QUORUM

DMS Re-Defined.

2010 1st Quarter Report

Our Mission

Changing the face of automotive retail through technology.

At Quorum, our mission is to be the very best at building and supporting the most advanced automotive Dealership & Customer Relationship Management System, and technology infrastructure, in the automotive industry to enable dealerships to streamline their operations and better serve their customers.

Our Values

Integrity

While our abilities are considerable, we will be realistic, honest and fair in our commitments, and above all, we will follow through.

Respect

Our customers and our people are our greatest resources; we encourage, listen to, and value their contributions.

Excellence

We set high standards, strive for continuous improvement in everything we do, and we exceed expectations.

Knowledge

Understanding our customers' business processes, and the technology that supports them, is our focus.

Empowerment

We empower our people with the resources needed to promote innovation and fresh thinking.

Teamwork

Our success is the result of teamwork. We operate with the highest level of cooperation and trust, and will share objectives between departments.

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President's Message

Focus on Results

Quorum delivers its dealership management system (DMS), XSELLERATOR™, and related services to dealerships throughout North America.

Quorum is both an Integrated Dealership Management System (IDMS) strategic partner with General Motors Corporation (GM) and a strategic partner with Microsoft. Quorum's XSELLERATOR product is broadly promoted to our target dealerships throughout North America by these prominent industry partners.

Quorum entered 2010 focused on responsible growth and exceptional customer care. Our overriding strategic goals are to continue to expand our customer base through new sales while generating sustained positive cash flow every quarter. At the same time, we are committed to providing outstanding service and support to our loyal customers. Following are highlights of our progress towards those goals in Q1 FY2010:

- Marketing – during the quarter we initiated campaigns to Canadian Chrysler dealerships, an entirely new market for Quorum. We also completed an exclusive supplier arrangement with Co-Auto (a cooperative buying group), to market our XSELLERATOR product to Ontario and Quebec dealerships. Finally, under GM IDMS we initiated a new marketing campaign, in partnership with GM through their communication channel, directly to GM dealerships.
- Installations – we installed ten new dealership rooftops and expect to install another ten new dealership rooftops in Q2 FY2010. In Q1 FY2010, the last 11 dealerships that lost their GM franchises closed their businesses. As reported in our 2009 annual report:
  - Prior to GM entering bankruptcy protection, Quorum had 225 dealership rooftops.
  - Although 42% of GM Dealerships across North America lost their franchises, only 23% of Quorum's customers were affected.
  - Of the 23% affected, approximately one-third (8% of our total dealerships), closed their businesses.
  - With the effects of GM's bankruptcy and dealership closures behind us, Quorum is back to 225 dealership rooftops as of May 2010.

  As our customer base continues to grow in Q2 FY2010, we expect to see a corresponding growth in our recurring support revenues.
- In our Q1 FY2010 customer survey, our dealer principal customer satisfaction increased by 26% when compared to the survey from Q3 FY2009.

In Q1 FY2010, Quorum was 97% percent "absorbed". This means that our recurring support and integration revenues covered 97% of our fixed cash costs, not including cost of products for net new and migration sales, in the quarter.

With our focus on responsible growth, the following is a summary of our Q1 FY2010 financial performance:

- Revenue increased by 3% compared to both Q1 FY2009 and Q4 FY2009. When compared to Q4 FY2009, our increase in installation revenue was offset by lower support revenues and reduced migrations revenue. Our recurring XSELLERATOR support revenue declined by 2% compared to

Q1 FY2009 due to dealership closures. Our change-over revenue (fees for reconfiguring XSELLERATOR to allow a dealership to move to a new franchise) and migrations revenue both declined as expected due to the wind-down of those activities.

- Gross Margin percent was reduced to 55% in Q1 FY2010 from 58% in Q1 FY2009 and 65% in Q4 FY2009. Gross Margin percent is derived from our support, installation and integration revenue. In Q1 FY2010, Quorum installed ten systems compared to one system in Q4 FY2009. As our lower margin installation revenue increases as a percentage of total revenue, it drives our gross margin percent down. With increased installation capacity, our customer base and support revenues will continue to grow as a percentage of total revenue and the higher margin support revenue will drive our gross margin percentages up over the longer term.
- EBITDA (earnings before interest, taxes, depreciation and amortization) in Q1 FY2010 was $297K versus $369K in Q1 FY2009 and $400K in Q4 FY2009. Quorum incurred some added costs (including staffing) related to increasing our implementation capacity to provide for future growth.
- Net income before taxes for Q1 FY2010 was $11K compared to $168K in Q1 FY2009 and $75K for Q4 FY2009. In Q1 FY2010, Quorum incurred an $89K foreign exchange loss compared to a Q1 FY2009 foreign exchange gain of $91K.
- Positive quarterly cash flow from operating activities of $285K in Q1 FY2010 versus $289K in Q1 FY2009. Cash expenditures for investing and financing activities were $244K in Q1 FY2010 for an increase in cash of $41K. Quorum typically incurs a number of annual cash costs in the first half of the year such as: tax, audit, price file, warranty labour time guide data and annual state taxes. Typically our cash payments to suppliers decline throughout the year.

Conclusion

With our sales and installation activity restored, we are focused on balancing the growth of the Company while remaining fiscally responsible and providing exceptional customer care. We are excited about the prospects for the rest of 2010.

Financial Highlights

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Gross revenue	**$ 1,945,599**	$ 1,896,352
Cost of products and services sold	**869,169**	789,270
Gross profit	**1,076,430**	1,107,082
Loss before interest, taxes and amortization (EBITDA)	**296,777**	369,137
Net income	**15,271**	188,818
Basic earnings per share	**0.00039**	**0.00480**
Fully diluted earnings per share	**$ 0.00036**	**$ 0.00480**
Weighted average number of common shares		
Basic	**39,298,438**	39,298,438
Diluted	**42,398,938**	39,298,438
XSELLERATOR installations – in the period	**10**	2
XSELLERATOR active dealership rooftops	**221**	225

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of the Corporation's interim consolidated results of operations and financial condition. This "Management's Discussion and Analysis" should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 2010 and the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2009 and the notes thereto. Comparisons made to prior periods are to the corresponding period in the preceding year unless otherwise indicated.

Background and Description of Business

Quorum Information Technologies Inc. ("Quorum" or the "Corporation") is an information technology company that focuses on the automotive retail business, and is incorporated under the Business Corporations Act of Alberta.

