



**Management Report of
Quantum software S.A. for the period
from 1 January to 31 December 2013**

Kraków, 14 March 2014

Basic principles of preparing financial statements

The consolidated financial statements of Quantum software SA for 2013 have been prepared in accordance with IAS and comply with the International Financial Reporting Standards (IFRS) approved by the European Union, including the standards and interpretations published or adopted by the International Accounting Standards Board and by the standing Interpretations Committee of the IASB. The financial statements of Quantum software SA have been prepared pursuant to article 55 section 6a of the Accounting Act.

This management report of Quantum software S.A. covers the period from 1 January to 31 December 2013.

The annual report of Quantum software S.A. for the reporting period from 01.01.2013 to 31.12.2013 includes the following:

- the Issuer's financial statements for the reporting period from 01.01.2013 to 31.12.2013 and as of 31.12.2013, prepared in accordance with the International Accounting Standards, including: statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements,
- comparative financial data for the financial statements as of 31.12.2013 and for the 12-month period ended on 31.12.2012,
- Management Report of the Issuer for the period from 01.01.2013 to 31.12.2013,
- Statement of the Management Board pursuant to par. 91 section 1 items 5) and 6) of the Ordinance of the Minister of Finance of 19 February 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.

Management Board Members:

**Person responsible for keeping the
accounting books**

Tomasz Hatala

Monika Kuś, Chief Accountant

Bogusław Ozóg

Marek Jędra

Tomasz Mnich

Summary of information included in the management report of Quantum software S.A. for 2013:

1. Company's Management Report for 2013
2. Statement of the Management Board of Quantum software S.A. on the application of corporate governance in 2013
3. Supervisory Board Report for 2013

1. General information

Quantum software Spółka Akcyjna; 30-633 Kraków, ul. Walerego Sławka 3A. The Company's core business consists in software consulting services. Quantum software S.A. was entered into the Register of Entrepreneurs of the National Court Register Kraków – Śródmieście, 11th Economic Department, on 30 October 2002, under KRS No. 0000136768; PKD 7220Z (Polish Classification of Activities) "Software business".

According to the statute, the Company was established for an indefinite period of time.

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 Mnich

Supervisory Board:

Chairman of the Supervisory Board	Leopold Kutyla
Vice-Chairman of the Supervisory Board	Tomasz Polończyk
Member of the Supervisory Board	Henryk Gaertner
Member of the Supervisory Board	Piotr Nadolski
Member of the Supervisory Board	Andrzej Ruciński

As of 31.12.2013, the company is a parent company to the following entities:

1) Company's business name: Quantum East Sp. z o.o. – subsidiary

Registered office: Kraków

Address: Walerego Sławka 3a

National Court Register (KRS): 0000294284

Shareholders: 63.74% of interests held by Quantum software S.A.

Share capital fully paid up: PLN 282,500.00

2) Company's business name: Quantum International Sp. z .o.o. (Ukraine) – subsidiary

Registered office: Kiev

Address: Vozdvizhenskaya street 43

certificate No. 100107724

Shareholders: 100% of interests held by Quantum East Sp. z o.o.

Share capital fully paid up: USD 76,200

3) Company's business name: Quantum International Sp. z .o.o. (Russia) – subsidiary

Registered office: Moscow

Address: Letnikovskaja 10, building 11

Common National Register of Legal Persons: No. 1117746038035

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

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

4) Company's 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 interests held by Quantum software S.A.

Share capital fully covered by a contribution in kind: PLN 1,500,000.00

5) Company's business name: Edisonda Sp. z o.o. – subsidiary

Registered office: Kraków

Address: Walerego Sławka 3A

National Court Register (KRS): 0000335987

Shareholders: 59.20% of interests held by Quantum software S.A.

Share capital fully paid up: PLN 150,000.00

6) Company's 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 interests held by Quantum I - Services Sp. z o.o.

Share capital fully paid up: PLN 6,000.00

7) Company's business name: Quantum Mobeelizer Sp. z .o.o. – subsidiary until 23 October 2013

Registered office: Kraków

Address: Walerego Sławka 3A

National Court Register (KRS): 0000397863

Shareholders: 51.28% of interests held by Quantum Mobile Solutions Sp. z o.o.

Share capital fully paid up: PLN 1,092,000.00

8) Company's business name: Quantum Mobs Systems S.L. – subsidiary

Registered office: Madrid

Address: Camino de lo Cortao 13, SS de los Reyes, CP 28703, Madrid

Register: B86345105

Shareholders: 86% of interests held by Quantum software S.A.

Share capital fully paid up: EUR 3100.00

9) Company's business name: Quantum Brasiel Engenharia Em Software Ltda-ME. – subsidiary

Registered office: Brasilia/DF

Address: Condomínio Jardim Botânico, Etapa 01, quadra 02. Rua 01 lote 112 – loja 12, Lago Sul - Brasília - DF - CEP 71.680-362

Register: 11.795.637/0001-38 and NIRE No. 53201627870

Shareholders: 85% of interests held by Quantum software S.A.

Partially paid-in share capital: BRL 200,000.00

10) Company's business name: QMobs Systems Chile S.A. – subsidiary

Registered office: Santiago de Chile

Address: Los Fresnos 1201, Casa 21, Santiago, Huechuraba

Register: 6959/4912/2012

Shareholders: 99.99% of interests held by Quantum Mobs System S.L

Partially paid-in share capital: CLP 31,000,000.00

11) Company's business name: EQ System East Sp. z o.o. – subsidiary

Registered office: Kraków

Address: Walerego Slawka 3A

National Court Register (KRS): 0000486510

Shareholders: 48% of interests held by Quantum software S.A.

Share capital fully paid up: PLN 50,000.00

2. Issuer's 2013 financial results

Selected financial figures from the Issuer's profit and loss account

Item	2013 (PLN '000)	2012 (PLN '000)
Net sales revenue	15 889	16 372
Net revenue from sale of products	14 713	14 050
Net revenue from sale of goods and materials	1 176	2 322
Sales profit	-168	-304
Operating profit/loss (EBIT)	-44	-138
Operating profit + depreciation/amortisation (EBITDA)	1 690	1 569
Gross profit/loss	-2 284	-44

Net profit/loss	-1 769	28
Equity	11 850	14 620
Liabilities and provisions	3 283	3 825
Including long-term liabilities	197	264
Return on sales (ROS)	-11.13%	0.17%
Return on assets (ROA)	-11.68%	0.15%
Return on equity (ROE)	-14.92%	0.19%
Current liquidity ratio	4.0	5.0
Quick liquidity ratio	4.0	4.9

The ratios presented in the table have been calculated according to the following formulas:

- a) Return on sales: net profit to sales revenue
- b) Return on assets: net profit to assets at the end of the reporting period
- c) Return on equity: net profit to equity at the end of the reporting period
- d) Current liquidity ratio: current assets to carrying value of short-term liabilities
- e) Quick liquidity ratio: current assets less inventory to carrying value of short-term liabilities

3. Description of the Issuer's financial situation

In 2013, Quantum software SA recorded a decrease in revenue by nearly 3% to PLN 15,889 thousand. Revenue from the core business (sale of services and Qguar software) amounted to PLN 14,650 thousand, which means a 5% increase compared to 2012. Revenue from the sale of third party products and services decreased, which is reflected by the decrease of the corresponding costs. Revenue and profitability improved in the second half of the year, which can be attributed to the recovery of the Polish economy.

The profitability of the operating activity (EBIT) improved, although it was still negative. EBITDA, in turn, exceeded the last year's level by nearly 8% and amounted to PLN 1,690 thousand.

In 2013, the Issuer decided to create an allowance for capital employed (in the form of interests and borrowings) in two companies: Quantum Mobs Systems S.L. (Spain) and Quantum Brasil Engenharia Em Software Ltda-ME (Brazil), whose purpose was to introduce the Issuer's offer to the markets of Latin America. The allowance was created because the companies failed to fulfil the

set objectives, but this does not mean that the Issuer plans to withdraw from these markets. The market presence will be based on contracts with partner companies. The corresponding allowance amounts to PLN 2,222 thousand.

In the first half of the year, an allowance was created (PLN 401 thousand) for a borrowing granted to the subsidiary Quantum I-services Sp. z o.o., which was invested (via Quantum Mobile Solutions Sp. z o.o.) in Mobeelizer Sp. z o.o.

To sum up, a net loss of PLN 1,796 thousand was generated in 2013.

4. Information on the Issuer's operations in 2013

➤ **New customers acquired in Poland and abroad:**

- Lumag Sp. z o.o.
- Piomar Sp. z o.o.
- RPC BEBO Polska Sp. z o.o.
- Redet S.A.
- TERG S.A.

➤ **New implementations with existing customers:**

- Bakoma Sp. z o.o.
- Kamir Sp. z o.o.
- Żabka Polska Sp. z o.o.
- Lisner Sp. z o.o.
- Zakłady Tłuszczowe Kruszwica S.A.
- Fonte a.s.
- UPS SCS Sp. z o.o.
- Solid Logistics Sp. z o.o.
- DSV Road Sp. z o.o.
- CURSOR S.A.
- DINO S.A.
- Leszek i Agata Sp. z o.o.

