 599</b>
1. Share capital	735	735	740



Contingent capital	141	172	123
2. Called-up share capital (negative figure)			
3. Own stocks (shares) (negative figure)			
4. Supplementary capital	14 222	14 222	13 235
5. Other reserve capitals	989	989	989
6. Revaluation reserve			
7. Foreign exchange gains/losses			
8. Profit (loss) brought forward	294	294	294
9. Net profit (loss)	114	-1 062	218
10. Charges against net profit during the financial year (negative figure)			
<b>I.2. Minority interest</b>			
<b>II. Long-term liabilities</b>	<b>180</b>	<b>359</b>	<b>320</b>
1. Deferred income tax reserve	22	145	138
2. Provision for retirement pensions and similar benefits	105	129	129
3. Other reserves			
4. Government subsidies			
5. Financial liabilities	53	85	53
5.1. towards related parties			
5.2. towards other undertakings	53	85	53
6. Other liabilities	0	0	0
6.1. towards related parties			
6.2. towards other undertakings			
<b>III. Short-term liabilities</b>	<b>1 891</b>	<b>2 874</b>	<b>2 665</b>
1. Financial liabilities	1 325	2 323	1 794
1.1. towards related parties	62	54	31
1.2. towards other undertakings	1 263	2 269	1 763
a) loans and borrowings	177	160	83
b) trade liabilities	513	1 485	1 317
c) relative to taxes and insurance	537	559	317
d) other	36	65	46
2. Other liabilities	85	27	111
2.1. towards related parties			
2.2. towards other undertakings	85	27	111
3. Current part of income tax			
4. Provision for retirement pensions and similar benefits	3	3	3
5. Other reserves	478	521	757
5.1. subsidies	263	480	735
5.2. deferred income			
5.3. accruals	215	41	22
6. Liabilities related to non-current assets held for sale (discontinued operations)			
<b>Total equity and liabilities</b>	<b>18 566</b>	<b>18 583</b>	<b>18 584</b>
<b>Book value</b>	<b>16 495</b>	<b>15 350</b>	<b>15 599</b>

Number of shares	1 470 000	1 470 000	1 480 757
Book value per share	11.22	10.44	10.53
Diluted number of shares	1 470 000	1 480 757	1 480 757
Diluted book value per share	11.22	10.37	10.53

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

	in PLN '000	
	H1/2010	H1/2011
<b>Net sales of products, goods and materials, of which:</b>	7 970	8 321
from related parties	335	375
<b>Net sales of products and services</b>	6 539	7 111
<b>Net sales of goods and materials</b>	1 431	1 210
<b>Costs of products, goods and materials sold, of which:</b>	5 133	5 936
to related parties	198	260
<b>Cost of products sold</b>	3 957	4 935
<b>Value of goods and materials sold</b>	1 176	1 001
<b>Gross profit (loss) on sales</b>	2 837	2 385
<b>Selling costs</b>	1 025	1 087
<b>General administrative expenses</b>	1 500	1 485
<b>Profit (loss) on sales</b>	312	-187
<b>Other operating income</b>	73	279
<b>Profit on sales of non-financial non-current assets</b>		
<b>Subsidies</b>	50	122
<b>Other operating income</b>	23	157
<b>Other operating costs</b>	108	92
<b>Loss on sales of non-financial non-current assets</b>		
<b>Revaluation of non-financial assets</b>	108	92
<b>Other operating costs</b>		
<b>Profit (loss) on operating activities</b>	277	0
<b>Financial income</b>	147	223
<b>Dividends and profit sharing, of which:</b>		
from related parties		
<b>Interest, of which:</b>	147	198
from related parties	8	9
<b>Profit on sales of investments</b>		
<b>Revaluation of investments</b>		
<b>Other</b>	0	25
<b>Financial costs</b>	334	6
<b>Interest, of which:</b>	8	6
for related parties		
<b>Loss on sales of investments</b>		
<b>Revaluation of investments</b>	300	0
<b>Other</b>	26	0
<b>Profit (loss) on economic activities</b>	90	217

