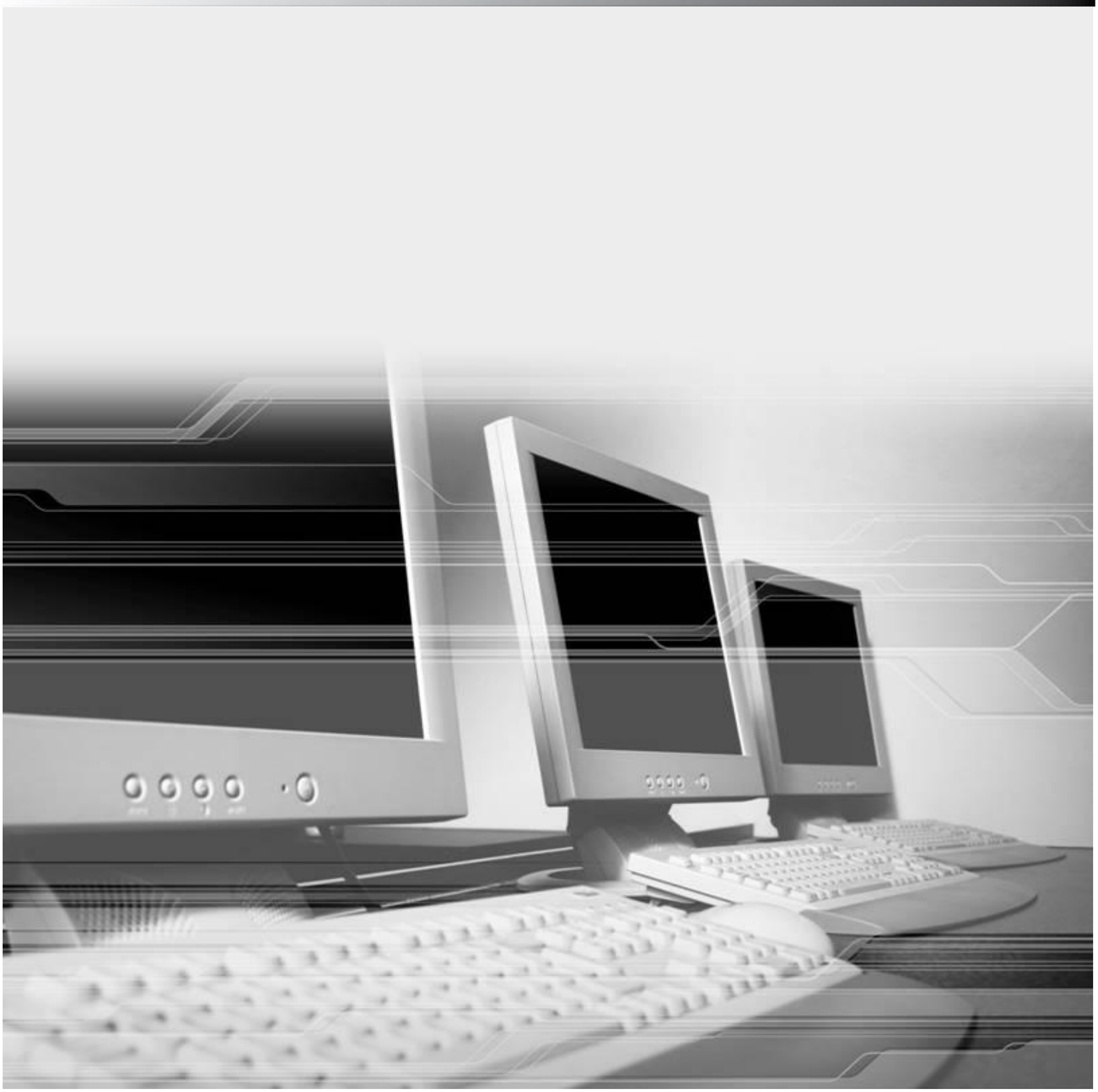
QUORUM
DEALER MANAGEMENT SYSTEMS

2011 2nd 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

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.

Both 2009 and 2010 were difficult years in the automotive industry. In 2009 GM, our most significant partner, went through bankruptcy and has since seen a full recovery. In 2010, as part of GM becoming a leaner organization, they reduced their North American franchised dealerships by 42%. This resulted in the loss of approximately 10% of our customers because they were forced to close their dealerships and the transformation of another 10% of our customers as they moved away from GM to new OEM's or aftermarket organizations.