➤ **Other important events:**

- In Poznań, a product seminar entitled "What do your competitors want to know?" was held; it was organised by Quantum software S.A. and Poznań School of Logistics.
- On 25 April and 21 May, the Production Logistics Workshop organised by the publisher Eurologistics and featuring Quantum software S.A. as a partner was held.
- The product "moRFID WareFlow System" was presented at the Product Seminar in Poznań and at the conference of the Logistics Practitioners' Forum in Bronisławów.
- Quantum software S.A. was a partner of the workshop "Top Manufacturing Practices" organised by the publisher Eurologistics.

- In Warsaw, during the conference "Innovation and Win-Win strategies in logistics and transport", Quantum's new equipment under the working name EDP (Eco-Driving Panel) was presented.

5. Changes in the volume and type of equity

In 2013, the Issuer did not make any changes in the volume and type of equity.

6. Information on core products

The Issuer's core business is the development of computer software supporting logistics and manufacturing processes as well as the implementation of complete IT systems, including third party software and equipment, in companies operating such processes. Quantum software S.A. operates mainly in the niche segment, providing technically advanced and high-quality solutions to demanding customers. The Issuer has operated in Poland since 1997. With international experience gained by the founders since 1991, know-how in the area of IT and logistics, and a reliable team of specialists, Quantum software S.A. has managed to take the leading position as a manufacturer of warehouse and distribution software in Central and Eastern Europe.

The Issuer's flagship product is the Qguar system, with approximately 200 implementations, mainly in Poland, but also in Germany, France, the United Kingdom, Romania, Slovakia, Czech Republic, Hungary, Ukraine, Russia and Belarus. The QGUAR system is a combination of SCM (Supply Chain Management) class software or SCE (Supply Chain Execution), to be more precise. The system's functionality allows for optimising warehousing, distribution and manufacturing logistics, combined with purchasing and sales processes. The system's implementation is usually an important organisational change in the business and requires several months' work of a team of specialists. Since the Qguar system is grouped into modules, this allows for managing selected links of the integrated supply chain or managing the logistics processes comprehensively.

The Company offers the following products:

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

As well as auxiliary modules:

- Qguar VPM – Voice Picking technology,

- Application for remote access to the system (via the Internet) – Qguar 4WEB,
- Qguar Dashboard,
- Qguar Pilot,
- Qguar Visual Warehouse,
- Qguar OTM,
- Qguar Messaging,
- Qguar Queryser.

Expanding into foreign markets requires new language versions of the Qguar system. At present, the language versions available are Polish, English, German, French, Spanish, Portuguese, Hungarian, Italian, Russian and Romanian. The said expansion also contributes to the introduction of changes and upgrades in existing systems.

In addition to its own software, the Company sells complementary third party software and equipment.

The implementation of the Qguar system involves the following phases and services:

- project (also known as Technical Implementation Specification),
- configuration and individual extensions,
- installation,
- training,
- implementation,
- post-implementation assistance,
- maintenance.

7. Sales markets and supplies

Quantum software S.A. concentrates its operations primarily on Poland, with export in 2013 accounting for approx. 12% of sales (customer service in the European Union and sale of licenses to partner companies).

Product structure

	2013	% share	2012	% share
Own licences (Qguar) and services	14 650	92.2%	13 973	85.3%
Goods	1 176	7.4%	2 322	14.2%
Other sales	63	0.4%	77	0.5%
Total	15 889	100%	16 372	100%

Data in PLN '000

Sales by markets

	2013	% share	2012	% share
Domestic	13 913	87.6%	13 872	84.7%
Export	1 976	12.4%	2 500	15.3%
Total	15 889	100%	16 372	100%

Data in PLN '000

The main customers for the Company's products and services are as follows:

- distribution centres which ensure comprehensive distribution of merchandise, i.e. they fully control all economic and logistics stages, such as supply, transport to the warehouse, storage, sales, shipment to sales outlets and settlement of the whole process,
- warehouses providing outsourced logistics services, thus acting as an external warehouse of a production or trade company and relieving such company from the need to manage its goods,
- businesses offering comprehensive shipment and transport services,
- manufacturing companies with their own distribution that do not outsource logistics services, where an IT system can be used to manage the whole macro-logistics process or streamline an existing system.

The above grouping is reflected in the structure of the Company's existing customers, such as:

- trade and manufacturing companies,
- manufacturing companies (foods and industrial articles),
- logistics service companies.

8. Information on material events after the balance sheet day, not recognised in the financial statements

There were no material events after the balance sheet date.

9. Research and development achievements

Given the nature of its business, the Issuer constantly conducts IT research in areas such as equipment, system software, utility software and database software. The purpose of this activity is to select and enhance the offered solutions and technologies used for manufacturing own products. In addition, two development projects in the area of supply chain management have been conducted since 2008. These projects were approved for financing from the EU funds as part of the Operational Programme: Innovative Economy 2007-2013, measure 1.4-4.1 Support for R&D work and for the implementation of the outcome of such work. The projects were completed by the end of 2010 but their settlement affects the company's results in 2013.

10. Employment structure in Quantum software S.A.

In 2013, Quantum software S.A. employed an average of 94 people. Average gross remuneration amounted to PLN 5,299.93.

Employment structure

The Company's average employment in the year ended on 31 December 2013 was as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
Management Board	4	4
White-collar workers/Administration	90	93
Blue-collar workers	0	0
Total	94	97

11. Contingent liabilities

In 2013, Quantum software SA did not have any contingent liabilities.

12. Description of material risks and threats, and indication of the issuer's exposure to such risks and threats

Risk related to the macroeconomic situation

The Issuer's financial situation depends on the macroeconomic situation in Poland. The financial result achieved by the Company directly and indirectly depends on, among others: the GDP growth dynamics, inflation, national monetary and tax policy, business investments, household income and consumer demand. All of the aforesaid factors as well as the direction and level of changes influence the fulfilment of the tasks planned by the Issuer. The economic growth translates into the revenue of companies operating in particular regions and industries. Consequently, they adjust their capital expenditures, including development, through improvement or purchase of computer hardware and appropriate software. Quantum software S.A., as an IT systems provider, may directly experience the consequences of changed budgets allocated by companies for computerisation.

Risk related to continued economic crisis

Due to the downturn on global financial markets which occurred in 2008, a large number of economies in countries to which the Company sells its products faced recession or at least a significant slowdown in economic growth. This situation also concerns the domestic market. These events resulted in an increased risk of decreased demand both on the domestic and on export markets. This risk has decreased in the light of the symptoms of recovery of the Polish economy in 2013 and better forecasts for the markets of the European Union.

Risk of slowdown in the growth of particular segments in the IT sector in Poland related to technological changes in the industry

The value of the entire IT market comprises hardware, software and services. Each of these segments may develop faster or slower. The analyses of the IT hardware and services market show growth trends. The small saturation of Polish companies with modern technologies creates a fertile ground for the growth of companies whose focus is similar to that of the Quantum software S.A. However, it is worth remembering that this market is very sensitive to changes of the economic situation. At the time of an economic downturn, companies restrict their investment policies, including IT expenditures. Decreased demand for computer software leads to the Company's lower sales results, which differ substantially from the Management Board's forecasts. In such a case, the demand for the Company's products may decrease, leading to decreased sales revenue.

Technological changes and frequent launches of new IT services are closely related to this sector. The product lifecycle is short, while the expenditures on product development are high. Consequently, the incurred expenditures may not be covered by the sales revenue. Therefore, there is a risk that the decision to develop a particular product will be based on incorrect assumptions which do not satisfy current market needs and a risk that the product development cycle, i.e. software design, development and the test phase, may be longer than expected, and the respective market segment will already have been conquered by competitors. The market requirements are monitored by the company's own employees to reduce this risk. In addition, the cooperation between Quantum software S.A. and computer hardware and software suppliers allows for ongoing monitoring of technological changes and innovations on the market.

Risk of increased competition

The IT market is currently in the phase of a dynamic growth. This situation attracts new providers of IT services, who, attracted by high profits, increase the number of entities operating on the market. As a result, new companies offer products diversified in terms of price, functionality or advancement. This directly leads to a more competitive market environment, and the Company may be required to make higher expenditures on growth and advertising, and to reduce the current margin. Furthermore, the high absorption capacity of the Polish market and the fact that the progress of informatisation is far from average European levels lead to many global companies that provide similar services becoming interested in doing business in Poland. Quantum software S.A. does not have any influence on its competitors' activities and products. However, it has the potential to maintain its market position thanks to its experience.

Export risk

The sales of Quantum software S.A. are conducted mainly in Poland. Nonetheless, the Company also enters into contracts with entities operating in other countries. The Company generates approx. 10-15% of its revenue on export. The value of contracts with foreign clients is usually expressed in EUR. Negative trends in the exchange rate of PLN to EUR may have a negative impact on the financial results of the Company. A decrease in the value of EUR compared to PLN could lead to lower export revenues for Quantum software S.A. and a lower return on export contracts.

