QUORUM
DEALER MANAGEMENT SYSTEMS

1st Quarter Report 2012

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

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

Over the last two years, Quorum has become an "all makes" organization, with a continued emphasis on GM dealerships. Quorum supplies our DMS product to GM, Isuzu, Chrysler, Hyundai, Kia, Nissan, Subaru, NAPA and Bumper to Bumper franchised dealership as well as independent dealership customers.

As the Company has grown in the market, we have also enhanced our operational excellence by focusing on measurable improvements. Some of our key Q1 FY2012 milestones are as follows:

- Quorum attained 259 installed active dealership rooftops at the end of Q1 FY2012. During the quarter we also sold an additional seven dealership rooftops that will be installed in future quarters. Our 259 dealership rooftops encompass 8,215 active users - approximately 30 users per rooftop.
- Our dealership Customer Satisfaction ("CSI") score results in Q1 FY2012 were as follows:
    - CSI semi annual survey – 78% of end users reported "satisfied" or "very satisfied" and 83% of dealer principles reported "satisfied" or "very satisfied".
    - Our monthly Support CSI survey reported an average of 95% "very satisfied" with the service they received from our support center.
- We piloted the ground-breaking Communicator project which is designed to transform how dealership staff is able take advantage of modern technology to communicate with their customers and with each other. We also piloted "Console" which is a new customizable workspace with a cadre of productivity tools to help dealerships improve customer service, increase utilization of XSELLERATOR and track key performance indicators. Full release of both "Communicator" and the "Console" is planned for Q2 FY2012.

Key financial results summary:

- Sales decreased slightly by 4% to $1,842K in Q1 FY2012 from $1,912K in Q1 FY2011, and margin after direct costs decreased to $1,013K in Q1 FY2012, as compared to $1,065K in Q1 FY2011, a 5% decrease. The change in sales is due to:
    - A decrease of $89K in net new revenue which was a result of completing six smaller installations in Q1 FY2012 as compared to six larger dealership installations in Q1 FY2011.
    - An increase of $60K in recurring support revenue as a result from having 259 active dealership rooftops at the end of Q1 FY2012 versus 245 at the end of Q1 FY2011.
    - A decrease in integration revenue of $41K due to a reduced number of GM integration projects.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased to $126K in Q1 FY2012 from $323K in Q1 FY2011. Loss before taxes decreased to $37K in Q1 FY2012 compared to income of $154K in Q1 FY2011. The short term decrease is largely due to the movement of some key roles within the Corporation from one office to another. In each case, duplicate salaries and benefits expense was incurred as we trained the new employee while maintaining the salary of the former employee. As well, during Q1 FY2012, the Corporation incurred marketing expenses from hosting the largest booth that Quorum has had since 2007 at

the National Automobile Dealers Association (NADA) conference. Additionally, the Corporation incurred the cost of hosting a booth at the “by invitation only” BMW conference.

- Quorum had a net loss of $52K in Q1 FY2012 compared to a net loss of $48K in Q1 FY2011. The loss in Q1 FY2012 is due to a short term increase in salaries and the costs associated with attendance at the NADA and BMW conferences
- Quorum posted its eleventh consecutive quarter of cash flow positive results. These results are due to a well-managed cost structure and from attaining a critical mass of dealerships that generate significant higher margin recurring support revenues.

Conclusion

Each year the Corporation experiences high costs in the first quarter largely because of money spent on the North America Auto Dealership Association (NADA) trade show. It is the largest trade show in North America and this year the Corporation had its largest booth at the show since 2007. Additionally, the Corporation incurred further marketing costs by having a booth at a “by invitation only” BMW conference. The Corporation continues to sell and implement approximately six new dealerships per quarter, however, we are very focused on increasing our sales and implementation rate.

My sincere appreciation is extended to Quorum’s Board of Directors and to our employees and consultants who have been diligent and dedicated in their support of the Corporation’s goals and objectives. My thanks also extend to our investors for their long-term and continued support of Quorum.

Maury Marks
President & Chief Executive Officer

Financial Highlights

	Three Months Ended March 31, 2012	**Three Months Ended March 31, 2011**
Gross revenue	**$ 1,842,186**	$ 1,912,268
Direct costs	**828,990**	847,575
Margin after direct costs	**1,013,196**	1,064,693
Earnings before interest, taxes and amortization (EBITDA)	**126,456**	322,757
Income (loss) before deferred income tax	**(37,436)**	154,210
Net loss	**(52,254)**	(47,724)
Comprehensive loss	**(92,604)**	(100,177)
Basic loss per share	**(0.0013)**	(0.0012)
Fully diluted loss per share	**$ (0.0013)**	$ (0.0012)
Weighted average number of common shares		
Basic	**39,298,438**	39,298,438
Diluted	**39,298,438**	39,684,319
XSELLERATOR installations – in the period	**6**	6
XSELLERATOR active dealership rooftops	**259**	245

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

May 7, 2012

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 ("MD&A") should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2012 and the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2011 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, Nissan, 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.

Non-GAAP/IFRS Measures

The accompanying interim condensed consolidated financial statements have been prepared in accordance with IFRS. Certain supplementary information and measures not recognized under IFRS are also provided in this MD&A where management believes they assist the reader in understanding Quorum's results. These measures are calculated by Quorum on a consistent basis unless otherwise specifically explained. These measures are further explained as follows:

EBITDA – means net earnings before interest, taxes, amortization, foreign exchange gains and losses and stock-based compensation. EBITDA is a metric used to assess the financial performance of an entity. Management believes that this metric assists in determining the ability of the Corporation to generate cash from operations.