Quorum develops, markets, implements and supports its software product, XSELLERATOR™, a Dealership Management System (DMS) for the automotive market. The product is delivered to General Motors Corporation (GM), Chrysler, Hyundai, Isuzu, Kia, Subaru, NAPA and Bumper to Bumper dealerships throughout North America. The Corporation is an Integrated Dealership Management System (IDMS) strategic partner with GM and both a Gold-certified and a Managed Independent Software Vendor (ISV) partner with Microsoft. Quorum has a large opportunity with a market of approximately 4,000 dealerships across North America; to capitalize on this market Quorum has invested significant funds and resources.

Q1 FY2010 Overview

Quorum's key to growing profits is having a critical mass of installed dealerships that supply a recurring revenue stream, along with a well-managed fixed and variable cost structure. The end of FY2009 proved to be an important stepping stone to help Quorum look to the future. The sales closed during that period enabled Quorum to install ten new dealerships during Q1 FY2010 compared to only two in Q1 FY2009. Four of these dealerships are located in Canada and six in the United States. This brings the existing total of implemented customers for the Corporation at March 31, 2010 back up to 221 dealerships. Despite the improved number of installations, and a 3% increase in revenues, Quorum had a lower gross profit for Q1 FY2010 of $1,076 thousand (K) compared to $1,107K for Q1 FY2009. This decease is due to the fact that the one-time costs related to an installation are significant, which forces a lower gross profit on these revenues.

Earnings before interest, taxes, depreciation and amortization (EBITDA), which is a non-GAAP measure, has decreased by $72K to $297K for Q1 FY2010. The focus on reductions to general and administrative expenses (G&A) continues to see improvements with these expenses being reduced to $293K for Q1 FY2010 compared to $317K for Q1 FY2009. However, to achieve the required levels of service to install the new dealers, staffing was increased, which increased salaries to $429K for Q1 FY2010 from $363K in Q1 FY2009.

Cash flows from operating activities were $285K in Q1 FY2010 compared to $289K in Q1 FY2009. Net working capital at March 31, 2010 was $1,847K, with a current ratio of 3.20, compared to $1,844K at December 31, 2009, with a current ratio of 3.33. During the quarter, cash receipts and working capital were down due to the timing gap between dealership closings and the recurring support revenues to be generated on the new installations, as well as the increased cash paid out on the costs of the installs done during the period.

The Corporation continues to invest significantly in the further development of its proprietary software product, XSELLERATOR. During the quarter, the Corporation invested $233K in Q1 FY2010 compared to $285K in Q1 FY2009. XSELLERATOR represents the "next generation" of Dealership Management Systems for the automotive market. New investment is now more focused on development that will improve customer satisfaction, reduce support calls (and our cost of support), paid integration work through the GM IDMS contract and other Original Equipment Manufacturing (OEM) integration work.

Q1 FY2010 Financial Highlights

- **3% decrease in gross profit from Q1 FY2009.**
- **2% decrease in on-going annuity XSELLERATOR software support and dealer services revenue over Q1 FY2009.**
- **28% increase in Net New and Migration revenue over Q1 FY 2009.**
- **4% increase in Integration revenue over Q1 FY2009.**
- **Positive EBITDA (earnings before interest, taxes, depreciation and amortization) in Q1 FY2010 of $297K versus a positive EBITDA in Q1 FY2009 of $369K.**
- **Net income before taxes for Q1 FY2010 of $11K compared to $168K in Q1 FY2009.**
- **Positive quarterly cash flow from operating activities of $285K in Q1 FY2010 versus $289K in Q1 FY2009.**
- **7% decrease in quarterly cash expenditures from Q1 FY2009.**

Results of Operations

(dollar figures in '000)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Gross revenue	**$ 1,946**	$ 1,896
Gross profit	**1,076**	1,107
Expenses	**815**	772
Operating income before interest, taxes, depreciation and amortization (EBITDA)	**297**	369
Net income	**15**	189
Cash flow from operating activities	**285**	289
Quarterly cash expenditures (cash payments for operating and investing activities)	**$ 1,815**	$ 1,960
KEY MANAGEMENT METRICS		
XSELLERATOR installations – in the period	**10**	2
XSELLERATOR total active rooftops	**221**	225

Detailed Discussion on Operating Results for the Periods Ended March 31, 2010 and March 31, 2009

Revenue and Gross Profit Analysis

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Gross revenue	**$1,945,599**	$1,896,352
Cost of products and services sold	**869,169**	789,270
Gross profit	**$1,076,430**	$1,107,082
Gross profit %	**55%**	58%
Support and other revenue	**$1,424,794**	$1,460,241
Net new and migrations	**363,131**	284,270
Integration	**157,674**	151,841
Gross revenue	**$1,945,599**	$1,896,352

Revenue

For Q1 FY2010, revenues from operations were $1.95 million compared to $1.90 million for Q1 FY2009, an increase of $0.05 million or 3%. Quorum revenue results were as follows:

a) Recurring support and other revenue decreased to $1.42 million in Q1 FY2010, compared to $1.46 million in Q1 FY2009, a decrease of 2%. This is the result of GM dealerships that lost their franchise and also decided to close their operations late in Q4 FY2009 and in Q1 FY2010. The installations completed during Q1 FY2010 have already brought our rooftop totals back up to 221, but the recurring support revenues from these new dealerships did not provide three full months of support revenue in Q1 FY2010.

b) Integration revenue for Q1 FY2010 was $0.16 million compared to $0.15 million in Q1 FY2009. Currently Quorum is completing three integration projects, and new integration projects are being initiated for the remainder of FY2010.

c) Migrations and net new revenue was $0.36 million in Q1 FY2010 compared to $0.28 million in Q1 FY2009. Net new revenue was $0.34 million of the total for Q1 FY2010 compared to $0.05 million of the total for Q1 FY2009. The improvement in net new revenue is evidence of the returning confidence in the industry and the forecasted growth in the Corporation’s recurring revenues. Migrations revenue is down in Q1 FY 2010 because practically all our current dealers have already been migrated.

Cost of Products and Services Sold and Gross Profit

The Cost of Products and Services Sold includes all direct costs related to implementations and support including all the implementation, migrations, dealer services and support staff. For Q1 FY2010, gross profit decreased to $1.08 million or 55% compared to $1.11 million or 58% for Q1 FY2009. The gross profit decreased in Q1 FY2010 due to an increase in costs relating to the implementations completed during the period. Implementation revenue has lower gross margin than support and migration revenue and with implementation revenue making up a greater percentage of revenues in the quarter, the overall gross profit percentage declined.