Risk of contracts performed

Quantum software S.A. does not sell large numbers of easily installed programmes but carries out large individual implementation projects with a high level of complexity that usually require several months' work of a team of specialists. The system implemented in a particular company must monitor very complex logistics processes and integrate them with the operations of all company departments in real time. There is the risk that the company's process and information flow may be modelled inaccurately, the risk of extended duration of the planned tasks and the risk of changes in the scope of works over the originally agreed plan. A decrease in the contract value, higher-than-expected costs of contract performance, contract termination or potential financial claims from the customer may have detrimental impact on the current financial situation of Quantum software S.A. The above risks are minimised thanks to the company's international experience, a proprietary standard base product and an experienced team of specialists.

Implementation risk

As a supplier of complex IT systems implemented over the course of several months, the company is under the pressure to satisfy customer requirements and stay within the planned budget. Sometimes it is necessary to change the assumptions or reduce the remuneration. At present, economic processes are becoming more complex. Therefore, without the required know-how it is easy to implement a system that is sub-optimal for the customer, which may harm the Company's reputation as repairs may be required. Furthermore, customers often regard IT system suppliers as business consultants and require greater economic efficiency after installing IT solutions. There is a risk that, without proper analyses, such requirements may not be satisfied. Implementation effectiveness is one of the Company's goals. Implementation departments have multi-level implementation methods, reducing the probability of analytical errors.

Risk of delays in the development of new products

Qguar, as an SCE class system, offers comprehensive logistics solutions and satisfies the requirements of the customer and their environment. As a supplier of IT systems, the Issuer must constantly expand its offer, introduce new functionalities and ensure data integrity. The competition and client's requirements are constantly growing. As a result, there is a threat that new

products that satisfy current requirements of the customers are introduced later than the products of our competitors, who may win the market earlier, leading to decreased sales revenue.

To prevent this, for the last few years, Quantum has conducted extensive research and development works that, on the one hand, aim at improving our products and their quality, and on the other hand, introduce new and competitive solutions.

Risk of short product life cycle

Given the scale of innovation and the pace at which new products are introduced in the IT industry, the existing products must be adjusted to changing hardware platforms and new products must be introduced. In the absence of sufficient technological base and well-qualified staff, there may be delays in updates and in the introduction of new products, making our offer less attractive as a result. This may lead to a decrease of sales revenue, and, in consequence, a decrease of the generated profit. Quantum software takes steps to minimise this risk through constant development of our managers, regularly increasing, where possible, the number of highly qualified employees and by funding R&D works.

HR risk

As the IT market grows, so does the interest of our competitors in capable and highly qualified personnel. IT companies, for whom staff is the key production factor, are at risk of losing their key specialists. Companies constantly monitor the labour market, while the employees themselves are active as well. This situation leads to an increase of salaries and, in consequence, to lower returns on business activity. The Company attempts to create attractive working conditions for its employees, and uses incentive-based remuneration methods.

Risk related to the seasonality and irregularity of revenue

The typical seasonal nature of the IT business, where maximum turnover is recorded in Q4 of a calendar year and is related to the end of the financial year and system upgrades, affects Quantum software S.A. only to a limited extent. Turnover fluctuations between quarters are more connected with customer investment cycles than seasonality.

Risk of overdependence on key suppliers

In its operations, Quantum software S.A. uses equipment and software from external suppliers. Losing one of key suppliers may result in the interruption of supplies. The Company minimises this risk by maintaining good relationships with strategic partners. An additional factor reducing the risk is collaboration with multiple suppliers, wherever possible.

Risk of overdependence on key customers

The ABC analysis shows that group A (generating 66% of revenue) consists of about 20 entities, whereas the turnover with the largest entity amounted to 8%. Therefore, according to the Management Board, the risk of overdependence on key customers is not significant.

Risk related to changing legal regulations and instability of the tax system

Frequent changes of legal provisions in Poland are also a threat to the Company's activity. The changes involve, among other things, tax regulations and interpretations, trade regulations and provisions of the labour law. Frequent changes in the regulations may have a negative impact on the current operation, they may raise the costs and affect the financial performance. Uncertainty about future changes obstructs the assessment of future events and the strategic decision making process. Coming into force of new law regulations may involve interpretation ambiguities, inconsistent decisions of the courts or unfavourable interpretations adopted by public administration (and tax) authorities. The Company monitors draft amendments to the regulations on a regular basis and makes business decisions in consideration of the planned changes.

Investment risk

Major capital expenditures, in accordance with the adopted strategy, are related to introducing new products to new markets. It is an opportunity for development, but also generates additional risks. They are particularly connected with the activity of subsidiaries in other countries. This risk is particularly pronounced in the eastern markets (Russia, Ukraine and Belarus) and in the markets of Latin America, and is related to a business culture that is distinct from the European one as well as the high costs of regular supervision.

Foreign exchange risk

The Company concludes export transactions in foreign currencies (mainly in EUR). Changing foreign currency to PLN exchange rates may result in worse-than-expected results. Foreign exchange rate variations influence the financial result through the following:

- changes in the value of export sales and costs expressed in PLN,
- realised foreign exchange differences occurring between the date of sales or purchase and the date of payment of receivables or liabilities,
- unrealised foreign exchange differences from the measurement of settlements as of the balance sheet date.

Trade transactions in foreign currencies on account of export are part of the Company's normal course of operations. Consequently, future cash flows on this account are exposed to changes in value due to foreign exchange fluctuations. The level of compensation between foreign currency revenue and costs has become difficult to predict.

13. Information on organisational or equity relations between the Company and other entities

In the reporting period, Quantum software S.A. was a parent company to the following companies:

Quantum East Sp. z o.o. – a subsidiary of the Group; Quantum software S.A. holds 63.74% of its interests (holding company). 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 interests; its business consists in the sales and implementation of Quantum software S.A.'s IT solutions in 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 interests; its business consists in the sales and implementation of Quantum software S.A.'s IT solutions in Russian-speaking countries. Full consolidation method.

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

directly related to Quantum software S.A.'s own products (at present, the Qguar series). Full consolidation method.

Edisonda Sp. z o.o. – a subsidiary of the Group; Quantum software S.A. holds 59.20% of its interests; the company was established to focus on interaction design and research into the communicative effectiveness of websites (or other electronic media) and use 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 interests (holding nature). Full consolidation method.

Quantum Mobeelizer Sp. z o.o. – a subsidiary of the Group until 23 October 2013; on 23 October 2013, the interests in this company were sold. The company was established in order to offer software solutions for mobile devices, with particular emphasis on universality in terms of the system platform. Full consolidation method.

Quantum Mobs Systems S.L. – a subsidiary of the Group; 86% of its interests are held by Quantum Software S.A. The purpose of the company is to introduce Quantum's offer to the Spanish market and to the markets of Spanish-speaking countries in Latin America. Full consolidation method.

Quantum Brasil Engenharia em Software Ltda- ME. – a subsidiary of the Group; 85% of its interests are held by Quantum Software S.A. The purpose of the company is to introduce the Quantum offer to the Federative Republic of Brazil. Full consolidation method.

QMobs System Chile – a subsidiary of the Group; 99.99% of its interests are held by Quantum Mobs System S.L. The purpose of the company is to introduce the Quantum offer in Chile. Full consolidation method.

EQ System East Sp. z o.o. – an associate of the Group; 48% of its interests are held by Quantum Software S.A. The purpose of the company is to introduce a system for the automatic planning of manufacturing processes to the Eastern European market (Russia, Ukraine and Belarus). The company is consolidated using the equity method.

14. Information on the Company's major domestic and foreign investments (securities, financial instruments, intangible assets and real property)

Apart from the investments described in other sections, the Company did not invest in real property, securities and other financial instruments in the presented period. The balance sheet item "intangible assets" is largely made up of expenditures on the expansion of the proprietary software package Qguar, which was one of the main objectives of the IPO in 2007.