Quorum had a forced diversification of our business and now 25% of our customers operate non-GM franchised dealerships (up from 10% at the beginning of 2009). The Corporation has changed strategically; we are now an "all makes" organization, but with a continued key emphasis on GM dealerships. Quorum supplies our product to GM, Isuzu, Chrysler, Hyundai, Kia, Nissan, Subaru, Saab, NAPA and Bumper to Bumper franchised dealership customers.

Positive outcomes in Q2 FY2011 include:

- Continued growth in our dealership count, reaching 249 active dealership rooftops at the end of Q2 FY2011. We continue to experience small numbers of dealership losses each quarter as former GM dealerships close their dealerships after unsuccessfully operating under a new franchise.
- Quorum posted its eight consecutive quarter of cash flow positive results. These results are due to a well-managed cost structure and attaining a critical mass of dealerships that generate significant recurring support revenues ($1,623K for Q2 FY2011).
- Quorum, under our GM IDMS contract, received an increased number of GM integration projects for development and delivery in Q4 FY2011 and Q1 FY2012.

Key financial results summary:

- Sales decreased by 10% to $1,830K in Q2 FY2011 from $2,031 in Q2 FY2010 and margin after direct costs decreased to $1,059K in Q2 FY2011 compared to $1,162 in Q2 FY2010, a 9% decrease. The change in sales is due to:
    - A decrease of $194K in net new revenue which was a result of completing six installations in Q2 FY2011 down from nine installations in Q2 FY2010.
    - An increase of $66K in recurring support revenue as a result from having 249 active dealership rooftops at the end of Q2 FY2011 versus 228 at the end of Q2 FY2010.
    - A decrease in integration revenue of $74K due to a reduced number of GM integration projects.
- Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased to $238K in Q2 FY2011 from $412K in Q2 FY2011. The decrease is largely due to lower net new revenue and the resulting lower gross margin from this revenue.
- Net income before taxes decreased to $45K in Q2 FY2011 compared to $322K in Q2 FY2010. The additional decrease is largely due to a non-cash foreign exchange gain in FY2010 of $145K.
- Quorum had net income of $93K in Q2 FY2011 compared to a net income of $369K in Q2 FY2010.

Conclusion
Our primary focus for 2011 is to grow our quarterly sales and implementation rates. This is a Company-wide initiative and to support the initiative, we are:

- Increasing our qualified lead pipeline with a target to increase the pipeline by 50% by the end of Q3 FY2011.
- Investing resources in our sales process to move the process from "good" to "great".
- Hiring more sales staff.
- Developing some innovative product enhancements for release in Q3 and Q4 of 2011. The changes will dramatically change how we demonstrate our product to new prospects.

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

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Q2 Ended June 30, 2011	Q2 Ended June 30, 2010	Q1 Ended March 31, 2011	Q1 Ended March 31, 2010
Gross revenue	**$3,741,783**	$3,977,087	**$1,829,515**	$2,031,488	**$1,912,268**	$1,945,599
Direct costs	**1,618,412**	1,738,639	**770,837**	869,470	**847,575**	869,169
Margin after direct costs	**2,123,371**	2,238,448	**1,058,678**	1,162,018	**1,064,693**	1,076,430
Earnings (loss) before interest, taxes and amortization (EBITDA)	**561,265**	708,835	**238,508**	412,058	**322,757**	296,777
Income (loss) before deferred income tax	**146,593**	287,072	**44,836**	321,970	**101,757**	(34,898)
Net income (loss)	**(7,306)**	340,698	**92,871**	368,730	**(100,177)**	(28,032)
Basic earnings per share	**$ (0.0002)**	$ 0.0087	**$ 0.0024**	$ 0.0094	**$ (0.0025)**	$ (0.0007)
Fully diluted earnings per share	**$ (0.0002)**	$ 0.0080	**$ 0.0023**	$ 0.0087	**$ (0.0025)**	$ (0.0007)
Weighted average number of common shares						
Basic	**39,298,438**	39,298,438	**39,298,438**	39,298,438	**39,298,438**	39,298,438
Diluted	**39,684,319**	42,398,938	**39,684,319**	42,398,938	**39,684,319**	42,398,938
XSELLERATOR installations – in the period	**12**	19	**6**	9	**6**	10
XSELLERATOR active dealership rooftops	**249**	228	**249**	228	**245**	221

Note: All 2010 figures have been restated in accordance with International Financial Reporting Standards

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

The following discussion and analysis provides information that management deems 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 six months ended June 30, 2011 and the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2010 and the notes thereto. Comparisons made to prior periods are to the corresponding period in the preceding year unless otherwise indicated.