Expenses

	Q1 Ended March 31, 2010	Q1 Ended March 31, 2009
Salaries & benefits	**$ 429,266**	$ 363,416
Employee stock option benefits	**35,070**	34,324
General and administrative	**292,623**	317,423
Sales and marketing	**57,764**	57,106
Total expenses	**$ 814,723**	$ 772,269

Total expenses before interest, taxes, amortization and foreign exchange for Q1 FY2010 were $814,723 or 42% of sales compared to $772,269 or 41% of sales for Q1 FY2009.

Salaries and benefits expenses for Q1 FY2010 were $429,265 compared to $363,416 in Q1 FY2009., an increase of $65,850 or 18%. This increase is due to new hires brought on at the end of FY2009 and during Q1 FY2010 to provide the necessary level of service required for the implementations scheduled for the quarter and to manage the forecasted net new sales expected throughout FY2010.

Employee stock option benefits expense for Q1 FY2010 was $35,070 compared to $34,324 in Q1 FY2009, an increase of $746 or 2%. The employee stock option expense is a non-cash expense.

General and administrative expenses for Q1 FY2010 were $292,623 compared to $317,423 for Q1 FY2009, a decrease of $24,800 or 8%. This decrease is due to the concentrated effort of management to control and reduce operating cost.

Sales and marketing expenses for Q1 FY2010 were $57,764 or 3% of sales compared to $57,106 or 3% of sales for Q1 FY2009. The Corporation leverages significant benefit through IDMS-related press in key trade publications and through the GM corporate messaging systems.

Capitalization & Amortization

During Q1 FY2010, the Corporation continued to invest significantly in the further development of its proprietary software product, XSELLERATOR. XSELLERATOR represents the "next generation" of Dealership Management Systems (DMS) in the automotive market, and is one of the most advanced, fully-integrated Windows-based product in the marketplace.

Summary of software development costs capitalized during the quarter and related amortization for XSELLERATOR:

	Q1 Ended March 31, 2010	Q1 Ended March 31, 2009
Total software development costs capitalized	**$ 232,600**	$ 285,547
Amortization of software development costs	**$ 63,020**	$ 126,980

All research and development costs are expensed as incurred unless they satisfy the generally accepted accounting criteria for deferral and subsequent amortization. As noted above, the Corporation continues to conduct ongoing research and development towards the improvement of XSELLERATOR and has capitalized payroll costs of $187,941, net of $15,900 ACOA funding and $8,042 of wage subsidies from the Newfoundland and Labrador government, and direct overheads of $44,659 for a total of $232,600 in Q1 FY2010 compared to $241,518 of capitalized payroll costs and direct overheads of $44,029 in Q1 FY2009 for a total of $285,547. The reduced capitalized amount is due to the funding noted above, along with the reduction of staffing levels across the Corporation in FY2009. The highly experienced development team has been able to create efficiencies in their processes to allow for the same level of output with fewer staff. XSELLERATOR is a leading-edge product in the automotive DMS field and the Corporation intends to maintain this through continued investment in the product. The Corporation has continued its development efforts as it prepares to roll out additional features and functionality and improved integration with the manufacturers. The outlook is to continue to operate at a reduced capitalized development cost level in FY2010, with a strict focus on development work that will improve customer satisfaction, reduce calls (and the corresponding cost of support) or on paid integration work through the GM IDMS contract and other manufacturer integration work.

Amortization for Q1 FY2010 decreased to $63,020 compared to $126,980 for Q1 FY2009. This decrease is the result of significantly fewer licenses from migrations in the amortization calculation during this period. With the majority of these migrations completed in FY2009, fewer licenses were sold for this activity.

Foreign Exchange

The Corporation has a low exposure risk to realized foreign exchange since a majority of its U.S. operations are performed through Quorum Information Technologies (US) Inc., Quorum's wholly-owned U.S. subsidiary. All transactions for this entity are performed in U.S. dollars. The Corporation does incur unrealized gains and losses on the conversion of the U.S. entity's net assets during consolidation for financial reporting. During the quarter, the Canadian/US exchange rate decreased from 1.0466 at December 31, 2009 to 1.0156 at March 31, 2010. This decrease has had a direct impact on the Canadian dollar value of net assets held by Quorum in the U.S. The unrealized loss on the assets held was $88,344 during Q1 FY2010 compared to a $87,117 gain during Q1 FY2009. There was a realized foreign exchange loss of $435 during Q1 FY2010, and a gain of $3,472 during Q1 FY2009.

Net Income, EBITDA and Earnings per Share

	FY 2010 March 31 Q1	FY 2009 March 31 Q1
EBITDA	**$ 296,777**	$ 369,137
Net income	**$ 15,271**	$ 188,818
Earnings per share		
- Basic	**$ 0.00039**	**$ 0.00480**
- Diluted	**$ 0.00036**	**$ 0.00480**
Weighted average number of common shares		
- Basic	**39,298,438**	39,298,438
- Diluted	**42,398,938**	39,298,438

EBITDA for Q1 FY2010 was $296,777 or $0.008 per share compared to $369,137 or $0.009 per share for Q1 FY2009. This is a $72,360 decrease from Q1 FY2009.

Net income for Q1 FY2010 was $15,271 or $0.00039 per share, compared to net income of $188,818 or $0.00480 per share for Q1 FY2009.

Liquidity and Financial Resources

	March 31, 2010	December 31, 2009
Current Assets		
Cash	**$ 1,384,638**	$1,343,782
Accounts receivable	**1,206,967**	1,200,435
Inventory	**2,652**	2,377
Prepaid expenses	**90,765**	88,458
	2,685,022	2,635,052
Current Liabilities		
Accounts payable and accrued liabilities	**655,346**	517,984
Deferred revenue	**156,842**	229,698
Current portion of long-term debt	**25,947**	27,940
Deferred government assistance	**-**	15,900
	838,135	791,522
Net working capital	**$1,846,887**	$1,843,530

Net working capital at March 31, 2010 was $1,846,887, with a current ratio of 3.20, compared to $1,843,530 at December 31, 2009, with a current ratio of 3.33, an increase of $3,357.

Current assets remained relatively consistent over the period. The increase in accounts payable is due to the increase in purchases by the Corporation with regards to the installations completed during the quarter. Also, during Q1 FY2010, the timing of billing was changed on the non-IDMS GM dealers to tie exactly to the month of service. This reduced the level of deferred revenue recognized at the end of the period.