15. Information on loans raised, borrowing agreements, and on guarantees and sureties granted

In 2013, there were the following new and existing loan agreements:

Liability	31.12.2013		31.12.2012		Type of security
	Amount of liability	Amount of security	Amount of liability	Amount of security	
Overdraft, Agreement CRD /33498/10	-	-	20 532,47	123 195,00	Court registered pledge on SKODA OKTAVIA, KIA CEED
Overdraft, Agreement CRD /34131/10	2 730,44	32 951,64	13 722,44	32 951,64	Court registered pledge on SKODA OCTAVIA
Informatica 68 S.A.	147 918,19	-	143 000	156 146,64	No security
IBM Polska Sp. z o.o.	18 949,02	-	-	-	No security
TOTAL	169 597,64	32 951,64	177 254,91	156 146,64	

16. Information on borrowings granted during the financial year, with particular emphasis on borrowings granted to the issuer's related parties, including at least the amount, type, interest rate, currency and maturities, and on sureties and guarantees granted

➤ **Borrowings granted by the Issuer to related parties in 2013**

I. Quantum software S.A. granted a borrowing to its subsidiary, Quantum East Sp. z o.o., in the total amount of PLN 775,250.00, including:

- 1) On 19 April 2011, borrowing amounting to PLN 365,000.00, with borrowing maturing on 30.06.2013; however, on 30.06.2013 an addendum to the said agreement was signed, amending the maturity date to 31 March 2015; interest rate of 13%
- 2) On 16 January 2012, borrowing amounting to PLN 258,000.00, maturing on 31 December 2013, annual interest rate of 13%
- 3) On 20 July 2012, borrowing amounting to PLN 140,000.00, maturing on 31 December 2014, annual interest rate of 13%
- 4) On 3 September 2012, borrowing amounting to PLN 7,250.00, maturing on 30 September 2013, annual interest rate of 13%
- 5) On 10 July 2013, borrowing amounting to PLN 5,000.00, maturing on 30 June 2014, annual interest rate of 11%

II. Quantum software S.A. granted a borrowing to its subsidiary in Brazil, Quantum Brasil Engenharia Em Software Ltda - ME, in the total amount of EUR 247,175.08, including:

- 1) On 7 December 2011, in the amount of EUR 1,508.08, maturing in 1 year, annual interest rate of 0%
- 2) On 24 April 2012, in the amount of EUR 17,500.00, maturing in 1 year, annual interest rate of 2%
- 3) On 9 July 2012, in the amount of EUR 24,000.00, maturing in 1 year, annual interest rate of 0%
- 4) On 14 September 2012, in the amount of EUR 2,000.00, maturing in 1 year, annual interest rate of 2%
- 5) On 1 October 2012, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%
- 6) On 9 October 2012, in the amount of EUR 4,000.00, maturing in 1 year, annual interest rate of 2%
- 7) On 10 October 2012, in the amount of EUR 8,000.00, maturing in 1 year, annual interest rate of 2%
- 8) On 21 November 2012, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%
- 9) On 5 December 2012, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%
- 10) On 11 December 2012, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%
- 11) On 20 December 2012, in the amount of EUR 11,667.00, maturing in 1 year, annual interest rate of 0%
- 12) On 24 December 2012, in the amount of EUR 5,000.00, maturing in 1 year,

annual interest rate of 2%

13) On 1 February 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

14) On 6 February 2013, in the amount of EUR 10,000.00, maturing in 1 year, annual interest rate of 2%

15) On 4 March 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

16) On 8 March 2013, in the amount of EUR 10,000.00, maturing in 1 year, annual interest rate of 2%

17) On 8 April 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

18) On 12 April 2013, in the amount of EUR 9,500.00, maturing in 1 year, annual interest rate of 2%

19) On 7 May 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

20) On 15 May 2013, in the amount of EUR 10,000.00, maturing in 1 year, annual interest rate of 2%

21) On 3 June 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

22) On 11 June 2013, in the amount of EUR 10,000.00, maturing in 1 year, annual interest rate of 2%

23) On 3 July 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

24) On 11 July 2013, in the amount of EUR 10,000.00, maturing in 1 year, annual interest rate of 2%

25) On 7 August 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

26) On 14 August 2013, in the amount of EUR 10,000.00, maturing in 1 year, annual interest rate of 2%

27) On 4 September 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

28) On 13 September 2013, in the amount of EUR 10,000.00, maturing in 1 year, annual interest rate of 2%

29) On 3 October 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

29) On 9 October 2013, in the amount of EUR 10,000.00, maturing in 1 year, annual interest rate of 2%

30) On 19 November 2013, in the amount of EUR 5,000.00, maturing in 1 year, annual interest rate of 2%

31) On 6 December 2013, in the amount of EUR 4,000.00, maturing in 1 year, annual interest rate of 2%

32) On 24 December 2013, in the amount of EUR 10,000.00, maturing in 1 year, annual interest rate of 2%

A revaluation allowance in the total amount of PLN 1,036,967.63 was created for the borrowings and the due interest.

III. Quantum software S.A. granted a borrowing to its subsidiary, Quantum Mobile Solutions Sp. z o.o., in the total amount of PLN 50,000.00, including:

1) On 21 January 2013, borrowing amounting to PLN 5,000.00,

maturing on 31 December 2014, annual interest rate of 11%.

2) On 25 November 2013, borrowing amounting to PLN 45,000.00, maturing on 31 May 2014, annual interest rate of 8%

IV. Quantum software S.A. granted a borrowing to the subsidiary, Quantum I-Services Sp. z o.o., in the total amount of PLN 680,000.00, including:

1) On 15 October 2009, borrowing amounting to PLN 130,000.00, annual interest rate of 12%, with borrowing maturing on 31 October 2011; however, on 1 August 2011, an addendum to the said agreement was signed, extending the repayment deadline.

2) On 1 August 2011, a borrowing amounting to PLN 630,000.00, annual interest rate of 12%, maturing on 31 December 2014. On 13 December 2011, PLN 80,000.00 of the borrowing was repaid. An addendum was prepared to a portion of the said borrowing, extending the repayment deadline to 31 December 2014.

V. On 16 October 2013, Quantum software S.A. granted a borrowing to its subsidiary, Edisonda Sp. z o.o., in the amount of PLN 50,000.00, maturing on 31 December 2015, with an annual interest rate of 10%.

VI. On 01.10.2012, a borrowing in the amount of EUR 145,000.00 was granted to the subsidiary Quantum Mobs Sp. z o.o. As of 31.12.2013, the company's management board decided to create a revaluation allowance for the whole borrowing in the total amount of PLN 583,795.81.

Borrowings granted to other parties:

I. Long-term borrowings granted to other parties – balance as of 31 December 2013: PLN 678,652.74.

II. Short-term borrowings granted to other parties – balance as of 31 December 2013: PLN 335,504.58.

Borrowings granted to employees:

I. Long-term borrowings granted to employees – balance as of 31 December 2013: PLN 41,848.62.

II. Short-term borrowings granted to employees – balance as of 31 December 2013: PLN 55,466.13.

The Issuer did not grant any guarantees and sureties.

17. Description of the use of issue proceeds by the Issuer

In 2013, no securities were issued.

18. Assessment of the management of financial resources

The Management Board assesses the Company's financial situation as good. The financial ratios do not indicate any threats to the Company's ability to fulfil its obligations. The Company finances its operations mainly through equity and trade liabilities.

The financial costs in 2013 amounted to PLN 2,674 thousand and financial revenue amounted to PLN 434 thousand.

The higher than last year's financial costs result from the Issuer's decision to create the following allowances:

- (i) for a borrowing granted to Quantum I-services Sp. z o.o. for indirect investment (via Quantum Mobile Solutions Sp. z o.o.) in Mobeelizer Sp. z o.o., which did not generate the planned sales revenue. The corresponding allowance amounts to PLN 438 thousand.
- (ii) for capital employed (in the form of interests and borrowings) in two companies: Quantum Mobs Systems S.L. (Spain) and Quantum Brasil Engenharia Em Software Ltda-ME (Brazil), whose purpose was to introduce the Issuer's offer to the markets of Latin America. The allowance was created because the companies failed to fulfil the set objectives, but this does not mean that the Issuer plans to completely withdraw from these markets. The market presence will be based on contracts with partner companies. The corresponding allowance amounts to PLN 2,222 thousand.

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

The funds held will allow for the implementation of the investment plans for 2014.

20. Assessment of factors and unusual events affecting the business result for the period

There were no such factors and events.

21. Description of external and internal factors vital for the company's development and business growth perspectives, considering the elements of the marketing strategy

The factors which will influence the growth of Quantum software S.A. in the following year include factors independent of the Company as well as internal factors which can be influenced by Quantum software S.A.

External factors include:

- economic situation, in particular the situation on financial markets,
- influence of the expected recovery on Poland's and other countries' economies,
- situation in Ukraine and its influence on sales in other countries of the Commonwealth of Independent States,
- companies' decisions on budgets for IT expenditures,
- access of Polish companies to structural funds, which, to a certain extent, will be used for the development of IT systems and for financing R&D.

Internal factors include:

- punctual completion of works specified in the contracts whose implementation started in the previous year in accordance with the budgeted expenditure and contractual terms,
- effective HR policy so as to eliminate the risk of turnover of qualified and skilled employees,
- success of marketing efforts in acquiring new contracts,
- success of capital expenditures.

Quantum software S.A. concentrates on developing and implementing IT systems for businesses which need state-of-the-art logistics solutions. With its own software as a starting point, the Company seeks to deliver comprehensive solutions to its customers. The Company's plans for the future involve improving its Qguar system as well as expanding its offer and operations.

The strategy of Quantum software S.A. is based on the following:

- know-how required to develop and implement SCM (Supply Chain Management) systems, which involves IT as well as logistics, automation, goods identification techniques and enterprise management,

- long-term international experience gained from work for many renowned European companies.