Cash flow from operations – means cash flow from operations before changes in non-cash operating working capital. This measure is not intended to be an alternative to cash provided by operating activities as provided in the consolidated statements of cash flows, comprehensive income or other measures of financial performance calculated in accordance with IFRS. Cash flow from operations assists management and investors in analyzing operating performance and leverage.

Margin after direct costs – means revenue less direct costs, which includes third party costs and salaries and benefits of employees directly related to the activities that the Corporation generates revenue from. Management believes this metric provides a good measure of the operating performance of the product.

Q1 FY2012 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. Sales decreased slightly by 4% to $1,842K in Q1 FY2012 from $1,912K in Q1 FY2011, and margin after direct costs decreased to $1,013K in Q1 FY2012, as compared to $1,065K in Q1 FY2011, a 5% decrease. The change in sales is due to:

- A decrease of $89K in net new revenue which was a result of completing six installations in Q1 FY2012 as compared to six larger dealership installations in Q1 FY2011.
- An increase of $60K in recurring support revenue as a result from having 259 active dealership rooftops at the end of Q1 FY2012 versus 245 at the end of Q1 FY2011.
- A decrease in integration revenue of $41K due to a reduced number of GM integration projects.

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased to $126K in Q1 FY2012 from $323K in Q1 FY2011. Loss before taxes decreased to $37K in Q1 FY2012 compared to income of $154K in Q1 FY2011. The short term decrease is largely due to the movement of some key roles within the Corporation from one office to another. In each case, duplicate salaries and benefits expense was incurred as we trained the new employee while maintaining the salary of the former employee. As well, during Q1 FY2012, the Corporation incurred marketing expenses from hosting the largest booth the Company has had since 2007 at the National Automobile Dealers Association (NADA) conference. Additionally, the Company incurred the cost of hosting a booth at the "by invitation only" BMW conference.

Quorum had a net loss of $52K in Q1 FY2012 compared to a net loss of $48K in Q1 FY2011. The loss in Q1 FY2012 is due to a short term increase in salaries and the costs associated with attendance at the NADA and BMW conferences. Each year the Corporation experiences high costs in the first quarter largely because of money spent on the NADA trade show.

Cash flows from operating activities increased to $298K in Q1 FY2012 compared to $241K in Q1 FY2011 due to the effective management of cash collections and accounts payable. Net working capital at March 31, 2012 was $888K, with a current ratio of 2.24, compared to $1,065K at December 31, 2011, with a current ratio of 2.43. The decrease in working capital is primarily due to a decrease in accounts receivable.

The Corporation continues to invest significantly in the further development of its proprietary software product, XSELLERATOR. During Q1 FY2012, the Corporation invested $226K compared to $222K in Q1 FY2011. XSELLERATOR represents the "next generation" of Dealership Management Systems for the automotive market. New investment is now more focused on development that will grow market share, improve customer satisfaction, reduce support calls (and our cost of support), paid integration work through the GM IDMS contract, other Original Equipment Manufacturing (OEM) integration work and third party company integration.

Q1 FY2012 Financial Highlights

- **4% decrease in sales revenue from Q1 FY2011.**
- **5% decrease in margin after direct costs from Q1 FY2011.**
- **4% increase in on-going annuity XSELLERATOR software support and dealer services revenue over Q1 FY2011.**
- **36% decrease in net new and migration revenue from Q1 FY 2011.**
- **54% decrease in integration revenue from Q1 FY2011.**

- **Positive EBITDA (earnings before interest, taxes, depreciation and amortization) in Q1 FY2012 of $126K versus a positive EBITDA in Q1 FY2011 of $323K.**
- **Loss before taxes of $37K in Q1 FY2012 compared to income of $154K in Q1 FY2011.**
- **Positive quarterly cash flow from operating activities of $298K in Q1 FY2012 versus $241K in Q1 FY2011.**
- **9% increase in quarterly cash expenditures from Q1 FY2011.**

Results of Operations *(dollar figures in '000)*

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Gross revenue	**$ 1,842**	$ 1,912
Margin after direct costs	**1,013**	1,065
EBITDA expenses[1]	**887**	742
Operating income before interest, taxes, depreciation and amortization (EBITDA)	**126**	323
Income (loss) before deferred income tax expense	**(37)**	154
Net loss	**(52)**	(48)
Other comprehensive loss[2]	**(41)**	(52)
Comprehensive loss	**(93)**	(100)
Net loss per share	**(0.001)**	(0.001)
Cash flow from operating activities	**298**	241
Cash expenditures (cash payments for operating and investing activities)	**$ 2,013**	$ 1,855
KEY MANAGEMENT METRICS		
XSELLERATOR installations – in the period	**6**	6
XSELLERATOR total active rooftops	**259**	245

[1] EBITDA Expenses include salaries and benefits, general and administrative and sales and marketing.
[2] Other comprehensive loss is comprised of foreign exchange loss

Detailed Discussion on Operating Results for the Periods Ended March 31, 2012 and March 31, 2011