Cash Flows from Operations

The Corporation's cash balance increased by $40,856 in Q1 FY2010 compared to an increase of $365,130 in Q1 FY2009.

Cash flows from operating activities were $284,921 in Q1 FY2010 compared to $288,872 in Q1 FY2009. During the quarter, cash receipts were down due to the timing gap between immediate lost support revenue from dealership closings and the time it takes for new recurring support revenues to be generated on the new installations completed during the period. Interest payments on the Debenture continue to be the only source of cash interest incurred by the Corporation. The emphasis on these areas has enabled the Corporation to obtain positive cash flow from operations for the last five quarters, since Q1 FY2009.

Cash flows relating to financing activities were $(10,556) in Q1 FY2010 compared to $362,672 in Q1 FY2009. During the quarter, the Corporation made the final payment on the software license loan entered into in 2006. In Q1 FY2009, funding from ACOA of $384,000 was received on March 31, 2009 with repayment of $21,328 on the licenses loan. The Corporation will start repayment of the ACOA loan in Q3 FY210.

The Corporation has a strong commitment to continually enhance and improve XSELLERATOR and invested $232,600, net of ACOA funding and wage subsidies from the Newfoundland and Labrador government, in product development in Q1 FY2010 and spent $909 on property and equipment.

Current Liabilities

Accounts payable and accrued liabilities were $655,346 at March 31, 2010 compared to $517,984 at December 31, 2009 and $1,037,484 at March 31, 2009. The decrease compared to March 31, 2009 is due to the emphasis the Corporation has put on managing cash flow with a stronger purchasing process and better approval controls. The increase compared to Q4 FY2009, is due to increased installation activity in Q1 FY2010.

In January, 2006, the Corporation entered into a software license agreement with Cyclone Commerce, Inc. The final payment of $9,900 US was made in February, 2010.

Repayment of a loan with the Atlantic Canada Opportunities Agency (ACOA) (described below) will commence in July, 2010. As of March 31, 2010, $25,947 of the present value is due within the next 12 months. On a cash basis, $74,997 is required to be repaid within the next 12 months.

Deferred revenue was $156,842 at March 31, 2010 compared to $229,698 at December 31, 2009. Under the GM IDMS contract, the Corporation's support billings are billed in advance. As of March 31, 2010, there was $156,842 of support fees billed that relate to April 1-19th, 2010.

Long-Term Debt

On March 31, 2009, the Corporation completed an agreement with ACOA to provide a $500,000 interest-free, unsecured loan (the "ACOA Facility") to provide funding to develop version 4.7 of the XSELLERATOR system and to expand the office in St. John's, Newfoundland. As of March 31, 2010, $475,000 had been drawn on the ACOA Facility. On April 20, 2010, the remaining $25,000 of the ACOA facility was drawn down. Repayment of the loan will commence in July, 2010 at $8,333 per month over 5 years.

On April 15, 2008 the Corporation issued a $1.5 million secured convertible debenture ("the Debenture"). The Debenture is secured by a fixed and floating charge on all assets of the Company. The Debenture bears interest at a rate of 12% per annum, payable monthly in arrears, and matures and becomes payable April 15, 2011. Starting in Q2 FY2010 the full amount of the Debenture will be shown as a current liability on the balance sheet. The Debenture is convertible any time prior to maturity, at the Debenture holders' option, into common shares of Quorum Information Technologies Inc. at a price of $0.55 per common share, equating to 2,727,272 common shares. The fair value is $1,304,315, less legal fees of $21,902 with accredited interest of $116,750. Please refer to *Liquidity Risk* in the *Business Risks* section of this MD&A for further discussion on the Debenture.

During Q1 FY2010, interest on long-term debt was $74,104 compared to $57,841 in Q1 FY2009. The debt incurred cash interest of $47,569 ($46,651 in Q1 FY2009) and non-cash interest from loan accretion of $26,535 ($11,190 in Q1 FY2009). The increase in non-cash interest relates to the ACOA Facility.

Share Capital

There has been no change in the share capital of the Corporation since December 31, 2009. Note 8 of the March 31, 2010 unaudited consolidated financial statements of the Corporation provides further details on share capital.

In Q1 FY2009, 1,516,000 stock options were granted to staff, management and board members with a weighted average price of $0.15. The options have a maximum term of five years and no more than one-third of the stock options granted to any one individual shall vest in any twelve-month period. In addition, in January 2009, 1,699,100 stock options with exercise prices ranging from $0.33 - $0.75 were cancelled and reissued with an exercise price of $0.15.

During Q1 FY2010, the share price ranged from a high of $0.25 and a low of $0.15. The average share price over the period was $0.18. In calculating the Earnings per share (EPS) and Fully diluted EPS, the options with an exercise price below the $0.18 are considered. A total of 3,100,500 options with prices ranging between $0.15 and $0.16 were included to create a fully diluted level of shares of 42,398,938.

Material Contracts & Commitments

On March 31, 2009, the Corporation completed an agreement with ACOA for the ACOA Facility to provide funding to develop version 4.7 of the XSELLERATOR system and to expand the office in St. John's, Newfoundland. On March 31, 2009, $384,000 was received. A further $91,000 was received in Q4 FY2009 and the final $25,000 was received on April 20, 2010. This loan is to be repaid with equal installments over a five-year period with payments commencing in July 2010.

On June 7, 2007, the Corporation entered into a wage subsidy agreement with the provincial government of Newfoundland and Labrador. The agreement entitles the Corporation to an 8% subsidy of all gross payroll costs, including benefits, associated with Newfoundland and Labrador employees for a period of five years. The Corporation must maintain a minimum of 35 full time positions during each reporting period to receive this subsidy. As of the date of this MD&A, 39 full time positions were maintained by the Corporation in Newfoundland and Labrador.

Effective January 3, 2006 the Corporation was named an IDMS supplier on behalf of GM throughout North America. This contract required the Corporation to expand operations and capabilities to meet the requirements of an expanded North American customer base.

During FY2006, the Corporation entered into six capital lease agreements for computer hardware and two financing agreements for computer software and software licenses. The maturity dates of these obligations range from December, 2007 to February, 2010. As of March 31, 2010, all capital leases and financing agreements have been fully repaid.

Off Balance Sheet Arrangements

Other than the lease commitments noted in Note 15 of the December 31, 2009 audited financial statements, the Corporation has not entered into any off balance sheet arrangements.