Extraordinary profit/loss	0	0
Extraordinary gains		
Extraordinary losses		
Gross profit (loss)	90	217
Income tax	-24	-1
current tax	99	0
deferred tax	-123	-1
Other obligatory charges on profit (increases of loss)		
Share in net profit (loss) of subordinates that are accounted for using the equity method		
Net profit (loss)	114	218
Net profit (loss) (annualised)	178	-958
Weighted average of equity shares	1 470 000	1 480 757
Earnings per share (in PLN)	0.12	-0.65
Diluted weighted average of equity shares	1 470 000	1 480 757
Diluted earnings per share (in PLN)	0.12	-0.65

**SEPARATE STATEMENT OF CHANGES IN EQUITY**

	in PLN '000		
	H1/2010	2010	H1/2011
Equity at the beginning of period (OB)	16 365	16 365	15 350
changes in accepted accounting principles (policy)			
adjustments for fundamental errors			
Equity at the beginning of period (OB) reconciled with comparative amounts	16 365	16 365	15 350
Share capital at the beginning of the period	735	735	735
Changes in share capital	0	0	5
increases (relative to)	0	0	5
issue of stocks (shares)	0	0	5
decreases (relative to)	0	0	0
redemption of stocks (shares)			
Share capital at the end of the period	735	735	740
Contingent capital at the beginning of the period	125	125	172
Changes in contingent capital	16	47	-49
increases (relative to)	16	47	31
managerial stock options	16	47	31
decrease	0	0	80
issue of shares based on managerial stock options	0	0	80

<b>Contingent capital at the end of the period</b>	<b>141</b>	<b>172</b>	<b>123</b>
decreases (relative to shareholders' contributions)			
<b>Called-up share capital at the beginning of the period</b>			
<b>Changes in called-up share capital</b>			
increases (relative to)			
decreases (relative to)			
<b>Called-up share capital at the end of the period</b>			
<b>Own stocks (shares) at the beginning of the period</b>			
<b>Changes in own stocks (shares)</b>			
increases (relative to)			
decreases (relative to)			
<b>Own stocks (shares) at the end of the period</b>			
<b>Supplementary capital at the beginning of the period</b>	<b>14 452</b>	<b>14 452</b>	<b>14 222</b>
<b>Changes in supplementary capital</b>	<b>-230</b>	<b>-230</b>	<b>-987</b>
increases (relative to)	0	0	75
share premium	0	0	75
from distribution of profit (statutory)			
from distribution of profit (above statutorily required minimum amount)			
decreases (relative to)	230	230	1 062
coverage of loss	230	230	1 062
transfer to reserve capital			
<b>Supplementary capital at the end of the period</b>	<b>14 222</b>	<b>14 222</b>	<b>13 235</b>
<b>Revaluation reserve at the beginning of the period</b>			
<b>Changes in revaluation reserve</b>			
increases (relative to)			
decreases (relative to)			
sales of fixed assets			
<b>Revaluation reserve at the end of the period</b>			
<b>Other reserve capitals at the beginning of the period</b>	<b>989</b>	<b>989</b>	<b>989</b>
<b>Changes in other reserve capitals</b>	<b>0</b>	<b>0</b>	<b>0</b>
increases (relative to)	0	0	0
establishment from reserve capital			
decreases (relative to)	0	0	0