Revenue and Margin After Direct Costs Analysis

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Gross revenue	**$ 1,842,186**	$ 1,912,268
Third party costs (direct)	**246,937**	342,745
Salaries and benefits (direct)	**582,053**	504,830
Margin after direct costs	**$ 1,013,196**	$ 1,064,693
Margin after direct costs %	**55%**	56%
KEY MANAGEMENT METRICS		
XSELLERATOR installations – in the period	**6**	6
XSELLERATOR total active rooftops	**259**	245
Support and other revenue	**$ 1,650,895**	$ 1,590,784
Net new and migrations	**155,602**	244,469
Integration	**35,689**	77,015
Gross revenue	**$ 1,842,186**	$ 1,912,268

Revenue

For Q1 FY2012, revenues from operations were $1,842,186 compared to $1,912,268 for Q1 FY2011, a decrease of $70,082 or 4%. Quorum revenue results were as follows:

Recurring support and other revenue increased to $1,650,895 in Q1 FY2012, compared to $1,590,784 in Q1 FY2011, an increase of 4%. The Corporation completed six installations during Q1 FY2012, along with 22 installations in FY2011, with each now paying recurring monthly support and services fees. Quorum now has 259 active dealership rooftops and 8,215 users utilizing XSELLERATOR. As our customer base grows, support and other revenue should continue to grow proportionately.

Integration revenue for Q1 FY2012 was $35,689 compared to $77,015 in Q1 FY2011. Currently Quorum is completing three integration projects.

Net new revenue was $155,602 in Q1 FY2012 compared to $244,469 in Q1 FY2011. Net new revenue decreased because the Corporation completed six smaller rooftop installations in Q1 FY2012 compared to six larger installations in Q1 FY2011. Through process and cost efficiencies, Quorum continues to reduce the up-front price of our solution to new customers.

Direct Costs and Margin After Direct Costs

The direct costs include all costs related to implementations and support including third party costs and all the implementation, migrations and support staff. Direct costs for Q1 FY2012 were $828,990 compared to $847,575 in Q1 FY2011. During Q1 FY2012, $41,421 ($36,579 – Q1 FY2011) from a wage subsidy program provided by the Newfoundland and Labrador provincial government was used to subsidize Newfoundland salaries. These subsidies were applied as a reduction of salaries and benefits (direct) for the period. As well, during Q1 FY2012, $22,710 ($nil – Q1 FY2011) from the NL Loan was received and applied as a reduction of salaries and benefits (direct).

During Q1 FY2012, margin after direct costs decreased to $1,013,196 or 55% compared to $1,064,693 or 56% for Q1 FY2011. Margin after direct costs is affected by the semi-fixed cost of our sales, support and implementations department salaries and by the variable, direct costs required for each net new implementation. Through our business transformation process we have made multiple process improvements to allow our system to be implemented and supported with less direct costs and with reduced staffing levels per implementation. Additionally our support revenues are higher margin revenues than our net new installation revenue.

Expenses

	Q1 Ended March 31, 2012	Q1 Ended March 31, 2011
Salaries and benefits[3]	**$ 503,068**	$ 395,386
Employee stock option benefits	**6,264**	17,585
General and administrative	**278,842**	280,693
Sales and marketing	**104,830**	65,857
Total expenses	**$ 893,004**	$ 759,521

Total expenses before interest, taxes, amortization and foreign exchange for Q1 FY2012 were $893,004 or 48% of sales compared to $759,521 or 40% of sales for Q1 FY2011.

Salaries and benefits expenses for Q1 FY2012 were $503,068 compared to $395,386 in Q1 FY2011, an increase of $107,682 or 27%. The short term increase is largely due to the movement of some key roles within the Corporation from one office to another. In each case, duplicate salaries and benefits expense was incurred as we trained the new employee while maintaining the salary of the former employee. Part of the increase is also due to the addition of employees required to meet the Corporation's future business plan. During Q1 FY2012, $8,942 ($4,459 – Q1 FY2011) from a wage subsidy program provided by the Newfoundland and Labrador provincial government were used to subsidize Newfoundland salaries. These subsidies were applied as a reduction of salaries and benefits expense for the period. As well, during Q1 FY2012, $8,281 ($nil – Q1 FY2011) from the NL Loan was received and applied as a reduction of salaries and benefits expense.

Employee stock option benefits expense for Q1 FY2012 was $6,264 compared to $17,585 in Q1 FY2011, a decrease of $11,321 or 64%. The employee stock option expense is a non-cash expense.

General and administrative expenses for Q1 FY2012 were $278,842 compared to $280,693 for Q1 FY2011, a decrease of $1,851 or 0.7%. This decrease is due to the concentrated effort of management to control and reduce operating costs.

Sales and marketing expenses for Q1 FY2012 were $104,830 or 6% of sales compared to $65,857 or 3% of sales for Q1 FY2011. During Q1 FY2012, the Corporation incurred expenses due to attendance at the National Automobile Dealers Association (NADA) conference and this year the Corporation had its largest booth at the show since 2007. Additionally, the Corporation incurred further expense by having a booth at a "by invitation only" BMW conference. The Corporation leverages significant benefit through IDMS-related press in key trade publications and through the GM corporate messaging systems.

[3] Salaries and benefits are net of wage subsidy

Foreign Exchange

The Corporation has a low exposure risk to realized foreign exchange gains and losses 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 1.0170 at December 31, 2011 to 0.9975 at March 31, 2012. This decline 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 $39,888 during Q1 FY2012 compared to a $46,598 loss during Q1 FY2011. There was a realized foreign exchange loss of $462 during Q1 FY2012 compared to a loss of $5,855 during Q1 FY2011.