Critical Accounting Policies

The selection and application of accounting policies is an important process that has developed as the Corporation's business activities have evolved and as accounting rules have changed. The Corporation prepares its financial statements in accordance with Canadian generally accepted accounting principles (GAAP) as published by the Canadian Institute of Chartered Accountants. Following GAAP involves the implementation and interpretation of existing rules and the use of judgment relative to the circumstances existing in the Corporation's business. Every effort is made to comply with GAAP, and the Corporation believes the proper implementation and consistent application of GAAP is critical.

The Corporation's significant accounting policies are described in detail in Note 2 to the FY2009 audited consolidated financial statements.

International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that effective for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canada's current Generally Accepted Accounting Principles for all publicly accountable profit oriented enterprises. Quorum has commenced planning the transition from the current Canadian GAAP to IFRS. The project team is led by the CFO to oversee and manage the transition. As necessary, representatives from other areas of the organization are included as part of the team as well as external advisors to assist with the project.

The IFRS transition project consists of three phases: initial assessment, detailed assessment and design, and implementation. Quorum is still in the first phase but will undertake implementation in 2010. The first phase involves the completion of an initial review of the major differences between current Canadian GAAP and IFRS and their impact to the existing account balances of Quorum, development of a project timeline, and a review of IFRS 1 transition exemptions. The second phase is the detailed assessment and design phase and will involve completing a comprehensive analysis of the impact of the IFRS differences identified in the initial assessment. The implementation phase is the third phase and will involve executing the required changes to business processes, financial systems, IT systems, accounting policies, disclosure controls, and internal controls over financial reporting. As Quorum's business is not overly complex from an accounting stand-point, it is expected that minimal changes will be required to business processes, financial systems, and IT systems in 2010 in order to complete the transition to IFRS. These minor changes will be implemented in calendar 2010.

Quorum is reviewing and assessing the accounting policies which are expected to be adopted under IFRS. At this time, the quantitative impact on Quorum's financial statements has not yet been completed. Quorum plans to complete this assessment in the third quarter of 2010.

As the review of accounting policies to be adopted is completed, appropriate changes to ensure the integrity of internal control over financial reporting and disclosure controls and procedures will be made. For example, changes in accounting policies could result in additional controls or procedures being required to address reporting of first time adoption as well as ongoing IFRS reporting requirements. At this point, Quorum has not implemented the adoption of any new accounting policies. If a new policy differs significantly from an existing policy, additional controls will need to be designed and implemented to ensure that the recorded balance is fairly stated at each reporting period. The certifying officers plan to complete the design, and initially evaluate the effectiveness, of any new controls in the third quarter of 2010 to prepare for certification under IFRS in 2011.

Regular reporting on progress of the IFRS transition project will be provided to Quorum's senior executive management team and to the Audit Committee of the Board of Directors.

Outlook

The automotive dealership market has traditionally implemented older, character-based technology for its in-house systems. However, in recent years the auto manufacturers have worked towards developing numerous new electronic interfaces between their systems and the auto dealerships' systems. As a Windows-based, fully-integrated product, XSELLERATOR is one of the most technologically advanced software products in the DMS field, and as such, is able to implement the new electronic interfaces more quickly and effectively than its competitors that utilize older technology. The Corporation anticipates that there will be a considerable amount of demand from the auto dealership industry to upgrade to the latest technology, and for companies that utilize new technology in order to electronically interface with the auto manufacturers. This provides a unique opportunity for the Corporation to market its XSELLERATOR product both at the dealership and the manufacturer level.

The Corporation believes that its success depends largely upon the following factors:

- Financial health of the automotive industry including dealerships and manufacturers.
- Sales, installations and support of the Corporation's XSELLERATOR product.
- Continued enhancements and upgrades contained in the new version releases of the Corporation's proprietary software product, XSELLERATOR.
- The ability of the Corporation to attract and retain top quality people.
- The ability of the Corporation to attract and leverage quality business partners to help accelerate the Corporation's growth and penetration into the expanding marketplace.

- Development of business processes and standardization of those processes, to facilitate the implementation and support of XSELLERATOR on a global scale.
- Building and maintaining positive relationships with the automotive manufacturers, and in particular GM Canada and GM U.S. through the IDMS contract.
- Continued financial support from the Atlantic Canada Opportunities Agency (ACOA) and the Newfoundland and Labrador provincial government.
- Continued access to capital to fund growth and meet debt repayment obligations, including the Debenture, which may not be able to be funded from internal sources.

Management expects sales from its suite of DMS software products will continue to grow over the next several years. Management is committed to enhancing its market share in the DMS software market in both Canada and the U.S. However, it is difficult to forecast the Corporation's sales and market share with precision due to factors such as: the nature of the automotive industry; acceptance of XSELLERATOR; the overall sales cycle; and the continued support of GM and approvals from other auto manufacturers.

Forward-Looking Statements

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions and the Corporation's actual results may differ materially from those anticipated in these forward-looking statements. Factors which may cause such differences include, but are not limited to those set forth under "Business Risks". The Corporation does not take any obligation to release any public information of the results of any revision to these forward-looking statements, which may be made to reflect events or circumstances occurring in the future, except as required by securities regulations.

Business Risks

The Corporation faces key risks, including adequacy of capital and/or cash flow to pursue its business plan objectives, reliance on relatively few key suppliers and customers, and the emergence of superior competing technologies. This list is not intended to be exhaustive, but merely to communicate to shareholders certain key risks faced by the Corporation in its business.

Liquidity Risk

As discussed in the *Cash flow* section above, in April 2008 the Corporation issued the Debenture ($1.5 million) to fund operations. The Debenture is secured by a fixed and floating charge on all assets and is convertible any time prior to maturity. If the debenture is not converted, Quorum will be required to repay the full $1.5 million on April 15, 2011. If the Corporation is not able to repay the full amount on the date of maturity, the Debenture holders will have entitlement to the Corporation's property and assets as collateral. Based on a strong working capital balance of $1.847 million as of March 31, 2010, the trends we have achieved with regards to cash and profits, and the pursuit of alternative financing, although no guarantee can be given, the Corporation expects it will be able to pay back the Debenture on maturity.