<b>Other reserve capitals at the end of the period</b>	<b>989</b>	<b>989</b>	<b>989</b>
<b>Profit (loss) brought forward at the beginning of the period</b>	<b>64</b>	<b>64</b>	<b>-768</b>
<b>Profit brought forward at the beginning of the period</b>	<b>341</b>	<b>341</b>	<b>341</b>
changes in accepted accounting principles (policy)			
adjustments for fundamental errors			
<b>Profit brought forward at the beginning of the period, reconciled with comparative amounts</b>	<b>341</b>	<b>341</b>	<b>341</b>
increases (relative to)	0	0	0
distribution of profit brought forward			
decreases (relative to)	0	0	0
profit distribution			
<b>Profit brought forward at the end of the period</b>	<b>341</b>	<b>341</b>	<b>341</b>
<b>Loss brought forward at the beginning of the period</b>	<b>277</b>	<b>277</b>	<b>1 109</b>
changes in accepted accounting principles (policy)			
adjustments for fundamental errors			
<b>Loss brought forward at the beginning of the period, reconciled with comparative amounts</b>	<b>277</b>	<b>277</b>	<b>1 109</b>
increases (relative to)	0	0	0
loss brought forward to be covered			
decreases (relative to)	230	230	1 062
coverage of loss from supplementary capital	230	230	1 062
<b>Loss brought forward at the end of the period</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>Profit (loss) brought forward at the end of the period</b>	<b>294</b>	<b>294</b>	<b>294</b>
<b>Net profit/loss</b>	<b>114</b>	<b>-1 062</b>	<b>218</b>
net profit	114		218
net loss	0	-1 062	0
appropriations from profit			
<b>Equity at the end of the period (CB)</b>	<b>16 495</b>	<b>15 350</b>	<b>15 599</b>
<b>Equity, after proposed distribution of profit (coverage of loss)</b>	<b>16 495</b>	<b>15 350</b>	<b>15 599</b>

## SEPARATE CASH FLOW STATEMENT

	in PLN '000	
	H1/2010	H1/2011
Cash flows from operating activities		
(direct method)		
<b>Inflows</b>		
Sales		
Other operating inflows		
<b>Expenditure</b>		
Supplies and services		
Net wages and salaries		
Social and health insurance and other benefits		
Taxes and charges of public law character		
Other operating expenditure		
Net cash flows from operating activities (I-II) – direct method		
(indirect method)		
Net profit (loss)	114	218
Total adjustments	929	-385
Share in net (profit) loss of subordinates that are accounted for using the equity method		
Amortisation and depreciation	448	693
Foreign exchange (gains) losses	-1	0
Interest and profit sharing (dividends)	-1	-192
(Profit) loss on investing activities	300	2
Movement in reserves	-125	-7
Movement in inventories	6	-386
Movement in receivables	316	38
Movement in short-term liabilities, except for loans and borrowings	-84	-360
Movement in prepayments and accruals	104	-82
Other adjustments	-34	-91
Net cash flows from operating activities (I+/-II); direct method	1 043	-167
<b>Cash flows from investing activities</b>		
<b>Inflows</b>	19	220
Sales of intangible assets and property, plant and equipment		
Sales of investments in property and intangible assets		
<b>From financial assets, of which:</b>	19	163
in related parties	0	0
sales of financial assets		
dividends and profit sharing		
repayment of long-terms borrowings granted		
interest		
other inflows from financial assets		