Capitalization & Amortization

During Q1 FY2012, 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 products in the marketplace.

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

	Q1 Ended March 31, 2012	**Q1 Ended March 31, 2011**
Software development costs capitalized	**$ 225,820**	$ 221,957
Amortization of software development costs	**$ 124,898**	$ 111,082

All research and development costs are expensed as incurred unless they satisfy the IFRS 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 $192,038 and direct overheads of $33,782 for a total of $225,820 in Q1 FY2012 compared to capitalized payroll costs of $188,237 and direct overheads of $33,720 in Q1 FY2011 for a total of $221,957.

XSELLERATOR is a leading-edge product in the automotive DMS field and the Corporation intends to maintain this lead through continued investment in the product. The Corporation has continued its development efforts as it prepares to roll out additional features and functionality and more and improved integration points with the manufacturers. The outlook is to maintain the level of investment for FY2012, with a continued focus on the development of XSELLERATOR as the premier DMS software that is scalable across all sizes of dealerships in the North American market and is available for all manufacturers and integrated to all key strategic third party companies in the marketplace.

Amortization on the software development costs for Q1 FY2012 increased to $124,898 as compared to $111,082 for Q1 FY2011, a $13,816 increase. The amortization policy of the Corporation is ten-year straight line.

Net Loss, EBITDA and Net Loss per Share

	FY 2012 March 31 Q1	FY 2011 March 31 Q1
EBITDA	**$ 126,456**	$ 322,757
Net loss	**$ (52,254)**	$ (47,724)
Net loss per share		
- Basic	**$ (0.0013)**	$ (0.0012)
- Diluted	**$ (0.0013)**	$ (0.0012)
Weighted average number of common shares		
- Basic	**39,298,438**	39,298,438
- Diluted	**39,298,438**	39,684,319

EBITDA for Q1 FY2012 was $126,456 or $0.003 per share compared to $322,757 or $0.008 per share for Q1 FY2011. This is a decrease of $196,301 from Q1 FY2011.

Net loss for Q1 FY2012 was $(52,254) or $(0.0013) per share, compared to net loss of $(47,724) or $(0.0012) per share for Q1 FY2011. This is a $4,530 decrease from Q1 FY2011.

Liquidity and Financial Resources

	March 31, 2012	December 31, 2011
Current Assets		
Cash	**$ 247,494**	$ 224,463
Accounts receivable	**1,244,134**	1,461,479
Inventory	**3,232**	5,615
Prepaid expenses	**108,550**	115,626
	1,603,410	1,807,183
Current Liabilities		
Accounts payable and accrued liabilities	**482,478**	500,992
Deferred revenue	**172,982**	185,466
Current portion of long-term debt	**59,818**	56,166
	715,278	742,624
Net working capital	**$ 888,132**	$ 1,064,559

Net working capital at March 31, 2012 was $888,132 with a current ratio of 2.24, compared to $1,064,559 at December 31, 2011, with a current ratio of 2.43, a decrease of $176,427. The decrease is mainly due to the decrease in accounts receivable during Q1 FY2012.

Generally, credit and equity markets have continued to improve over the last two years. However, in the event that the Corporation's lender, HSBC Bank Canada, is unable to or chooses not to fund, it would impair Quorum's ability to operate until alternative sources of financing were obtained, as access to the operating line funding is critical to the effective execution of Quorum's business plan. The operating line of credit allows Quorum to borrow up to $525,000 to meet working capital requirements, subject to the value of certain accounts receivable. Quorum draws on average $90,000 per month, at an interest rate prime plus 1.75%, with the balance owing paid in full on the 28th of every month. To date, Quorum has not experienced any funding issues under its debt facilities.

At the time of the release of this MD&A, management is satisfied that Quorum has sufficient liquidity and capital resources to meet the long-term payment obligations of its outstanding loans. Quorum assesses its requirements for capital on an ongoing basis and there can be no guarantee that Quorum will not have to obtain additional capital to finance the expansion plans of the business or to finance future working capital requirements. The volatility in the financial markets since mid-2008 has impacted the availability of both credit and equity in the marketplace. Although financial markets have improved over the last two years, in the event that it is required, it may be difficult to issue additional equity or increase credit capacity and the cost of any new capital may exceed historical norms and/or impose more stringent covenants and/or restrictions on the Corporation. As a result, there has been a greater emphasis on evaluating credit capacity, credit counterparties, and liquidity by Quorum to ensure its ability to meet its ongoing commitments and obligations.

Cash Flows

The Corporation's cash balance increased by $23,031 in Q1 FY2012 compared to an increase of $9,393 in Q1 FY2011.

Cash flows from operating activities were $298,236 in Q1 FY2012 compared to $240,994 in Q1 FY2011. The positive result is due to the continued focus on cash management in all areas of the business, along with increased recurring cash being generated from the supports fees on new installations.

Cash outflows relating to financing activities were $10,916 in Q1 FY2012 compared to $9,644 in Q1 FY2011. The loan payments made during the quarter were pursuant to the ACOA loan agreement entered into in 2009.

The Corporation has a strong commitment to continually enhance and improve XSELLERATOR and invested $225,820 in product development in Q1 FY2012. The Corporation invested a further $38,470 for computer software, computer hardware and other capital assets for net outflow of cash related to investing activities of $264,290

Current Liabilities

Accounts payable and accrued liabilities were $482,478 at March 31, 2012 compared to $500,992 at December 31, 2011 and $489,980 at March 31, 2011. The decrease is due to the emphasis the Corporation has put on managing cash flow with a stronger purchasing process and better approval controls.