Customer Concentration Risk

Although the Corporation has been expanding its coverage of various dealership brands, a significant portion of its business is conducted with General Motors Corporation and its dealerships in both Canada and the U.S. Prior to GM entering bankruptcy protection on June 1, 2009, over 90% of Quorum's 225 deployed dealership rooftops were GM dealerships. At that time, approximately 23% of Quorum's GM dealership customers received notifications that their franchises would not be renewed at the end of 2010. Of the 23% affected, 2/3 of those (15% of our total dealerships) are changing their business model to provide other automotive sales and services and intend to remain with Quorum to service their DMS needs. The remaining 1/3 (8% of our total dealerships) have closed their business. As of March 31, 2010, it is estimated that less than 2.5 % of our dealers may terminate their GM franchise in 2011 and most of those dealerships will likely change their business model and continue to utilize Quorum to service their DMS needs.

Based on scheduled installations it is expected that Quorum will be back to 225 dealer rooftops deployed and approximately 75% will be GM dealerships by the end of Q2 FY2010. Quorum's product strategy has moved to a much stronger focus on new OEM business partners, with the intention of expanding the system to support other makes. Over time, this strategy will continue to diversify our customer base; however, GM franchises will remain a key focus for the organization. It is important to Quorum's success for GM to continue to make significant progress on its North American and International business plan.

Equally important is that GM continues its strong support of the GM IDMS program. Based on this program, Quorum receives support payments directly from GM, and not the dealer. If GM was unable to make these monthly payments to Quorum, the Corporation would not have enough cash to sustain itself over the long term. Based on the approximate current cash balance of the Corporation of $1.35 million and the estimated current monthly operating cash requirements of $0.50 million, net of non GM dealers of $0.11 million, it is estimated that Quorum would be able to sustain itself for a total of 2.7 months.

The risk of GM going back into bankruptcy is considered low because the U.S. government has invested heavily in GM and now owns a significant percentage of GM. It is important to note that during the 2009 Chapter 11 bankruptcy, Quorum was deemed a "critical vendor" and received all support payments. Finally, if Quorum could not collect payments from GM, Quorum is entitled to go directly to the dealers which use the system to collect these support fees on a go-forward basis.

Server Reliability Risk

Quorum's XSELLERATOR product operates on a server that is installed at the dealership. Server up-time, data backup, virus protection and disaster recovery are critical to our customers and Quorum. To ensure the highest level of continuity of service for our customers Quorum has deployed:

- Rigorous installation and migration procedures to ensure server consistency.
- Strong change control, including automated tools to manage many of our changes, on all dealership servers to maintain server consistency.
- Approved application lists and related controls, to ensure that applications follow a testing process before they are installed on dealership servers.
- Servers with both redundant hard drives and power supplies.
- Support agreements with our hardware providers to supply 24 hour support – 7 days a week. Typically the service agreements also have 4 hour response times.
- Web-based backup services that are monitored by a Server View application build by Quorum
- Anti-virus protection that is monitored by Server View.
- A disaster recovery environment located at Quorum's Calgary office. This is an optional service that dealerships can subscribe to.

Server downtime and lost data cost our customers in terms of lost productivity and will result in a financial impact to our customers. Although Quorum cannot guarantee continuity of service, we have taken numerous steps to help protect our customers.

Quorum attempts to mitigate these risks through various strategic and operating mechanisms such as ongoing research and development to maintain XSELLERATOR's position as one of the most advanced products in the automotive DMS field, fair and equitable compensation and workplace policies, flexibility in operational decision making, review and discussion of competitors' policies to maintain market advantage, and ongoing interaction with both debt and capital markets. Management believes these strategies reduce the Corporation's business risk to an acceptable level, which will allow the Corporation to continue to grow and maximize shareholder value.

Despite the Corporation's attempts to mitigate key risks, shareholders should be aware that the information technology industry is subject to rapid technological change, and the products and services provided by the Corporation are also expected to be subject to rapid technological changes. To remain competitive, the Corporation must be able to keep pace with the technological developments in this industry and change its product and service lines to meet new demands. The Corporation will depend on research and development for improvements and enhancements to XSELLERATOR, and the introduction of new products and services that have not been commercially tested to accelerate its future growth. The Corporation has a proven track record of success in innovative product design and enhancements, and has the expertise and the capital backing in place to continue it.

2010 1st Quarter Financial Statements

Quorum Information Technologies Inc.

Unaudited – Interim Consolidated Balance Sheets

As at		March 31, 2010	December 31, 2009
ASSETS			
Current:			
Cash		**$ 1,384,638**	$ 1,343,782
Accounts receivable		**1,206,967**	1,200,435
Inventory		**2,652**	2,377
Prepaid expenses		**90,765**	88,458
		2,685,022	2,635,052
Property and equipment	**Note 3**	**315,957**	335,148
Software development costs	**Note 4**	**8,924,714**	8,755,135
Software licenses held for resale		**4,325**	5,767
Future tax asset		**3,406,208**	3,481,822
Investment tax credits		**2,477,564**	2,477,564
		$ 17,813,790	$ 17,690,488
LIABILITIES			
Current:			
Accounts payable and accrued liabilities		**655,346**	517,984
Deferred revenue		**156,842**	229,698
Current portion of long-term debt	**Note 6**	**25,947**	27,940
Deferred government assistance	**Note 5**	**-**	15,900
		838,135	791,522
Long-term debt	**Note 6**	**265,625**	260,558
Convertible debenture	**Note 7**	**1,399,163**	1,377,883
		2,502,923	2,429,963
SHAREHOLDERS' EQUITY			
Share capital	**Note 8**	**23,399,937**	23,399,937
Convertible debenture	**Note 7**	**195,685**	195,685
Contributed surplus		**1,699,518**	1,664,447
Deficit		**(9,984,273)**	(9,999,544)
		15,310,867	15,260,525
		$ 17,813,790	$ 17,690,488

See accompanying notes to interim consolidated financial statements.

Approved on behalf of the Board:

(Maury Marks)
________________________ **Director**
Maury Marks
President & CEO

(John Carmichael)
________________________ **Director**
John Carmichael
Chairman of the Board of Directors

Quorum Information Technologies Inc.