Strategic growth directions:

1. Expanding the proprietary Qguar software package by further SCM modules
2. Expanding the offer:
 - implementing third party software that requires know-how and experience in logistics or that is complementary to Qguar
 - full range of services involving the integration of logistics systems (consulting, computer hardware, peripherals and software for all layers)
3. Continued geographical expansion and consolidation of the leading position as a software developer for the logistics industry in CEE

The Company plans to implement these objectives through organic growth as well as capital expenditures and possible mergers and acquisitions. Expanding the Qguar package by further modules is the most natural mechanism for developing the Company's offer. The continued increase in demand for this type of software results from the following factors:

- higher requirements of businesses in terms of optimising the supply chain and reducing logistics costs,
- higher demand for logistics services,
- rapid technological development and lower prices of equipment for identifying goods (barcodes and RFID),
- development of mobile data processing technologies.

The Company can use its experience and market position to implement third party applications, which may be complementary to the Company's own products. Form many years, Quantum software S.A. has developed the integration of full systems for the logistics industry. In addition to implementing the utility application, the following topics are addressed:

- process design,
- ICT infrastructure,
- equipment (including industrial automation),
- operating and database software.

For many businesses, in the early growth stage, computerisation involves bookkeeping, which is later followed by supply chain management. This creates an opportunity for the Company to provide complete SCM class IT systems for businesses where efficient logistics processes are of key importance.

The Qguar package has an established position as the leading warehouse and distribution application on the Polish market. With nine language versions used in Western and Eastern Europe, it is a solid base for growing export. In spite of the ongoing crisis and stagnation, CEE is a promising market due to the expected economic growth, which results from the disproportions compared to western European markets. As experience has shown, this market's specific nature allows for effective competition against the providers of IT solutions from western countries. It is important that the offered products are established on the international market (multiple languages) and do not create a barrier for multinationals. The trans-border nature is one of the basic characteristics of logistics processes.

22. Performance of 2013 forecast

The Issuer did not publish any forecasts in 2013.

23. Changes in basic management principles

In 2013, there were no changes in the basic management principles in the Company.

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

No such events occurred.

25. Information on transactions with related parties concluded by the issuer or its subsidiaries, where the value of such transactions (total value of all transactions concluded from the beginning of the financial year) exceeds the PLN equivalent of EUR 500,000:

In the period in question, the Company did not conclude any agreements with related parties whose value exceeds the equivalent of EUR 500,000.

26. Changes in the composition of managerial and supervisory bodies

In 2013, there were no changes in the composition of managerial and supervisory bodies.

27. Information on material transactions concluded by the issuer or its subsidiary with related parties on terms other than market terms, including amounts and information explaining the nature of such transactions

No such events occurred.

28. Remunerations, bonuses and benefits, including under incentive or bonus schemes based on the company's capital, paid or due to the members of the Company's Management Board and Supervisory Board, and information on the remuneration of the members of the Management Board and the Supervisory Board of Quantum software SA for functions held in the corporate bodies of subsidiaries

Remuneration of the members of the Management Board for the period 01.01.2013 - 31.12.2013

Surname and given name	Total remuneration for the period 01.01.2013 - 31.12.2013 in PLN
Hatala Tomasz	160 200.00
Ożóg Bogusław	130 102.00
Jędra Marek	160 700.00
Mnich Tomasz	149 302.00

Remuneration of the members of the Supervisory Board for the period 01.01.2013 - 31.12.2013

Surname and given name	Total remuneration for the period 01.01.2013 - 31.12.2013 in PLN
Kutyla Leopold	4 000.00
Polończyk Tomasz	31 053.00
Gaertner Henryk	0.00
Piotr Nadolski	2 000.00
Andrzej Ruciński	4 000.00

29. Agreements concluded between the issuer and managerial staff, 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 a merger of the issuer by acquisition

Mr Tomasz Hatala, the President of the Management Board of Quantum software S.A., held the function of the Operating Director under an agreement concluded with a management company, Hatala i Spółka Sp. J. The respective agreement provides for a 6-month notice period without an additional compensation.

Mr Marek Jędra, the Vice-President of the Management Board, Mr Bogusław Ozóg, the Vice-President of the Management Board, and Mr Tomasz Mnich, the Member of the Management Board, are employed under employment agreements and hold managerial and special functions (differing from the regulations of the Labour Code). The agreements do not provide for compensation.

30. For capital companies: total number and nominal value of all shares (interests) of the issuer as well as shares and interests in the issuer's related parties held by the issuer's managerial and supervisory staff (separately for each person):

The Company's share capital amounts to PLN 740,378.50 and is divided into 1,480,757 shares (750,000 series A registered shares and 730,757 series B, C and D ordinary bearer shares, with a nominal value of PLN 0.50 each).

Managerial and supervisory staff holding the shares of Quantum software S.A.

Management Board	31 December 2013
Tomasz Hatala	36 200
Bogusław Ożóg	31 924
Marek Jędra	8 200
Tomasz Mnich	3 400
Supervisory Board	31 December 2013
Tomasz Polończyk	8 200

In addition, the above-mentioned persons as well as Mr Henryk Gaertner (Member of the Supervisory Board) and Mr Piotr Nadolski (Member of the Supervisory Board) hold interests in the Company's parent company. According to the knowledge of the Company's Management Board, no member of the managerial or supervisory staff hold shares in the subsidiaries of Quantum software S.A.

31. Shareholders holding, directly or indirectly through their subsidiaries, at least 5% of the overall 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 overall number of votes at the general meeting

According to the Company's knowledge, as of 14 March 2014 (the publication date of the annual report), the controlling shareholder of the company is Quantum Assets sp. z o.o., with its registered office in Kraków, holding 675,421 series A registered preference shares and 222,979 series B bearer shares, which account for a total of 60.67% of the share capital and are vested with 1,573,821 votes at the general meeting of the company, representing 70.55% of the overall number of votes.

32. Information on agreements known to the Issuer (including agreements concluded after the balance sheet date) that may change the proportion of shares held by the existing shareholders and bondholders

The Issuer's Management Board is not aware of any other agreements, except for the incentive scheme and the equity shares redemption scheme, which may result in a change in the proportion of shares held by the existing shareholders.

33. Information about the employee share ownership plan control system

The **Managerial Options Scheme** was launched by the Issuer in 2008 and was described in detail in preceding reports. It was intended for the key managerial staff in the Company, its subsidiaries and associates ("Eligible Persons").

The scheme comprises three Packages realised at specific time intervals. The first Package has been fully realised with the Issue of series D Shares. On 14 March 2011, the Supervisory Board adopted a resolution on transferring all Subscription Warrants from the second Package to the third Package because the conditions for the realisation of the Subscription Warrants under the second Package were not fulfilled. The Company's Ordinary General Meeting authorised the Supervisory Board to amend the Regulations of the Managerial Options Scheme. On 15 March 2013, the Supervisory Board passed a resolution on suspending the Managerial Options Scheme. According to the resolution of the Company's General Meeting of 17 June 2008, on, among other things, the contingent increase of the Company's share capital in order to grant the rights to acquire series D shares to the holders of subscription warrants, the date for exercising the right to acquire series D shares by the holders of subscription warrants expires on 31 December 2013. Similarly, in the case of the third Package, the realisation conditions were not satisfied. The Managerial Options Scheme introduced by the Issuer in 2008 was partially realised and expired as of 31 December 2013. By the date of preparing this information, the Company did not introduce any new employee share schemes.

Terms and conditions of the Issuer's equity shares redemption scheme

The Issuer's Management Board announced in CR 21/2009 information regarding detailed conditions of purchasing equity shares. The contents of the "Terms and conditions of the equity shares redemption scheme" in Quantum software S.A. is available on the Issuer's website. As of 31 December 2013, the total number of equity shares held by the Issuer was 8,028, which

accounts for 0.542% of the Issuer's share capital and a 0.360% share of votes at the Issuer's general meeting.

34. Agreements with an entity authorised to audit financial statements

On 7 January 2014, the Supervisory Board of Quantum software S.A. selected WBS Audyt Sp. z o.o., with its registered office in Warsaw, as the entity authorised to review the interim separate and consolidated financial statements of Quantum software S.A. and of the Capital Group of Quantum software S.A., and to audit the separate and consolidated financial statements in the period from 31 December 2013 to 31 December 2015.

On 10.01.2014, the Company and WBS Audyt Sp. z o.o., entered into the list of entities authorised to audit financial statements under no. 3685, with its registered office in Warsaw, concluded an agreement for the audit of the separate and consolidated financial statements of the Quantum software S.A. Capital Group for 2013.

For the audit of the separate and consolidated financial statements for 2013, the auditor will receive net remuneration in the total amount of PLN 15,000.

35. Information on the application of corporate governance rules

The company prepared a separate document published in the annual report.