Repayment of a loan with the Atlantic Canada Opportunities Agency (ACOA) (described below) commenced on July 2, 2010. As of March 31, 2012, $59,818 of the present value is due within the next 12 months. On a cash basis, $99,996 is required to be repaid within the next 12 months.

Deferred revenue was $172,982 at March 31, 2012 compared to $185,466 at December 31, 2011. Under the GM IDMS contract, the Corporation's support billings are billed in advance. As of March 31, 2012, there was $172,982 of support fees billed that relate to April 1-19th, 2012.

Long-Term Liabilities

On March 31, 2009, the Corporation completed an agreement with the Atlantic Canada Opportunities Agency (ACOA) to provide a $500,000 interest-free, unsecured loan to provide funding to develop version 4.7 of the XSELLERATOR system and to expand the office in St. John's, Newfoundland. As of December 31, 2010, $500,000 was received. The ACOA loan is recognized as $246,472 of which $59,818 is current principal due within the next 12 months.. On a cash basis, $325,007 is remaining on the loan and $99,996 is required to be repaid within the next 12 months. Repayment of the ACOA loan commenced on July 2, 2010 at $8,333 per month, including imputed interest, over five years.

During Q1 FY2012, interest on long-term debt was $12,784 compared to $16,436 in Q1 FY2011. The debt incurred cash interest of $nil ($nil in Q1 FY2011) and non-cash interest from loan accretion of $12,784 ($16,436 in Q1 FY2011).

During FY2009, Quorum entered into an agreement with Central Consulting Services Inc. to prepare the Scientific Research & Economic Development (SRED) claim for the years ending December 31, 2007 up to and including December 31, 2010. The amount of $87,917, recorded at a fair value of $46,362, is not payable until the Corporation is in a position to utilize the SRED Investment Tax Credits (ITCs). The Corporation does not expect to utilize those ITCs until at least the year ended December 31, 2015 as it will use its loss carry forwards and Capital Cost allowances in full before using the ITCs.

Share Capital

There has been no change in the share capital of the Corporation since December 31, 2011. Note 8 of the March 31, 2012 unaudited condensed consolidated financial statements of the Corporation provides further details on share capital.

During Q1 FY2012, the share price ranged from a high of $0.15 and a low of $0.08. The average share price over the period was $0.10. In calculating the Earnings per share (EPS) and Fully diluted EPS, the options with an exercise price below the $0.10 are considered. There were no options with an exercise price less than $0.10. As of the date of this report, 3,520,599 options are outstanding.

Material Contracts & Commitments

On March 11, 2011, the Corporation completed an agreement with the Newfoundland and Labrador Department of Business ("NL loan"), to provide funding, up to a maximum of $500,000, to increase staffing levels in Newfoundland and Labrador and expand the office in St. John's. The increase in the number of employees is required in order to achieve the high growth model that the Corporation has planned for 2012 A portion of the loan, $172,000, will be forgivable to the Corporation dependent on the Corporation meeting certain requirements. The balance of the NL loan, $328,000, is to be repaid over a four-year term starting in December, 2012. As of the date of this MD&A, $172,928 has been claimed and approved and $160,503 has been received

On March 31, 2009, the Corporation completed an agreement with ACOA to provide $500,000 of funding to develop version 4.7 of the XSELLERATOR system and to expand the office in St. John's, Newfoundland. As of April 20, 2010, the full amount had been received by the Corporation. The ACOA loan is to be repaid with equal installments of $8,333 over a five-year period. The first repayment amount was made 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, 48 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.

Off Balance Sheet Arrangements

Other than the lease commitments noted in Note 10 of the March 31, 2012 unaudited consolidated financial statements, the Corporation has not entered into any off balance sheet arrangements.

Recent Accounting Pronouncements

During the three months ended March 31, 2012, there were no revised standards or amendments to IFRS issued. Refer to the Corporation's December 31, 2011 MD&A for the recent accounting pronouncements for which the Corporation is continuing to evaluate the impact of adopting these standards.

Outlook

The automotive dealership market has traditionally implemented older, character-based technology for its in-house systems. However, the auto manufacturers are 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 better 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, 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

The Corporation has achieved eleven consecutive quarters of positive cash flow from operations. To the end of April 2012, the Corporation’s experience is that the $525,000 HSBC line of credit is drawn upon during the month and fully repaid by the end of each month.

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 active dealership rooftops were GM dealerships. Currently approximately 75% of Quorum’s 259 active dealership rooftops are GM dealerships.

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.

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 four hour response times.
- Web-based backup services that are monitored by a Server View application built 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.

2012 1st Quarter

Condensed Consolidated Financial Statements (unaudited)

Quorum Information Technologies Inc.