in other undertakings	19	163
sales of financial assets		
dividends and profit sharing		
repayment of long-terms borrowings granted	17	0
interest	2	163
other inflows from financial assets		
other investment inflows	0	57
<b>Expenditure</b>	<b>1 336</b>	<b>803</b>
<b>Acquisition of intangible assets and property, plant and equipment</b>	<b>1 206</b>	<b>96</b>
<b>Investments in property and intangible assets</b>		
<b>On financial assets, of which:</b>	<b>0</b>	<b>16</b>
in related parties	0	0
acquisition of financial assets		
long-term borrowings granted		
in other undertakings	0	16
acquisition of financial assets		
long-term borrowings granted	0	16
<b>Other investment expenditure</b>	<b>130</b>	<b>691</b>
<b>Net cash flows from investing activities (I-II)</b>	<b>-1 317</b>	<b>-583</b>
<b>Cash flows from financing activities</b>		
<b>Inflows</b>	<b>197</b>	<b>377</b>
<b>Net inflows from issue of stocks (shares) and other equity instruments and contributions to equity</b>		
<b>Loans and borrowings</b>		
<b>Issue of debt securities</b>		
<b>Other financial inflows</b>	<b>197</b>	<b>377</b>
<b>Expenditure</b>	<b>127</b>	<b>114</b>
<b>Acquisition of own stocks (shares)</b>		
<b>Dividends and other payments to owners</b>		
<b>Expenditure against distribution of profit, other than payments to owners</b>		
<b>Repayment of loans and borrowings</b>	<b>108</b>	<b>85</b>
<b>Redemption of debt securities</b>		
<b>Relative to other financial liabilities</b>		
<b>Payments of liabilities under finance lease agreements</b>	<b>11</b>	<b>23</b>
<b>Interest</b>	<b>8</b>	<b>6</b>
<b>Other financial expenditure</b>		
<b>Net cash flows from financing activities (I-II)</b>	<b>70</b>	<b>263</b>
<b>Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>-204</b>	<b>-487</b>
<b>Balance sheet movement of cash, of which:</b>	<b>-203</b>	<b>-487</b>
movement in cash due to foreign exchange gains/losses	1	0
<b>Cash at the beginning of the period</b>	<b>6 825</b>	<b>7 157</b>
<b>Cash at the end of the period (F+/-D), of which:</b>	<b>6 622</b>	<b>6 670</b>
of limited disposability	4	5

**Identification of operating segments**
**- breakdown by product**

Item	Product segment				Total
	Qguar Licences and Maintenance	Qguar Services: Implementation, Service	Goods (of which third-party licences)	Other	
<b>Sales income</b>	1 650 339.74	5 296 829.82	1 210 016.50	164 266.01	8 321 452.07
<b>Costs of core operating activities</b>	1 735 559.11	3 140 990.72	1 001 030.61	58 374.66	5 935 955.10
<b>Selling costs</b>	252 293.37	809 745.43	0.00	25 111.94	1 087 150.74
<b>General administrative expenses</b>	330 600.06	1 061 073.80	60 598.36	32 906.17	1 485 178.39
<b>Financial income</b>	49 563.93	159 077.37	9 084.97	4 933.33	222 659.60
<b>Operating income</b>	156 890.62	112 621.75	6 431.87	3 492.64	279 436.88
<b>Financial costs</b>	1 336.75	4 290.35	245.02	133.05	6 005.18
<b>Operating costs</b>	20 545.61	65 941.95	3 765.97	2 045.00	92 298.54
<b>Profit/loss (net income)</b>	<b>-483 540.63</b>	<b>486 486.68</b>	<b>159 893.38</b>	<b>54 121.16</b>	<b>216 960.60</b>



**MANAGEMENT REPORT FOR THE ISSUER'S CAPITAL GROUP****1) Basic information**

The parent of the Capital Group is Quantum software S.A. with its registered office in Kraków at ul. Walerego Sławka 3A. The Company was entered into the Register of Businesses of the National Court Register (KRS) Kraków – Śródmieście, XI Economic Division on October 30<sup>th</sup>, 2002 under KRS No. 0000136768; PKD (Polish Classification of Activities) No. 72.21 z. "Software activities". The Company's business focus is development and implementation of IT systems for businesses, where optimisation of logistics is key.

Statistical identification number (REGON):	351243328
Tax ID (NIP):	677-17-53-870
National Court Register (KRS):	0000136768
Share capital fully paid up:	PLN 740,378.50

**Management Board:**

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 Mních

**Supervisory Board:**

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

The half-yearly financial statements were prepared on the assumption that member entities of the Quantum software S.A. Capital Group would continue as a going concern in a foreseeable future.

**Organisational structure of the Group as at 30.06.2011 – details of subsidiaries and related parties:****1) Business name: Quantum East Sp. z o.o. – subsidiary**

Registered office: Kraków

Address: Walerego Sławka 3a

National Court Register (KRS): 0000294284

Shareholders: 66.67% 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: Quantum International Sp. z .o.o. – subsidiary**

Registered office: Moscow

Address: ul. Letnikovskaja, 10, building 1

certificate 1117746038035

Shareholders: 99% of shares held by Quantum East Sp. z o.o.