Unaudited – Interim Consolidated Statements of Operations, Comprehensive Income and Deficit

Period ended		Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Gross revenue		**$ 1,945,599**	$ 1,896,352
Cost of products and services sold		**869,169**	789,270
Gross profit		**1,076,430**	1,107,082
Expenses			
Salaries and benefits		**429,266**	363,416
Employee stock option benefits		**35,070**	34,324
General and administrative		**292,623**	317,423
Sales and marketing		**57,764**	57,106
Interest expense on long-term debt		**74,104**	57,841
Bank charges and other interest expense		**2,899**	7,679
Amortization of software development costs		**63,020**	126,980
Amortization of property and equipment		**20,172**	47,439
Amortization of software licenses held for resale		**1,442**	17,300
Foreign exchange loss (gain)		**88,779**	(90,589)
Total expenses		**1,065,139**	938,919
Net income before income taxes		**11,291**	168,163
Future income tax recovery		**3,980**	20,655
Net income and comprehensive income		**15,271**	188,818
Deficit, beginning of period		**(9,999,544)**	(10,235,589)
Deficit, end of period		**$ (9,984,273)**	$ (10,046,771)
Earnings per share			
- Basic		**$ 0.00039**	**$ 0.00480**
- Diluted		**$ 0.00036**	**$ 0.00480**
Weighted average number of common shares			
- Basic		**39,298,438**	39,298,438
- Diluted	**Note 8**	**42,398,938**	39,298,438

See accompanying notes to interim consolidated financial statements.

Quorum Information Technologies Inc.

Unaudited – Interim Consolidated Statements of Cash Flows

Period ended	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Cash flow from operating activities		
Cash receipts from customers	**$ 1,866,211**	$ 1,962,668
Cash paid to suppliers and employees	**(1,533,721)**	(1,627,145)
Interest paid	**(47,569)**	(46,651)
	284,921	288,872
Cash flow from financing activities		
Proceeds from long-term debt	**-**	384,000
Repayment of long-term debt	**(10,556)**	(21,328)
	(10,556)	362,672
Cash flow from investing activities		
Purchase of property and equipment	**(909)**	(867)
Software development costs	**(232,600)**	(285,547)
	(233,509)	(286,414)
Increase in cash	**40,856**	365,130
Cash, beginning of period	**1,343,782**	706,803
Cash, end of period	**$ 1,384,638**	$ 1,071,933

See accompanying notes to interim consolidated financial statements.

1. Nature of Operations

Quorum Information Technologies Inc. ("Quorum" or the "Corporation") is an information technology company that focuses on the automotive retail business in Canada and the U.S. and is incorporated under the Business Corporations Act of Alberta. Quorum develops, markets, implements and supports its own software product, XSELLERATOR™, a Dealership Management System, for the automotive market.

2. Significant Accounting Policies and Basis of Presentation

The interim consolidated financial statements of the Corporation have been prepared by management following the same accounting policies and methods of computation as outlined in the audited consolidated financial statements for the fiscal year ended December 31, 2009. The results of operations for the interim periods are not necessarily indicative of the operating results for the full year. The interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto in the Corporation's annual report for the year ended December 31, 2009. The preparation of these interim consolidated financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The interim consolidated financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality. The interim consolidated financial statements have not been reviewed by the Corporation's external auditors.

3. Property and Equipment

March 31, 2010

	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 923,354	$ 782,058	$ 141,296
Computer software	535,718	535,718	-
Leasehold improvements	386,613	332,145	54,468
Office equipment	391,540	286,651	104,889
Vendor distribution rights	42,646	27,342	15,304
Total property and equipment	**$ 2,279,871**	**$ 1,963,914**	**$ 315,957**

3. Property and Equipment *(continued)*

December 31, 2009

	Cost	Accumulated Amortization	Net Book Value
Computer equipment	$ 922,336	$ 770,646	$ 151,690
Computer software	535,718	535,718	-
Leasehold improvements	386,613	329,105	57,508
Office equipment	391,540	281,131	110,409
Vendor distribution rights	42,646	27,105	15,541
Total property and equipment	$ 2,278,853	$ 1,943,705	$ 335,148

4. Software Development Costs

	March 30, 2010	December 31, 2009
Cost	**$ 10,876,416**	$ 10,643,817
Accumulated amortization	**1,951,702**	1,888,682
Net book value	**$ 8,924,714**	$ 8,755,135

5. Deferred Government Assistance

On March 31, 2009, the Corporation entered into a $500,000 unsecured, interest-free loan agreement with the Atlantic Canada Opportunities Agency (ACOA) to finance a project for the expansion of the St. John's office and the release of XSELLERATOR, version 4.7. The completion date of the project was December 31, 2009. The $192,601 difference between the fair value of the loan and the cash received has been accounted for as a government grant, as prescribed by Section 3800 of the CICA Handbook. The amount relates to expenses and capital expenditures to be incurred over the term of the project. Any amounts allocated to capital expenditures will be deducted from the specific fixed assets with depreciation calculated on the net amount over the life of the asset. Any funding received during a period that related to expenditures yet to be incurred was recognized as deferred government assistance. At December 13, 2009, $15,900 was recognized as deferred government assistance. The full amount was allocated to software development costs as of March 31, 2010.

6. Long-term Debt

	March 31, 2010 CDN$	March 31, 2010 US$	December 31, 2009 CDN$	December 31, 2009 US$
Payable in Canadian dollars:				
ACOA financing (a)	**$ 291,572**	**$ -**	$ 277,685	$ -
	291,572		277,685	
Payable in U.S. dollars:				
Software licensing balance of purchase price (b)	**-**	**-**	10,813	9,900
	-	**-**	288,498	9,900
Installments due within one year	**25,947**	**-**	27,940	9,900
Total long-term debt	**$ 265,625**	**$ -**	$ 260,558	$ -

(a) On March 31, 2009, the Corporation entered into a $500,000 loan agreement with the Atlantic Canada Opportunities Agency (ACOA) to finance the expansion of the St. John's office and the release of XSELLERATOR, version 4.7. The loan, which is unsecured and interest-free, matures on July 1, 2015. Monthly repayments will commence on July 1, 2010. As of March 31, 2010, $475,000 of the loan amount had been received and recorded at a fair value of $236,720, based on a 20% rate of interest over five years. The difference between the fair value of the loan and the cash received has been accounted for as a government grant (refer to note 5).

(b) On January 31, 2006, the Corporation entered into a software license agreement with Cyclone Commerce, Inc. The purchase price of US$238,000 is payable in variable quarterly installments commencing in January, 2006 and ended in February, 2010.

7. Convertible Debenture

On April 15, 2008 the Corporation issued a $1.5 million secured convertible debenture. The debenture is secured by a fixed and floating charge on all assets of the Company. It will be released on conversion of the debenture.

The debenture bears interest at a rate of 12% per annum, payable monthly in arrears, and matures April 15, 2011. It is convertible any time prior to maturity, at the debenture holders' option, into common shares of Quorum Information Technologies Inc. at a price of $0.55 per common share, equating to 2,727,272 shares. Starting in April 2010 the full amount of the Debenture will be shown as a current liability on the balance sheet.