Adoption of International Financial Reporting Standards ("IFRS")

Quorum's interim Condensed Consolidated Financial Statements and the financial information included in the interim MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that are expected to be effective as at December 31, 2011, the date of the Corporation's first annual reporting under IFRS. Previously, the Corporation prepared its interim and annual Consolidated Financial Statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). Comparative information for years ending on or before December 31, 2009, has been prepared under Canadian GAAP and has not been restated under IFRS.

Note 4 to the interim Condensed Consolidated Financial Statements contains a detailed description of the Corporation's adoption of IFRS, including a reconciliation of the Consolidated Financial Statements previously prepared under Canadian GAAP to those under IFRS for the following:

- The Consolidated Statement of Financial Position at January 1, 2010 and at June 30, 2010;
- The Consolidated Statement of Comprehensive Income and Cash Flows for the three and six-month periods ended June 30, 2010; and
- The Consolidated Statement of Changes in Shareholders' Equity at June 30, 2010.

The most significant impacts of the adoption of IFRS, together with the details of the IFRS 1 exemptions taken, are described in the "Transition to IFRS" section on page 12 of this interim MD&A. The adoption of IFRS does not impact the underlying operations of Quorum's business or its cash flows.

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, Saab, 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 Silver-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 or previous GAAP 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 operating activities – means cash flow from operating activities 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 condensed consolidated statements of cash flows, comprehensive income or other measures of financial performance calculated in accordance with IFRS. Cash flow from operating activities 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 from which the Corporation generates revenue from. Management believes this metric provides a good measure of the operating performance of the product

Q2 FY2011 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 automotive market went through a sharp deterioration in late 2008 through to 2009 and is now working to recover. Sales decreased by 10% to $1,830K in Q2 FY2011 from $2,031K in Q2 FY2010, and margin after direct costs decreased to $1,059K in Q2 FY2011, as compared to $1,162K in Q2 FY2010, a 9% decrease. The change in sales is due to:

- A decrease of $194K in net new revenue which was a result of completing six installations in Q2 FY2011, down from nine installations in Q2 FY2010.
- An increase of $66K in recurring support revenue as a result from having 249 active dealership rooftops at the end of Q2 FY2011 versus 228 at the end of Q2 FY2010.
- A decrease in integration revenue of $74K due to a reduced number of GM integration projects.

Earnings before interest, taxes, depreciation and amortization decreased to $238K in Q2 FY2011 from $412K in Q2 FY2010. Net income before taxes decreased to $45K in Q2 FY2011 compared to $322K in Q2 FY2010. The decrease was due to fewer net new installations and a decrease in integration revenue; an increase in staffing levels during Q2 FY2011 with a corresponding increase in general and administrative expense; and a non-cash foreign exchange gain of $145K in Q2 FY2010. Management continues to optimize all business processes in the organization with the goal of continually reducing our cost structure. Interest was reduced due to the early repayment of the Corporation's 12% secured convertible debenture on December 15, 2010.

The Corporation continues to invest significantly in the further development of its proprietary software product, XSELLERATOR. 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.

Q2 FY2011 Financial Highlights

- **9% decrease in margin after direct costs from Q2 FY2010.**
- **4% increase in on-going annuity XSELLERATOR software support and dealer services revenue over Q2 FY2010.**
- **56% decrease in net new and migration revenue from Q2 FY 2010.**
- **57% decrease in integration revenue from Q2 FY2010.**
- **Positive EBITDA (earnings before interest, taxes, depreciation and amortization) in Q2 FY2011 of $238K versus a positive EBITDA in Q2 FY2010 of $412K.**
- **Positive quarterly cash flow from operating activities of $288K in Q2 FY2011 versus $304K in Q2 FY2010.**
- **10% decrease in quarterly cash expenditures from Q2 FY2010.**

Results of Operations

(dollar figures in '000)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Q2 Ended June 30, 2011	Q2 Ended June 30, 2010	Q1 Ended March 31, 2011	Q1 Ended March 31, 2010
Gross revenue	**$ 3,742**	$ 3,977	**$ 1,830**	$ 2,031	**$ 1,912**	$ 1,946
Margin after direct costs	**2,123**	2,238	**1,058**	1,162	**1,065**	1,076
EBITDA expenses[1]	**1,562**	1,530	**820**	751	**742**	779
Operating income before interest, taxes, depreciation and amortization (EBITDA)	**561**	709	**238**	412	**323**	297
Income (loss) before deferred income tax expense	**147**	287	**45**	322	**102**	(35)
Net income (loss)	**(7)**	341	**93**	369	**(100)**	(28)
Net income (loss) per share	**(0.0002)**	0.0087	**0.0024**	0.0094	**(0.003)**	(0.001)
Cash flow from operating activities	**529**	589	**288**	304	**241**	285
Quarterly cash expenditures (cash payments for operating and investing activities)	**$ 3,676**	$ 3,829	**1,821**	$ 2,014	**$ 1,855**	$ 1,815
KEY MANAGEMENT METRICS						
XSELLERATOR installations – in the period	**12**	19	**6**	9	**6**	10
XSELLERATOR active dealership rooftops	**249**	228	**249**	228	**245**	221

Note:
All 2010 figures have been restated in accordance with International Financial Reporting Standards

[1] EBITDA Expenses include salaries and benefits, general and administrative and sales and marketing.