Founding capital fully paid up: RUB 1,200,000

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

Registered office: Kraków

Address: Walerego Sławka 3a

National Court Register (KRS): 0000297249

Shareholders: 48.72% of shares held by Quantum I - Services Sp. z o.o.

Founding capital fully paid up: PLN 400,000.00

**5) 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

**6) Business name: Edisonda Sp. z o.o. – subsidiary**

Registered office: Kraków

Address: Walerego Sławka 3A

National Court Register (KRS): 0000335987

Shareholders: 74% of shares held by Quantum software S.A.

Founding capital fully paid up: PLN 120,000.00

**7) Business name: Quantum Mobile Solutions Sp. z o.o. – subsidiary**

Registered office: Kraków

Address: Walerego Sławka 3A

National Court Register (KRS): 0000389822

Shareholders: 75% of shares held by Quantum I - Services Sp. z o.o.

Founding capital covered in part by in-cash contribution of PLN 3,750.00 and in part by in-kind contribution of PLN 1,250.00.

## 2) Sales by product and geographical segments

The Issuer is involved in sales of computer software and hardware and the provision of related services.

### Product breakdown

	01.01.- 30.06.2011	% share	01.01.- 30.06.2010	% share
<b>Software licences and services</b>	7 762	80%	6 782	70.9%
<b>Goods</b>	1 220	12.6%	1 496	15.6%
<b>Other sales</b>	722	7.4	1 291	13.5%
<b>Total</b>	<b>9 704</b>	<b>100%</b>	<b>9 569</b>	<b>100%</b>

Data in PLN '000

### Sales by markets

	01.01.- 30.06.2011	% share	01.01.- 30.06.2010	% share
<b>Domestic</b>	7 702	79.4%	7 787	81.4%
<b>Export</b>	2 002	20.6%	1 782	18.6%
<b>Total</b>	<b>9 704</b>	<b>100%</b>	<b>9 569</b>	<b>100%</b>

Data in PLN '000

## 3) Description of the Capital Group's organisation with identification of consolidated undertakings and changes in the Group's structure (if any).

The Group is made up by the following entities:

Quantum software S.A. – the Group's parent, involved in the development and implementation of IT systems;

Quantum East Sp. z o.o. – a subsidiary of the Group; Quantum software S.A. holds 66.67% of its shares (holding nature). Full consolidation method.

Quantum International Sp. z o.o. (Ukraine) – 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.'s IT solutions in the Russian-speaking countries. Full consolidation method.

Quantum International Sp. z o.o. (Russia) – a subsidiary of the Group; Quantum East Sp. z o.o. holds 99% of its shares; the Company was established to focus on sales and implementation of IT solutions offered by Quantum software S.A. in Russia.

CNT Quantum Sp. z o.o. – a related party in the Group; Quantum I - Services Sp. z o.o. holds 48.72% 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.'s 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 74% 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.

Quantum Mobile Solutions Sp. z o.o. – a subsidiary of the Group; Quantum I - Services Sp. z o.o. holds 75% of its shares; business focus of the company consists of development and sales of IT solutions for mobile devices.

**4) Effects of changes in the business unit's structure, including resulting from business combinations, acquisitions or sales of entities in the Issuer's Capital Group, long-term investments, de-mergers, restructuring and discontinuation:**

In the presented period there were no changes in the Issuer's structure.

**5) Evaluation of basic economic and financial parameters of the Capital Group**

In H1 2011, the Capital Group earned the sales income of PLN 9,704,000. In the corresponding period of the previous year, it amounted to PLN 9,569,000. Total sales growth rate was 101.4%.

Sales of products and services related to own software (Qguar suite) in H1 2011 accounted for more than 87.4% of the total sales. Income from sales of licences and services related to own software (Qguar suite) amounted to PLN 7,762,000, i.e. was by 14.5% higher compared to PLN 6,782 recorded in H1 2010.

The Capital Group closed H1 2011 with the net profit of PLN 64,000, while the Issuer's separate net profit reached PLN 218,000.