Kraków, 14 March 2014

Tomasz Hatala

Bogusław Ozóg

Marek Jędra

Tomasz Mnich

STATEMENT

The Management Board of Quantum software S.A. declares that, to the best of their knowledge, the annual financial statements and comparative data were prepared in compliance with the accounting principles in force and that they present a true, accurate and fair view of Quantum software S.A.'s economic and financial standing, and its financial result, and that the annual management report presents a true overview of the development and achievements of Quantum software S.A. and its situation, including basic risks and exposures.

Kraków, 14 March 2014

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

The Management Board of Quantum software S.A. declares that the entity authorised to audit financial statements which audited the annual separate financial statements was selected in compliance with legal regulations, and that the said entity and the statutory auditors auditing the statements complied with the conditions required to produce an impartial and independent audit report in compliance with the applicable national legislation.

Kraków, 14 March 2014

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 on the application of corporate governance rules by Quantum software S.A. in 2013

In compliance with the obligation under § 29 section 5 of the Rules of the Warsaw Stock Exchange (WSE), in connection with Resolution no. 1013/2007 of the Management Board of WSE of 11 December 2007 on determining the scope and structure of the report on the application of Corporate Governance rules by listed companies, the Management Board of Quantum software S.A. publishes this statement on the company's application of the corporate governance rules "CODE OF BEST PRACTICE FOR WSE LISTED COMPANIES" in the period from 01.01.2013 to the date of submission of the annual Report for 2013.

I. Corporate governance rules adopted by Quantum software SA.

Quantum software S.A. is governed by a set of corporate governance rules as defined in the document "Code of Best Practice for WSE Listed Companies", which forms an appendix to Resolution No. 12/1170/2007 of the Exchange Supervisory Board dated 4 July 2007, as amended by the following resolutions of the Exchange Supervisory Board: no. 17/1249/2010 of 19 May 2010, no. 15/1282/2011 of 31 August 2011, no. 20/1287/2011 of 19 October 2011 and no. 19/1307/2012 of 21 November 2012.

This document has been prepared by the Warsaw Stock Exchange and made available at the registered office of the Warsaw Stock Exchange as well as on a website dedicated to corporate governance: <http://corp-gov.gpw.pl>.

II. Information on the extent to which Quantum software S.A. abandoned the application of the above-mentioned provisions, specification of such provisions and explanation for not applying them

The Company has taken steps to apply the corporate governance rules specified in the above-mentioned document and it has made efforts to implement all recommendations of the Code of Best Practice for WSE Listed Companies and the guidelines for management boards, supervisory boards and shareholders.

With regard to the recommendations of Part I, the following must be pointed out.

Recommendation I.9. "The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business." In the Company, the members of the Supervisory Board and the Management Board are appointed by the General Meeting and the Supervisory Board respectively, considering the candidates' qualifications, experience and skills. Gender is not taken into consideration when appointing the members of the Company's corporate bodies. The Company's corporate bodies believe that this approach ensures that the most suitable candidates are appointed for managerial and supervisory functions.

In 2013, the Company applied all of the rules in chapters II, III and IV, where the *comply or explain* approach is applied. However, the Company violated the rule specified in chapter II section 1 subsection 2a), which recommends that information about the participation of women and men

respectively in the Management Board and in the Supervisory Board of the company in the last two years be published on the corporate website on an annual basis in the fourth quarter.

The appointment of the Supervisory Board is an independent decision of the Company's shareholders, who, when appointing the recent Supervisory Board, did not choose to appoint any women. The main criteria for appointing supervisory personnel include the candidates' competence and skills, ensuring that they adequately perform their responsibilities. Therefore, the recommendation of section I.9 is not observed and the information referred to in section II.1.2a is not published (the Company abandoned this rule as a consequence of abandoning rule I.9).

The Company violated the rule specified in chapter II section 1 subsection 5), which recommends that, where members of the company's governing body are elected by the General Meeting, the basis for the proposed candidates for the company's Management Board and Supervisory Board available to the company, together with the resumes of the candidates, be published on the corporate website within a timeframe enabling a review of the documents and an informed decision on a resolution.

The Company abandoned this rule during the General Meeting of 17 May 2012, at which the members of the Supervisory Board for a new term of office were appointed. According to the existing practice, the candidates for the Supervisory Board were presented directly at the General Meeting. Therefore, the Company did not receive any information about the proposed candidates and the basis for the proposals in advance.

III. Main characteristics of the company's internal control and risk management systems applicable to the process of preparing financial statements and consolidated financial statements

The Management Board is responsible for the internal audit system in the Company and its effectiveness in the process of compiling financial statements and interim reports, prepared and published in accordance with the principles included in the Ordinance of the Minister of Finance of 19 February 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

The process of preparing the financial data for statutory reporting is automated and based on Quantum's consolidated financial and accounting system. The preparation of the data in the source systems is subject to formalised operational and approval procedures, which define the individual responsibilities. The Management Board and senior management supervise the individual areas of activity, processes and products. Key personnel are responsible for the creation, implementation, operation and monitoring of an effective and efficient internal control system as well as for identifying and monitoring any risks borne.

One of the main controls in the process of preparing the Company's financial statements is the verification by independent statutory auditors. The statutory auditor is appointed from among independent entities which ensure a high standard of services and impartiality. The statutory auditor is appointed by the Company's Supervisory Board. In particular, the statutory auditor's tasks include: reviewing semi-annual separate and consolidated financial statements, and auditing annual separate and consolidated financial statements. The statutory auditor's independence is of fundamental importance for ensuring a correct audit of the accounting books.

The financial statements are also formally reviewed and approved by the company's supervisory body (Supervisory Board). Pursuant to article 4a of the Accounting Act of 29 September 1994, the Supervisory Board is responsible for ensuring that the financial statements and the management report satisfy the legal requirements. To fulfil this obligation, the Supervisory Board uses the competences provided for by the law and by the Company's statute. This is another level of control exercised by an independent body, ensuring that the information presented in the separate and consolidated financial statements is true and fair.

The Audit Committee, appointed from among the members of the Company's Supervisory Board, supervises the Company's financial reporting process. The Audit Committee supervises the financial reporting process to ensure the balance, transparency and integrity of the financial disclosures. The Audit Committee is composed of five members of the Supervisory Board, two of whom meet the independence criteria specified in the Code of Best Practice for WSE Listed Companies, Chapter III section 6.

In the opinion of the Supervisory Board, the internal control system is suitable for the extent and profile of the risk associated with the Company's business, and material risks to Quantum's operations are managed adequately and effectively.

IV. Shareholders who, directly or indirectly, hold substantial stakes of shares, the number of shares held by such parties, their percentage share in the share capital, the number of votes resulting from the shares and their percentage share in the overall number of votes at the general meeting

As of the publication date of the annual report, the controlling shareholder of the company is Quantum Assets sp. z o.o., with its registered office in Kraków, holding 675,421 series A registered preference shares and 222,979 series B ordinary bearer shares, which account for a total of 60.67% of the share capital and are vested with 1,573,821 votes at the general meeting of the company, representing 70.55% of the overall number of votes.

V. Identification of holders of all securities with special control rights and a description of these rights

The Company holds series A registered preference shares that are not admitted to trading on the regulated market. The series A registered shares are preference shares, i.e. one share is vested with two votes at the Company's general meeting. The series B, C and D shares are freely transferrable ordinary bearer shares.

Holders of the company's series A registered shares with special control rights in the company as of the publication date of the annual report:

Shareholder	Number and structure of series A shares	Number and structure of votes at the GSM vested with series A shares
Quantum Assets Sp. z o.o.	675 421 (90.05%)	1 350 842 (90.05%)
Tomasz Hatala	28 181 (3.76%)	56 362 (3.76%)
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 the company's series A shares and votes vested with them	750 000 (100%)	1 500 000 (100%)

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

The Issuer did not issue any shares with the above restrictions.

VII. Identification of all restrictions on the transfer of ownership title to the issuer's securities

The Issuer did not issue any securities with restrictions on the transfer of the ownership title to such securities.

VIII. Description of rules for amending the Issuer's statute

In order to amend the statute, a resolution of the general meeting passed with a $\frac{3}{4}$ majority of votes and an entry into the register of entrepreneurs are required.

IX. Description of principles regulating the appointment and dismissal of managerial staff and their rights, in particular, the right to decide on the issue or purchase of shares

The President and other members of the Management Board are appointed and dismissed by the Supervisory Board. The term of office of the Management Board lasts three years. The Management Board is composed of 1-5 members. The number of the members is determined by

the Supervisory Board. The members of the Management Board are appointed for a joint term of office. The mandates of the members of the Management Board expire as of the date of the General Meeting. An approval of the financial statements for the last full financial year in which the member of the Management Board held their function is required. The Company's Management Board manages the Company, and represents it before court and in other matters. Declarations of intent on behalf of the Company must be made by two members of the Management Board acting jointly.

The Management Board's responsibilities include all matters which are not restricted to the competence of the General Meeting and the Supervisory Board.