Condensed Consolidated Statements of Financial Position (unaudited)

As at		March 31, 2012	December 31, 2011
ASSETS			
Current:			
Cash		**$ 247,494**	$ 224,463
Accounts receivable		**1,244,134**	1,461,479
Inventory		**3,232**	5,615
Prepaid expenses		**108,550**	115,626
		1,603,410	1,807,183
Property and equipment	**Note 3**	**227,795**	204,511
Intangible assets	**Note 4**	**4,397,094**	4,296,377
Deferred income tax asset		**4,122,278**	4,170,760
Investment tax credits		**2,969,545**	2,969,545
		$ 13,320,122	$ 13,448,376
LIABILITIES			
Current:			
Accounts payable and accrued liabilities		**$ 482,478**	$ 500,992
Deferred revenue		**172,982**	185,466
Current portion of long-term debt	**Note 6**	**59,818**	56,166
		715,278	742,624
Long-term debt	**Note 6**	**186,654**	202,522
Provisions		**46,362**	45,062
		948,294	990,208
SHAREHOLDERS' EQUITY			
Share capital	**Note 8**	**23,399,937**	23,399,937
Contributed surplus		**2,133,881**	2,127,617
Deficit		**(13,161,990)**	(13,069,386)
		12,371,828	12,458,168
		$ 13,320,122	$ 13,448,376

See accompanying notes to interim consolidated financial statements.

Approved on behalf of the Board:

______________________ **Director**
Maury Marks
President & CEO

______________________ **Director**
John Carmichael
Chairman of the Board of Directors

Quorum Information Technologies Inc.

Condensed Consolidated Statements of Comprehensive Loss (unaudited)

		Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Gross revenue		**$ 1,842,186**	$ 1,912,268
Direct costs			
Third party costs		**246,937**	342,745
Salaries and benefits		**646,184**	541,409
Government assistance		**(64,131)**	(36,579)
Margin after direct costs		**1,013,196**	1,064,693
Expenses			
Salaries and benefits		**520,291**	399,845
Government assistance		**(17,223)**	(4,459)
Employee stock option benefits	**Note 9**	**6,264**	17,585
General and administrative		**278,842**	280,693
Sales and marketing		**104,830**	65,857
Interest expense on long-term debt		**12,784**	16,436
Bank charges and other interest expense		**4,374**	7,358
Amortization of intangible assets		**125,103**	111,302
Amortization of property and equipment		**15,367**	15,866
Total expenses		**1,050,632**	910,483
Income (loss) before deferred income tax expense		**(37,436)**	154,210
Deferred income tax expense		**14,818**	201,934
Net loss		**(52,254)**	(47,724)
Other comprehensive loss			
Foreign exchange loss		**40,350**	52,453
Comprehensive loss		**$ (92,604)**	$ (100,177)
Net loss per share	**Note 8**		
- Basic		**$ (0.0013)**	$ (0.0012)
- Diluted		**$ (0.0013)**	$ (0.0012)

See accompanying notes to interim consolidated financial statements.

Quorum Information Technologies Inc.

Condensed Consolidated Statements of Changes in Equity (unaudited)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Common shares		
Balance, beginning of period	**$ 23,399,937**	$ 23,399,937
Stock options exercised	**-**	-
Balance, end of period	**23,399,937**	23,399,937
Contributed surplus		
Balance, beginning of period	**2,127,617**	2,057,702
Stock options exercised	**-**	-
Stock-based compensation	**6,264**	17,585
Balance, end of period	**2,133,881**	2,075,287
Deficit		
Balance, beginning of period	**(13,069,386)**	(13,440,909)
Net loss for the period	**(52,254)**	(47,724)
Other comprehensive loss for the period	**(40,350)**	(52,453)
Balance, end of period	**(13,161,990)**	(13,541,086)
Total shareholders' equity	**$ 12,371,828**	$ 11,934,138

See accompanying notes to interim consolidated financial statements.

Quorum Information Technologies Inc.

Condensed Consolidated Statements of Cash Flows (unaudited)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Cash flow from operating activities		
Cash receipts from customers	**$ 2,047,047**	$ 1,873,689
Cash paid to suppliers and employees	**(1,731,652)**	(1,625,336)
Interest paid	**(17,158)**	(7,359)
	298,237	240,994
Cash flow from financing activities		
Repayment of long-term debt	**(10,916)**	(9,644)
	(10,916)	(9,644)
Cash flow from investing activities		
Purchase of property and equipment	**(38,470)**	-
Software development costs	**(225,820)**	(221,957)
	(264,290)	(221,957)
Increase in cash	**23,031**	9,393
Cash, beginning of period	**224,463**	137,410
Cash, end of period	**$ 247,494**	$ 146,803

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

a) Basis of presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB"), following the same accounting principles and methods of computation as outlined in the Corporation's consolidated financial statements for the year ended December 31, 2011. These unaudited condensed consolidated financial statements include all necessary disclosures required for interim financial statements but do not include all disclosures required for annual financial statements. Therefore, there condensed consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2011. These unaudited condensed consolidated financial statements were authorized for issue by the Board of Directors on May 22, 2012.

b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis using the historical cost convention except financial instruments at fair value through profit or loss are measured at fair value.

c) Significant accounting judgments and estimates

The preparation of these unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes will differ from these estimates. The critical accounting estimates and judgments have been set out in Note 3 to the Corporation's consolidated financial statements for the year ended December 31, 2011.