Member companies of the Capital Group maintain a stable structure of financing its current operations, which is based mainly on equity and current trade liabilities. The current financing structure does not involve the risk of liquidity loss or upset.

**6) Description of the Issuer's significant achievements or failures in the reporting period, with a list of major related events:**

➤ **Acquiring new customers in Poland and abroad:**

- Quantum software S.A. signed commercial agreements with the following customers:

MAG Sp. z o.o. Sp.K., Kamir Sp. z o.o., Desa Sp. z o.o., La Rive S.A., Achtel Sp. z o.o., Konsola Logistyczna, Aluprof S.A., Indykpol S.A., Zakłady Tłuszczowe Kruszwica S.A., Transmas S.j. and Partner XXI Sp. z o.o.

- Quantum International Ukraine signed agreements with the following customers:

Ais Tim Sp. z o.o. from Ukraine, Kompanija FSK Logistyk from Belarus Sp. z o.o., Żytomirskij maslozawod Public S.A. from Ukraine and Epicentr K Sp. z o.o. from Ukraine. It should be emphasized that the first Belarusian customer was won for Qguar WMS Pro system.

- The related party, CNT Quantum signed a subcontract agreement with CNT/Boehringer Germany: development support and roll-out of the SAP system for an international customer at manufacturing plants in Germany and sourcing new customers: Wetzl and Mlekpól.

- The subsidiary, Edisona sourced eight new customers, including:

Akcelerator Innowacji NOT Sp. z o.o., Klikdruk.pl (Internet printing house), MojaWyspa.co.uk (web portal), netPistols Sp. z o.o. and Ministry of Environment.

➤ **New implementations** of the Qguar system at the existing customers, namely:

7R Solutions Sp. z o.o., Royal Canin Polska Sp. z o.o., Agros - Nova Sp. z o.o., Lisner Sp. z o.o. and S.C. BIT Service Com S.r.l.

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

Amercom S.A. Branch in Poznań, Hanyang Zas Sp. z o.o., HF Helvetia Furniture Sp. z o.o., Eco Service Sp. z o.o., Żabka Polska S.A., 7R Solutions Sp. z o.o., Royal Canin Polska Sp. z o.o., Agros - Nova Sp. z o.o., Harper Trade Sp. z o.o., Lisner Sp. z o.o., Polomarket Sp. z o.o. and Pacaro Export Import S.r.l.

➤ **Other important events:**

- On May 19<sup>th</sup>, 2011 Quantum software was awarded the Innovation Certificate, which confirms that the Company is ranked among 500 most innovative businesses in Poland in 2009.

- Quantum International together with its partner, AliansSoft completed the first implementation of Qguar WMS Pro system in Belarus.

- in 2011 a series of 5 product seminars are planned to promote advanced SCM solutions. Four of them have been held so far and attracted more than 500 participants. Seminars are organised with partners being the world's leading technology businesses such as Oracle and Motorola.

- on May 26-27<sup>th</sup>, 2011, 6<sup>th</sup> Forum for Logistics Practitioners was held, organised by Eurologistics Publishing House and Quantum software. This flagship industry event is targeted at mid-level and senior managers dealing with broadly defined issues in the field

of supply chain management. This year the Forum hosted, among others, Professor Andrzej Pawlak from Lawrence Technological University, USA.

- in the middle of this year, we also launched an in-house Innovation Scheme for Quantum employees, "Quantum THINK TRUNK". The idea behind the scheme is to collect innovative concepts among Quantum software employees, which are further evaluated for their practical corporate applicability.