The decisions of the Management Board are made in the form of resolutions passed by an absolute majority of votes. The resolutions of the Management Board are passed by way of an open ballot. The procedures of the Management Board, which define in particular the matters that require resolutions, are specified in the Rules and Regulations adopted by the Supervisory Board. The Management Board prepares and maintains documentation of the Company's organisational activities. In particular, the Management Board:

- performs all registrations required under the applicable laws,
- publishes information required by the law and the Company's Statute in the manner specified in the law and the Statute,
- convenes the General Shareholders' Meetings and maintains documentation of the convention and the course of the meetings,
- maintains a share register,
- keeps the minutes of the Supervisory Board,
- provides the Supervisory Board and the General Shareholders' Meeting with detailed information regarding the Company,
- prepares the Company's management report for the previous financial year,
- prepares a draft distribution of profit or coverage of loss for the financial year,
- determines and announces the dividend payment date,
- maintains the Rules and Regulations of the Management Board, and other rules and regulations.

The members of the Management Board participate in every General Meeting and answer any questions asked during the meeting. In addition, the members of the Management Board who are

invited to a meeting of the Supervisory Board by the Chairman of the Supervisory Board participate in the meeting and have the right to take the floor on matters listed in the agenda.

Any decisions on the issue or buyout of the Company's shares are made by the Company's General Meeting.

Pursuant to article XIII of the Statute, the Company's share capital can be increased through the issue of new shares. The Statute authorises the Management Board to determine the issue price. Newly issued shares can be registered shares and bearer shares, and can be paid for in cash or by way of a contribution in kind. The shares are indivisible. The Management Board is authorised to issue the shares in multiple-share certificates. The shares bear the Company's seal and the Management Board's signature. The Management Board's signature can be reproduced mechanically. In the case of joint ownership of shares, the joint owners exercise their rights through either owner or through an authorised joint representative.

X. Procedures of the General Meeting, its main rights and the description of the shareholders' rights and the exercise of these rights, in particular the principles resulting from the rules and regulations of the general meeting (if such rules and regulations have been adopted), unless such information is directly required under the law

The Company's General Meeting acts according to the applicable law, including the provisions of the Commercial Companies Code, the Act on trading in financial instruments (J.L. 09.13.69), the company's Statute and the Rules and Regulations of the General Meeting, as amended on 18 May 2010 by Resolution 25 of the Ordinary General Shareholders' Meeting.

The Ordinary General Meeting is convened by the Management Board, and it is held by 30 June of each calendar year. The Extraordinary General Meeting is convened by the Management Board on its own initiative, at the request of the Supervisory Board or at the request of the shareholders representing at least 1/20 of the share capital. The General Meetings are held in Kraków or in Warsaw. The information about the convention of the GSM is published in a current report and in an announcement on the Company's website. The announcement must be made at least twenty-six days prior to the date of the general meeting. The announcement on the general meeting of a public company must include at least the information referred to in article 402² of the Commercial Companies Code.

The following matters require a resolution of the General Meeting:

1. examination and approval of the Company's financial statements and management report for the previous year,
2. specifying the rules for remunerating members of the Supervisory Board,
3. approval of the rules and regulations of the General Meeting and the Supervisory Board,
4. appointment of liquidators,
5. retention of earnings,
6. appointment and dismissal of the Supervisory Board.

The GSM passes resolutions on matters which fall within its responsibilities, in particular those specified in the Commercial Companies code, the GSM rules and regulations and the Statute. Subject to the situations specified in the Commercial Companies Code and in the Statute, the resolutions are passed by an ordinary majority of votes. According to the Statute, the resolution on abandoning an item on the agenda at the shareholders' request, is passed by the GSM by a 75% majority of votes, after obtaining approval from all present shareholders who requested the examination of such item. The GSM's resolutions are included in the minutes prepared by a civil law notary. The GSM's resolutions are subject to claims before court according to the procedures and terms specified in the Commercial Companies Code.

The shareholders have the right to participate in the General Meeting and exercise the right to vote vested with the registered shares in person or through attorneys.. The power of attorney to participate in the general meeting and exercise the right to vote must be granted in writing or in electronic form. The power of attorney granted in electronic form does not require a secure electronic signature verified by a valid qualified certificate. The representatives of shareholders who are legal persons must have valid excerpts from the respective commercial register or the National Court Register, listing the persons authorised to represent such entities, or bear a power of attorney signed by the persons listed in the excerpt. The power of attorney authorising to participate in the general meeting and to exercise the right to vote granted in electronic form must be sent to the e-mail address for investor contact on the Company's website, not later than 2 days prior to the respective general meeting. Every series A registered share of the Company is vested with two votes at the General Meeting, while series B, C and D shares are ordinary bearer shares, with each share vested with one vote at the General Meeting. The right to participate in

the general meeting of a public company is reserved for persons who are listed as the company's shareholders sixteen days prior to the date of the general meeting (record date). Individuals authorised under registered shares and temporary certificates as well as pledgees and usufructuaries with the right to vote are entitled to participate in the general meeting of a public company if they are entered into the share register as of the record date. The bearer shares in document form are vested with the right to participate in the general meeting of a public company if the share documents are submitted to the company not later than on the record date and are not withdrawn by that date. In place of the shares, a statement issued as the proof of depositing the shares with a civil law notary, a bank or an investment company with registered office or branch in the territory of the European Union or a country that is a party to the EEA Agreement can be submitted, as specified in the announcement of the convention of the general meeting. The statement must include the number of share documents and confirm that the share documents will not be withdrawn by the record date.

Each shareholder has the right to demand the copies of requests regarding the issues on the agenda of the upcoming General Meeting. Such a demand must be submitted to the Company's Management Board. The copies of the requests must be issued not later than one week prior to the General Meeting.

Immediately after the Chairman of the General Meeting has been appointed, an attendance list of the persons participating in the General Meeting must be prepared, including the number of the Company's shares held by every participant and the number of votes vested with the shares. The Chairman is obliged to sign the list and make it available for peruse during the session of the General Meeting. Pursuant to article 410 § 2, at the request of shareholders holding 1/10 of the share capital represented at the General Meeting, the attendance list must be checked by a committee appointed for this purpose.

According to the Company's Statute, the shareholders have the right to participate in the annual profit which the General Shareholders' Meeting has earmarked for distribution. The Management Board is authorised to make an advance payment to the shareholders on the expected dividend at the end of the financial year, provided that the Company has sufficient funds available. The advance payment must be approved by the Supervisory Board

XI Composition and changes in the last financial year and description of the operation of the company's management and supervisory bodies, and of their committees

As of 31.12.2013, the Management Board was composed of:

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

The composition of the Management Board did not change in 2013. On 15 March 2013, the members of the Management Board were appointed for a three-year term of office.

The detailed tasks of the Company's Management Board are described in the Rules and Regulations of the Management Board, which are adopted by the Management Board and approved by the Supervisory Board.

Operating procedures of the Management Board

Declarations of intent on behalf of the Company must be made by two members of the Management Board acting jointly.

The Management Board's responsibilities include all matters which are not restricted to the competence of the General Meeting and the Supervisory Board.

The decisions of the Management Board are made in the form of resolutions passed by an absolute majority of votes. The resolutions of the Management Board are passed by way of an open ballot. The procedures of the Management Board, which define in particular the matters that require resolutions, are specified in the Rules and Regulations adopted by the Supervisory Board. The Management Board prepares and maintains documentation of the Company's organisational activities. In particular, the Management Board:

- performs all registrations required under the applicable laws,
- publishes information required by the law and the Company's Statute in the manner specified in the law and the Statute,
- convenes the General Shareholders' Meetings and maintains documentation of the convention and the course of the meetings,
- maintains a share register,
- keeps the minutes of the Supervisory Board,

- provides the Supervisory Board and the General Shareholders' Meeting with detailed information regarding the Company,
- prepares the Company's management report for the previous financial year,
- prepares a draft distribution of profit or coverage of loss for the financial year,
- determines and announces the dividend payment date,
- maintains the Rules and Regulations of the Management Board, and other rules and regulations.

As of 31.12.2013, the Supervisory Board was composed of:

Chairman of the Supervisory Board	Leopold Kutyla
Vice-Chairman of the Supervisory Board	Tomasz Polończyk
Member of the Supervisory Board	Henryk Gaertner
Member of the Supervisory Board	Andrzej Ruciński
Member of the Supervisory Board	Piotr Nadolski

Operating procedures of the Supervisory Board

The Supervisory Board acts based on the adopted Rules and Regulations of the Supervisory Board of Quantum software SA and the Company's Statute. The Supervisory Board is composed of five to nine members appointed by the General Meeting. The terms of office of the Supervisory Board lasts 3 years. If the mandate of the Chairman or the Member of the Supervisory Board expires before the end of the term of office, a new Chairman or Member is appointed in their place only for the remaining term of office of the other members of the Supervisory Board. At least two members of the Supervisory Board must meet the independence criteria.