3. Property and Equipment

The Corporation's property and equipment comprise computer hardware and software, office equipment and leasehold improvements. The carrying amount can be analyzed as follows:

	Computer Hardware	Computer Software	Office Equipment	Leasehold Improvements	Total
Gross Carrying Amount					
Balance at January 1, 2012	$ 947,020	$ 536,447	$ 397,125	$ 86,776	$1,967,368
Additions	33,498	338	4,633	-	38,469
Disposals	-	-	-	-	-
Revaluation increase	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Balance at March 31, 2012	980,518	536,785	401,758	86,776	2,005,837
Amortization and Impairment					
Balance at January 1, 2012	852,990	536,083	321,737	52,047	1,762,857
Disposals	-	-	-	-	-
Net exchange differences	(182)	-	-	-	(182)
Amortization	8,250	133	3,885	3,099	15,367
Balance at March 31, 2012	861,058	536,216	325,622	55,146	1,778,042
Carrying amount March 31, 2012	$ 119,460	$ 569	$ 76,136	$ 31,630	$ 227,795

	Computer Hardware	Computer Software	Office Equipment	Leasehold Improvements	Total
Gross Carrying Amount					
Balance at January 1, 2011	$ 928,838	$ 535,718	$ 393,224	$ 85,101	$1,942,881
Additions	18,182	729	3,901	1,675	24,487
Disposals	-	-	-	-	-
Revaluation increase	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Balance at December 31, 2011	947,020	536,447	397,125	86,776	1,967,368
Amortization and Impairment					
Balance at January 1, 2011	817,128	535,718	303,381	39,750	1,695,977
Disposals	-	-	-	-	-
Net exchange differences	(193)	-	-	-	(193)
Amortization	36,055	365	18,356	12,297	67,073
Balance at December 31, 2011	852,990	536,083	321,737	52,047	1,762,857
Carrying amount December 31, 2011	$ 94,030	$ 364	$ 75,388	$ 34,729	$ 204,511

4. Intangible Assets

The Corporation's intangible assets comprise internally generated software development costs and vendor distribution rights. The carrying amounts for the reporting periods under review can be analyzed as follows:

	Software Development Costs	Vendor Distribution Rights	Total
Gross Carrying Amount			
Balance at January 1, 2012	$ 11,738,418	$ 42,646	$ 11,781,064
Additions	225,820	-	225,820
Disposals	-	-	-
Net exchange differences	-	-	-
Balance at March 31, 2012	11,964,238	42,646	12,006,884
Amortization and impairment			
Balance at January 1, 2012	7,455,752	28,935	7,484,687
Amortization	124,898	205	125,103
Impairment losses	-	-	-
Disposals	-	-	-
Net exchange differences	-	-	-
Balance at March 31, 2012	7,580,650	29,140	7,609,790
Carrying amount March 31, 2012	$ 4,383,588	$ 13,506	$ 4,397,094
Gross Carrying Amount			
Balance at January 1, 2011	$ 11,157,328	$ 42,646	$ 11,199,974
Additions	581,090	-	581,090
Disposals	-	-	
Net exchange differences	-	-	
Balance at December 31, 2011	11,738,418	42,646	11,781,064
Amortization and impairment			
Balance at January 1, 2011	6,981,976	28,053	7,010,029
Amortization	473,776	882	474,658
Impairment losses	-	-	-
Disposals	-	-	-
Net exchange differences	-	-	-
Balance at December 31, 2011	7,455,752	28,935	7,484,687
Carrying amount December 31, 2011	$ 4,282,666	$ 13,711	$ 4,296,377

5. Operating Line of Credit

On December 15, 2010, the Corporation entered into a credit facility agreement with HSBC Bank that will allow Quorum to borrow up to $525,000 to meet working capital requirements, subject to the value of certain accounts receivable.

The Facility is secured by a first priority security interest in all of the Corporation's present and after - acquired property.

As of March 31, 2012, based on eligible accounts receivable, the maximum available draw on the Facility was $525,000 (December 31, 2011 - $525,000). Amounts drawn on the Facility incur interest at a rate of prime plus 1.75%. The balance drawn as of March 31, 2012 was $Nil (December 31, 2011 - $Nil).

6. Long-Term Debt

Long-term debt includes the following financial liabilities:

	March 31, 2012	**December 31, 2011**
ACOA financing	**$ 246,472**	$ 258,688
	246,472	258,688
Installments due within one year	**59,818**	56,166
Total long-term debt	**$ 186,654**	$ 202,522

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 commenced on July 2, 2010. As of March 31, 2012, the loan has been received in full and recorded at a fair value of $246,472, based on a 20% rate of interest over 5 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 7). On a cash basis, $325,007 is outstanding on the loan at March 31, 2012 and $99,996 is required to be repaid within the next 12 months.

Scheduled principal repayments at March 31, 2012 are as follows:

2012 – 9 months	$ 43,950
2013	70,774
2014	85,384
2015	46,364
Total	$ 246,472

7. Government Grants and Assistance

On June 12, 2007, the Corporation entered into an agreement with the Government of Newfoundland and Labrador, Department of Innovation, Trade and Rural Development to provide an eight percent subsidy of the Corporation's gross payroll costs including approved benefits associated with Newfoundland and Labrador employees, for a period of five years. In order to maintain this subsidy, the Corporation must maintain a high level of qualified employees (minimum of 35 full-time positions) each earning annual salaries aggregating $35,000 or higher, net of benefits.

On March 31, 2009, the Corporation entered into an 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 March 31, 2010. The $250,782 difference between the fair value of the loan and the cash received has been accounted for as a government grant, as prescribed by IAS 20 under IFRS. The amount relates to expenses and capital expenditures to be incurred over the term of the project. Any amounts allocated to capital expenditures have been deducted from the specific fixed assets with depreciation calculated on the net amount over the life of the asset.