As the debenture is convertible, the liability and equity components have been presented separately. Using the residual method, the liability component has been calculated at $1,255,036, net of transaction costs, with the remaining $195,685 being recognized as equity. The equity component is being accreted using the effective interest rate method over the term of the debenture.

As at March 31, 2010, there had been no conversions exercised on the debenture.

7. Convertible Debenture *(continued)*

	March 31, 2010	December 31, 2009
Convertible debenture issued, net of transaction costs	**$ 1,450,721**	$1,450,721
Valuation of conversion feature	**(195,685)**	(195,685)
Debt component of convertible debenture	**1,255,036**	1,255,036
Accretion of effective interest and legal fees	**144,127**	122,847
Convertible debenture-ending balance	**$1,399,163**	$1,377,883

8. Share Capital

(a) AUTHORIZED

Unlimited number of:
Common voting shares
Preferred shares issuable in series

(b) ISSUED AND OUTSTANDING

	Number of Shares	Amount
Common Shares		
Balance, December 31, 2009	**39,298,438**	**$ 23,399,937**
Issued, January 1 – March 31, 2010	**-**	**-**
Total share capital at March 31, 2010	**39,298,438**	**$ 23,399,937**

Diluted Shares based on $0.18 average stock price for 1st Quarter, 2010

	Number of Shares
Common Shares	
Balance, March 31, 2010	**39,298,438**
Options issued at $ 0.15	3,004,500
Options issued at $ 0.16	96,000
Total diluted share capital at March 31, 2010	**42,398,938**

(c) STOCK OPTIONS

At the 2009 Annual General Meeting, the Corporation received regulatory and shareholder approval to amend the previously adopted Stock Option Plan (“Stock Plan 2002”) which authorized the Board of Directors of the Corporation to grant options to purchase common shares of the Corporation to directors, officers, employees and consultants who are in a position to contribute to the growth and development of the Corporation. Pursuant to the amended Stock Plan 2002, options may be granted to purchase common shares of the Corporation up to a maximum of 10% of common shares currently issued and outstanding. Prior to the approved

8. Share Capital *(continued)*

amendment the limit was 3,900,000 common shares in aggregate. The exercise price of the options is determined by the Board of Directors in accordance with the policies of the TSX Venture Exchange ("TSXV"). The options have a maximum term of five years with a hold period of four months from the date of the initial grant, and no more than 1/3 of the stock options granted to any one individual shall vest in any twelve-month period.

Stock option transactions for the respective periods and the number of stock options outstanding are summarized as follows:

	As at March 31, 2010		**As at December 31, 2009**	
	Number of shares	**Weighted average exercise price**	**Number of shares**	**Weighted average exercise price**
Options outstanding at beginning of period	**3,400,500**	**$0.18**	2,978,797	$0.55
Granted	**-**	**-**	1,516,000	0.15
Reissued at new price	**-**	**-**	1,699,100	0.15
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	(1,094,297)	0.54
Cancelled	**-**	**-**	(1,699,100)	0.54
Options outstanding at beginning of period	**3,400,500**	**0.18**	3,400,500	0.18
Options exercisable at end of period	**1,935,000**	**$0.20**	1,333,500	$0.23

The following table summarizes information about stock options outstanding at March 30, 2010:

Exercise prices	**Number outstanding**	**Weighted average remaining contractual life in years**	**Weighted average exercise price**
$ 0.15	3,004,500	4.1	$ 0.15
$ 0.16	96,000	4.7	$ 0.16
$ 0.49	300,000	2.3	$ 0.49
	3,400,500	3.9	$ 0.18

9. Related Party Transactions

During the quarter ended March 31, 2010, the Corporation incurred fees in the amount of $Nil (March 31, 2009 – $1,025) under a consulting agreement with the spouse of an officer and director, of which $Nil (March 31, 2009 - $1,025) remained unpaid at March 31, 2009. The fees were in relation to tax and consulting services.

Related party transactions have been recorded at their exchange amounts which represent carrying values.

10. Segmented Information

The Corporation operates in one segment, the computer network and business software industry.

In 2004 the Corporation commenced selling into the United States marketplace. Gross revenue by geographic area is summarized as follows:

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Canada	**$ 1,420,756**	$ 1,396,664
United States	**524,843**	499,688
Total gross revenue	**$ 1,945,599**	$ 1,896,352

11. Economic Dependence

The Corporation is an information technology company that has an Integrated Dealership Management System (IDMS) contract with General Motors. Currently, the Corporation receives 75% of its recurring support revenue from General Motors dealerships under the terms of this contract.

12. Capital Structure

The Corporation's capital structure is comprised of shareholders' equity and long-term debt. The Corporation's objectives when managing its capital structure are to:

(a) maintain financial flexibility so as to preserve the Corporation's access to capital markets and its ability to meet its financial obligations; and

(b) finance internally-generated growth

13. Subsequent Events

The Corporation received $25,000 on April 15, 2010 from the Atlantic Canada Opportunities Agency as part of the $500,000 interest-free, unsecured loan. This loan is to be repaid with equal installments over a five-year period with payments commencing in July 2010. With the amount received on April 15, 2010, the Corporation has fully drawn down on the Facility for a total of $500,000.

Corporate Information

Board of Directors

Maury Marks
Director
President & Chief Executive Officer
Quorum Information Technologies Inc.

John Carmichael
Chairman of Board of Directors
Dealer Principal
City Buick Pontiac Cadillac

Scot Eisenfelder
Director
Strategy Consultant
AutoNation Inc.

Craig Nieboer
Director
Chief Financial Officer
Canadian Energy Services &
Technology Corp.

Michael Podovilnikoff
Director
Business Consultant

Officers

John Carmichael
Chairman of Board of Directors

Maury Marks
President & Chief Executive Officer

Jeff Sharpe
Chief Financial Officer

Corporate Counsel
Burnet Duckworth & Palmer
Calgary, Alberta

Bankers
Canadian Imperial Bank of Commerce
Calgary, Alberta

Auditors
DNTW
Chartered Accountants, LLP
Calgary, Alberta

Stock Exchange Listing
TSX Venture Exchange
Trading Symbol: QIS

Registrar and Transfer Agent
Computershare Trust Company of Canada
Calgary, Alberta

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Web Site: www.QuorumDMS.com

DMS Re-Defined.

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Stock Symbol – TSXV: QIS