## **7) Managerial Stock Option Programme and Own Share Redemption Programme**

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 3<sup>rd</sup>, 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 17<sup>th</sup>, 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 15<sup>th</sup>, 2009, the Supervisory Board adopted the resolution on amending the resolution of October 3<sup>rd</sup>, 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 17<sup>th</sup>, 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 18<sup>th</sup>, 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. 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 27<sup>th</sup>, 2010 and Gielda Papierów Wartościowych w Warszawie S.A. (*Warsaw Stock Exchange*) on December 28<sup>th</sup>, 2010, 10,757 D-series shares of Quantum software S.A. were listed, as of December 29<sup>th</sup>, 2010 on the stock exchange and registered under the code: PLQNTUM00018. Total number of the Issuer's (floated) shares as at the interim report publication date is 730,757. The Ordinary General Meeting of Shareholders held on June 30<sup>th</sup>, 2011 authorised the Issuer's Supervisory Board, by way of Resolution No. 18, to amend the Rules and Regulations of the Managerial Stock Option Programme by extending the Programme validity until 2012, without increasing the number of subscription warrants and shares offered to participants in the Programme.

Until 30.06.2011, the cost of the MSO Programme, First and Second Package had amounted to PLN 218,178.55.

#### 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 29<sup>th</sup>, 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 the day of publication of the interim report, total number of shares held by the Issuer is 7,480, accounting for 0.505% of share capital and 0.335% of votes at the General Meeting of Shareholders.

## 8) Description of significant risk factors and threats

### **Risk related to the macro-economic situation**

The financial situation of the Capital Group depends on the macro-economic situation in Poland and other Eastern European countries. Direct and indirect determinants of its 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 Group'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. The Quantum Group, 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 Group 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 the 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 Group, differing significantly from those planned by the Management Board. The Group



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 the Group customers' industries will not slow down. In that case, the demand for the Group'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. Such a situation acts as a magnet for new IT service providers which enter the market as new players. 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. The Quantum Group 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 are mostly domestic sales. However, the Group also concludes contracts with entities operating in Central, Eastern and Western Europe. Currently, approximately 20% of the Group's sales income comes from export sales. Contracts with foreign customers are usually 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 related to the exchange rate**

The Group companies' 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 rate gains/losses that have occurred between the date of sale or purchase and the date of payment of a receivable or a liability;
- unrealised foreign exchange gains/losses on measurement of settlements as at the balance sheet date.

Commercial export transactions in foreign currencies are part of the Group companies' ordinary business. That is why, amounts of relevant future cash flows may change due to currency fluctuations. On the other hand, available hedges for currency risk are limited due to the volatility of export markets. In particular, netting between currency income and costs has become less predictable.

### **Risk of currently implemented contracts**

Member companies of the Group do not sell large quantities of easy-to-install computer programmes but complete 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 the Group. However, an extensive international experience and the Parent's own tried and tested standard system reduce the risk of significant errors or delays in contract implementation.

**Risk related to investment expenditure**

After raising the funds from IPO and EU subsidies, the Company is implementing an intensive investment programme as regards: development of own software suite, expanding the portfolio with third-party products and acquisition of new markets. In this way it faces an opportunity for accelerated development but also runs the risk of failure to obtain a satisfactory return on the invested capital.

**9) Description of factors and events, especially of an untypical nature, having considerable impact on the profit/loss:**

No such events occurred.

**10) Notes on the seasonality or cyclicity of the Issuer's business in the presented period:**

Influence of seasonality on performance of the Issuer and the Group remains slight as in the previous periods.

**11) Information on the issue, redemption and repayment of debt and equity securities:**

In H1 neither Quantum Software S.A. nor its subsidiaries issued shares or redeemed or repaid debt or equity securities.

**12) Information on the dividend paid or declared, in total and per share, broken down by equity and preference shares:**

In the period described here, the Company did not pay dividend to shareholders.

**13) Events after the day as at which the condensed quarterly financial statements were prepared, not included in these statements that could have a significant influence on the Issuer's future financial performance**

There were no events of an untypical nature after June 30<sup>th</sup>, 2011 that could have a significant influence on the Issuer's financial performance and not included in these statements.

**14) Information on movements in contingent liabilities or contingent assets that occurred after the end of the last financial year.**

In the period described here, there were no significant events resulting in the movement in contingent liabilities or contingent assets.