On March 11, 2011, the Corporation completed an agreement with the Newfoundland and Labrador Department of Business (NL loan), to provide funding, up to a maximum of $500,000, to increase staffing levels in Newfoundland and Labrador and expand the office in St. John's. The increase in the number of employees is required in order to achieve the high growth model that the Corporation has planned for 2011. A portion of the loan, $172,000, will be forgivable to the Corporation dependent on the Corporation meeting certain requirements. The balance of the NL loan, $328,000, is to be repaid over a four-year term starting in December, 2012.

8. Share Capital

(a) Authorized
The Corporation is authorized to issue an unlimited number of Common shares and Preferred shares issuable in series.

(b) Issued and Outstanding
A summary of the changes to shareholders' equity for the period is presented below:

	Number of Shares	Amount
Common Shares		
Balance, December 31, 2011	**39,298,438**	**$ 23,399,937**
Issued, January 1 – March 31, 2012	-	-
Total share capital at March 31, 2012	**39,298,438**	**$ 23,399,937**

(c) Net income per share
In calculating the basic and diluted earnings per share for the three months ended March 31, 2012 and 2011, the weighted average number of shares used in the calculation is shown in the table

8. Share Capital *(continued)*

below. The diluted shares are based on an average stock price of $0.10 for the 1st quarter of 2012 and $0.14 for the 1st quarter of 2011.

	Three Months Ended March 31, 2012	2011
Net loss	**$ (52,254)**	$ (47,724)
Common Shares		
Balance	**39,298,438**	39,298,438
Options issued at $ 0.12		385,881
Options issued at $ 0.15		
Options issued at $ 0.16		
Diluted shares outstanding	**39,298,438**	39,684,319
Net loss per share – basic	**$ (0.0013)**	$ (0.0012)
Net loss per share – diluted	**$ (0.0013)**	$ (0.0012)

9. Stock-Based Compensation

As at March 31, 2012, a total of 3,929,844 stock options were reserved for issuance under the Corporation's Stock Option Plan of which 409,245 stock options remain available for grant. Pursuant to the Stock Plan, options may be granted to purchase common shares of the Corporation up to a maximum of 10% of common shares currently issued and outstanding.

Quorum provides incentives to employees, officers and directors of the Corporation by issuing options to acquire common shares. 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, 2012		As at December 31, 2011	
	Number of shares	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Balance, beginning of period	**3,531,066**	**$0.17**	3,732,481	$0.17
Granted during the period	**-**	**-**	-	-
Exercised during the period	**-**	**-**	-	-
Forfeited during the period	**(10,467)**	**$0.12**	(201,415)	$0.15
Balance, end of period	**3,520,599**	**$0.17**	3,531,066	$0.17
Exercisable options, end of period	**3,038,027**	**$0.17**	3,402,439	$0.18

9. Stock-Based Compensation *(continued)*

For the three months ended March 31, 2012, stock based compensation expense of $6,264 (2011 - $17,585) was recorded related to the Corporation's stock based compensation plan. The following table summarizes information about stock options outstanding at March 31, 2012:

Exercise prices	Number outstanding	Weighted average remaining contractual life in years	Weighted average exercise price
$ 0.12	385,881	3.3	$ 0.12
$ 0.15	2,738,718	2.1	$ 0.15
$ 0.16	96,000	2.6	$ 0.16
$ 0.49	300,000	0.3	$ 0.49
	3,520,599	2.1	$ 0.17

The Corporation accounts for its stock-based compensation plan using the fair value method, under which compensation expense for each tranche of an award is measured at the grant date and recognized over the vesting period. Assumptions utilized in the calculation thereof using the Black-Scholes model for option valuation are as follows:

	2012	2011
Volatility rate	108%	108%
Stock option holding period (years)	5	5
Risk free interest rate	1.8%	1.8%
Dividend yield	0%	0%

10. Operating Leases

The Corporation's future minimum operating lease payments are as follows:

2012 – 9 months	$ 582,252
2013	726,935
2014	435,072
2015	-
Total	**$ 1,744,259**

Lease payments recognized as an expense during the three month period ending March 31, 2012 amount to $196,355 (2011: $206,688. This amount consists of minimum lease payments. Sublease payments of $48,481 (2011: $47,906) were received.

The rental contract for the office rented since October 1, 2007 at 10655 Southport Road, Calgary, Alberta has a non-cancellable term of seven years. The rental contract for the office rented since June 1, 2008 at 136 Crosbie Road, St. John's, Newfoundland and Labrador has a non-cancellable term of five years. The rental contract for the office rented since June 1, 2007 at 2109-39 Ottawa Street, Windsor, Ontario has a non-cancellable term of five years

10. Operating Leases *(continued)*

The Corporation's operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or escalation clauses or any restrictions regarding dividends, further leasing or additional debt.

11. 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 and long-term assets by geographic area is summarized as follows:

Revenue	**Three Months Ended March 31, 2012**	**Three Months Ended March 31, 2011**
Canada	**$ 1,270,594**	$ 1,293,360
United States	**571,592**	618,908
Total	**$ 1,842,186**	$ 1,912,268

Long-Term Assets[4]	**March 31, 2012**	**December 31, 2011**
Canada	**$ 4,612,244**	$ 4,492,451
United States	**12,645**	8,437
Total	**$ 4,624,889**	$ 4,500,888

12. 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.

[4] Includes property and equipment and intangible assets

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

Marilyn Bown
Chief Financial Officer

Corporate Counsel
Burnet Duckworth & Palmer
Calgary, Alberta

Bankers
HSBC Bank Canada
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
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Stock Symbol – TSXV: QIS