The responsibilities of the Supervisory Board include:

- examining the annual financial statements and the Company's management report, and making proposals on the distribution of profit or the coverage of loss,
- submitting a written report to the General Meeting, regarding the results of the activity referred to in item 1 before,
- approving the purchase and sale of real property, perpetual usufruct title or interest in real property,

- approving the purchase of interests or shares in other businesses, acquisitions and incorporation of new businesses,
- allowing Members of the Management Board to become involved in competitive activity or a competitor company as a shareholder or as a member of its corporate bodies,
- examining other issues raised by the General Meeting,
- approving the granting of proxy by the Management Board,
- at the request of the Management Board, appointing a statutory auditor for auditing the Company's annual financial statements.

The meetings of the Supervisory Board are convened by the Chairperson at their own initiative or at the request of another member of the Supervisory Board or at the request of the Management Board. The Supervisory Board adopts its resolutions by an absolute majority of votes. The Supervisory Board may not pass a resolution regarding matters that are not on the agenda, unless all members of the Supervisory Board are present and nobody raises an objection. The Members of the Supervisory Board may participate in passing the Board's resolutions through voting in writing via another Member of the Supervisory Board. It is not possible to vote in writing on matters included in the agenda at the meeting of the Supervisory Board. The Supervisory Board's resolutions may be passed without holding a meeting, by written ballot or using telecommunication equipment. A resolution is valid if all members of the Supervisory Board have been notified about the content of the draft resolution.

As of 31.12.2013, the Supervisory Board's Audit Committee was composed of:

Chairman of the Committee	Leopold Kutyla
Member of the Committee	Tomasz Polończyk
Member of the Committee	Henryk Gaertner
Member of the Committee	Andrzej Ruciński
Member of the Committee	Piotr Nadolski

Operating procedures of the Supervisory Board's Audit Committee

The Supervisory Board's Audit Committee, according to the Act of 7 May 2009 on statutory auditors and their professional association, entities authorised to audit financial statements and on public supervision, acts based on Resolution 21 of the Ordinary General Meeting of Quantum software S.A. of 17 May 2012, and monitors the following:

- 1) financial reporting process,
- 2) the efficiency of the systems for internal control, internal audit and risk management,
- 3) financial auditing activities,
- 4) independence of the statutory auditor and the entity authorised to audit financial statements.

The Audit Committee is composed of five members of the Company's Supervisory Board, at least one of whom meets the independence criteria, as stipulated by article 56 section 3 items 1, 3 and 5 of the Act, and is qualified in accounting or financial auditing. The Audit Committee is a standing committee of the Supervisory Board. In an open ballot, the Supervisory Board appoints one of the Members of the Audit Committee as the Chairman. The Supervisory Board may at any time dismiss the Chairman of the Audit Committee, leave them within the Committee and appoint another Chairman. The Members of the Committee hold their functions for the term of office of the Supervisory Board. The Supervisory Board may at any time dismiss the individual Members of the Audit Committee before the expiry of the Supervisory Board member's mandate. Dismissing a member from the Committee is not tantamount to dismissing them from the Supervisory Board. The mandate of each member of the Committee expires as of the expiry of the Supervisory Board member's mandate.

The Audit Committee acts based on the applicable law, including the Act of 7 May 2009 on statutory auditors and their professional association, entities authorised to audit financial statements and on public supervision (J.L. of 2009, no. 77, item 64).

The Audit Committee holds sessions when required, but the sessions are held at least before the Company's publication on WSE of the annual, semi-annual and two quarterly financial statements (for the first and third quarter).

The sessions of the Audit Committee are convened by the Chairman on the Chairman's own initiative or at the request of a member of the Audit Committee. At the request of a member of the Audit Committee or on the Chairman's own initiative, the Chairman of the Audit Committee may invite persons from outside the Audit Committee to participate in the sessions, in particular persons with specialist expertise, as well as members of the Management Board and the Company's employees in order to provide detailed explanations or express opinion on the subject of the session. Such persons must leave the session of the Committee when the issues discussed

concern them directly and at the request of a member of the Audit Committee. The Chairman of the Audit Committee directs the Committee's work. The Chairman also supervises the preparation of the agenda, the distribution of documents and the preparation of minutes from the committee's sessions.

Kraków, 14.03.2014

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

Kraków, 13 March 2014

**Report of the Supervisory Board of Quantum software S.A.
for FY 2013, including the assessment of the Supervisory Board's work**

I. The composition of the Supervisory Board in FY 2013 was as follows:

1. Leopold Kutyla – Chairman of the Supervisory Board
2. Tomasz Polończyk – Vice-Chairman of the Supervisory Board
3. Henryk Gaertner – Member of the Supervisory Board
4. Andrzej Ruciński – Member of the Supervisory Board
5. Piotr Nadolski – Member of the Supervisory Board

II. The operating rules and procedures of the Supervisory Board of Quantum software S.A.

are regulated by the provisions on public capital companies and the following:

- Statute of Quantum software S.A.
- Rules and Regulations of the Supervisory Board of Quantum software S.A.
- Corporate governance rules

In 2013, the Supervisory Board of Quantum software SA, based in Kraków, held two sessions (on 15 March and 3 October) at the Company's registered office. During the sessions, the Members of the Supervisory Board were present in a number allowing for the adoption of resolutions. The average turnout was 4 (four) out of 5 (five) Supervisory Board members. In 2013, the Supervisory Board also adopted resolutions by way of voting by fax on two occasions.

The Supervisory Board constantly supervised the Company's operations. In particular, supervision and monitoring included the following:

- monitoring and analysing the Company's financial situation, and assessment,
- analysing interim financial statements,
- reading the Management Board's interim information concerning the Company's current and planned operations,
- formal and legal business related to the Supervisory Board's activity.

As part of the performance of its tasks, the Supervisory Board passed the following resolutions in 2013:

- It assessed the Company's and the Capital Group's management reports and financial statements for FY 2012.
- It recommended that the net loss in the amount of PLN 100,550.52 (one hundred thousand, five hundred and fifty zloty, and fifty-two grosz) be fully covered by the Company's supplementary capital.

- It passed a resolution on the indefinite suspension of the Company's Managerial Options Scheme until suitable resolutions are passed by the Company's General Shareholders' Meeting.
- It passed resolutions on appointing the members of the Company's Management Board for another term of office.
- It passed a resolution on appointing the entity authorised to review and audit the interim separate financial statements and the interim consolidated financial statements as of 30 June 2013, as well as to audit the separate and consolidated financial statements as of 31 December 2013.
- It passed a resolution on terminating agreements with the entity authorised to review and audit the interim separate financial statements and the interim consolidated financial statements as of 30 June 2013, as well as to audit the separate and consolidated financial statements as of 31 December 2013.
- It passed a resolution on appointing the entity authorised to review and audit the interim separate financial statements and the interim consolidated financial statements, as well as to audit the separate and consolidated financial statements in the period from 31 December 2013 to 31 December 2015.
- It acknowledged the fulfilment of duties by the members of the Management Board in 2012.

The Issuer's Supervisory Board is composed of the minimum number of members required by the law. The Supervisory Board includes an audit committee, whose members sit in the Supervisory Board. In its basic composition, the Supervisory Board is capable of correctly fulfilling the obligations related to auditing the Company's business.

Pursuant to article 382 par. 3 of the Commercial Companies Code, the Supervisory Board assessed the following:

1. The Company's financial statements for 2013,
2. The Company's management report for the period 01.01.2013 - 31.12.2013,
3. The Capital Group's management report for the period 01.01.2013 - 31.12.2013,
4. The Capital Group's consolidated financial statements for 2013.

Considering the above, the Supervisory Board requests the Ordinary General Meeting of Quantum software S.A. to approve the following:

1. The Company's management report for the period 01.01.2013 - 31.12.2013,
2. The Company's financial statements for 2013,
3. The Capital Group's management report for the period 01.01.2013 - 31.12.2013,
4. The Capital Group's consolidated financial statements for 2013.

III. Evaluation of the work of the Supervisory Board of Quantum software SA, the internal control system and the system for managing the Company's material risks

The Supervisory Board has positively evaluated its activity in terms of correct functioning of the internal control system and the system for managing the Company's material risks, which, in the opinion of the Supervisory Board, served to ensure correct financial information in the interim statements and reports. In the opinion of the Supervisory Board, the internal control system is suitable for the extent and profile of the risk associated with the Company's business, and material risks to Quantum's operations are managed adequately and effectively.

The process of preparing the financial data for statutory reporting is automated and based on Quantum's consolidated financial and accounting system. The preparation of the data in the source systems is subject to formalised operational and approval procedures, which define the individual responsibilities. The Management Board and senior management supervise the individual areas of activity, processes and products. Key personnel are responsible for the creation, implementation, operation and monitoring of an effective and efficient internal control system as well as for identifying and monitoring any risks borne. The financial statements are also formally reviewed and approved by the company's supervisory body (Supervisory Board).

This report was adopted by the Supervisory Board in the form of a resolution on 13 March 2014.

Leopold Kutyla
Chairman of the Supervisory Board