**15) Position of the Management Board on the feasibility of the performance forecasts published before for the year in the light of performance presented in the quarterly report compared to the forecasted performance:**

The Company did not publish performance forecasts for the year.

**16) Shareholders holding, directly or indirectly, through their subsidiaries, at least 5% of the total votes at the Issuer's general meeting as at the quarterly report submission date, 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 and specification of changes in the ownership structure of substantial stakes of the Issuer's shares in the period following the publication of the previous quarterly report:**

To the Company's knowledge, as at August 31<sup>st</sup>, 2011 (the half-yearly report publication date), 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 60.67% of its share capital and giving the holder 1,573,821 votes at the general meeting of the company, i.e. 70.55% of the total votes.

**17) The Issuer shares or rights thereto held by the Issuer's managers and supervisors as at the half-yearly report submission date plus changes in their ownership, in the period following the publication of the previous report, for each person separately:**

**Management Board (as at August 31<sup>st</sup>, 2011)**

<b>Tomasz Hatala</b>	36 200
<b>Bogusław Ożóg</b>	24 603
<b>Marek Jędra</b>	8 200
<b>Tomasz Mnich</b>	3 400

**Members of the Supervisory board holding shares in the Company (as at August 31<sup>st</sup>, 2011)**

<b>Tomasz Polończyk</b>	8 200
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**18) Identification of the proceedings pending before court, competent arbitration authority or public administration authority, including the information on:**

In the reporting period, neither the Company nor its subsidiaries or related parties instituted or were a party to the proceedings before court or public administration authority concerning claims whose total amount would exceed 10% of equity.

**19) Information on the conclusion by the Issuer or its subsidiary of one or more material transactions with related parties, if they are material (separately and jointly) and if they were not arm's length transactions:**

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

**20) Information on granting by the Issuer or its subsidiary of sureties for loans or borrowings or guarantees – jointly to a single entity or its subsidiary, if the total amount of the existing sureties or guarantees is an equivalent of at least 10% of the Issuer's equity:**

In the described period, neither the Company nor its subsidiaries granted sureties for loans or borrowings or guarantees whose amount would exceed 10% of the Issuer's equity.

**21) Other information that, in the Issuer's opinion, is significant in order to evaluate its human resources, assets, financial position, financial performance and changes thereof as well as any information considered significant in order to evaluate the Issuer's capacity to meet its obligations:**

In the reporting period there were no circumstances significant for evaluation of the Company's human resources, assets, financial position, financial performance and capacity to meet its obligations.

**22) Factors which, in the Issuer's opinion, will influence its performance for at least one quarter:**

Among factors that will influence the development of the Quantum software S.A. Capital Group in the next quarter, we should include external factors that are beyond control of the Company and the Group companies as well as internal factors that Quantum software S.A. and member entities of the Capital Group can actually control.

External factors include:

- economic situation in the wake of the slowdown in recent years;
- impact of the slowdown/crisis on the economy of Poland and neighbouring countries, including Ukraine;
- slower decision-making as regards IT expenditure budgets in enterprises;
- the risk related to considerable fluctuations in PLN/EUR exchange rate;
- competitors' activities;

Internal factors influencing the development of the Capital Group include:

- prompt completion of works specified in the contracts whose implementation started in previous quarters in accordance with budgeted expenditure and contractual terms;
- successful and prompt completion of development works relative to new products and services;
- 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.

**Management Board:**

**Kraków, 31 August 2011**

**Tomasz Hatala**

**Bogusław Ożóg**

Marek Jędra

Tomasz Mnich

**Statement of the Management Board concerning preparation of financial statements**

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

Kraków, 31 August 2011

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

**Statement of the Management Board concerning the entity authorised to audit.**

The Management Board of Quantum software S.A. declares that the entity authorised to review financial statements, reviewing the half-yearly consolidated financial statements, has been selected in line with the law, and that the entity and its auditors responsible for the review met the criteria necessary to provide the unbiased and impartial opinion, in line with the applicable provisions of the national law.

Kraków, 31 August 2011

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