Detailed Discussion on Operating Results for the Periods Ended June 30, 2011 and June 30, 2010

Revenue and Margin After Direct Costs Analysis

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Q2 Ended June 30, 2011	Q2 Ended June 30, 2010	Q1 Ended March 31, 2011	Q1 Ended March 31, 2010
Gross revenue	**$3,741,783**	$ 3,977,087	**1,829,515**	$ 2,031,488	**$ 1,912,268**	$ 1,945,599
Third party costs (direct)	**546,267**	728,995	**203,522**	353,766	**342,745**	375,229
Salaries and benefits (direct)	**1,072,145**	1,009,644	**567,315**	515,704	**504,830**	493,940
Margin after direct costs	**$2,123,371**	$ 2,238,448	**$1,058,678**	$ 1,162,018	**$ 1,064,693**	$ 1,076,430
Margin after direct costs %	**57%**	56%	**58%**	57%	**56%**	55%
KEY MANAGEMENT METRICS						
XSELLERATOR installations – in the period	**12**	19	**6**	9	**6**	10
XSELLERATOR total active rooftops	**249**	228	**249**	228	**245**	221
Support and other revenue	**$ 3,213,322**	$ 2,981,619	**$ 1,622,538**	$ 1,556,825	**$ 1,590,784**	$ 1,424,794
Net new and migrations	**394,618**	706,954	**150,149**	343,823	**244,469**	363,131
Integration	**133,843**	288,514	**56,828**	130,840	**77,015**	157,674
Gross revenue	**$ 3,741,783**	$ 3,977,087	**$ 1,829,515**	$ 2,031,488	**$ 1,912,268**	$ 1,945,599

Revenue

For Q2 FY2011, revenues from operations were $1,829,515 compared to $2,031,488 for Q2 FY2010, a decrease of $201,973 or 10%. Quorum revenue results were as follows:

Recurring support and other revenue increased to $1,622,538 in Q2 FY2011, compared to $1,556,825 in Q2 FY2010, an increase of 4%. The Corporation completed six installations during Q2 FY2011 and six installations during Q1 FY2011, along with 28 installations in FY2010, with each now paying recurring monthly support and services fees. Quorum now has 249 active dealership rooftops utilizing XSELLERATOR. During Q2 FY2010, the Corporation completed nine installations. As our customer base grows, support and other revenue should continue to grow proportionately.

Integration revenue for Q2 FY2011 was $56,828 compared to $130,840 in Q2 FY2010. Currently Quorum is completing two integration projects, and five new integration projects are planned for the remainder of FY2011 and into the first half of FY2012.

Migrations and net new revenue was $150,149 in Q2 FY2011 compared to $343,823 in Q2 FY2010, a decrease of $193,674K in net new revenue which was a result of completing six installations in Q2 FY2011, down from nine installations in Q2 FY2010.

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. For Q2 FY2011, margin after direct costs decreased to $1,058,678 or 58% compared to $1,162,018 or 57% for Q2 FY2010. The gross margin percentage was consistent as an increase in higher margin recurring support revenues of $65,713in Q2 FY2011 compared

Q2 FY2010 was offset by a decrease in lower margin integration, migration and net new revenue of $267,686 compared to Q2 FY2010.

Expenses

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Q2 Ended June 30, 2011	Q2 Ended June 30, 2010	Q1 Ended March 31, 2011	Q1 Ended March 31, 2010
Salaries and benefits[2]	**$ 826,909**	$ 836,085	**$ 431,523**	$ 406,819	**$ 395,386**	$ 429,265
Employee stock option benefits[3]	**35,064**	69,456	**17,479**	34,728	**17,585**	34,728
General & administrative	**609,924**	584,099	**329,231**	291,476	**280,693**	292,623
Sales & marketing	**125,273**	109,429	**59,416**	51,665	**65,857**	57,764
Total expenses	**$ 1,597,170**	$ 1,599,069	**$ 837,649**	$ 784,688	**$ 759,521**	$ 814,380

Total expenses before interest, taxes, amortization and foreign exchange for Q2 FY2011 were $837,649 or 46% of sales compared to $784,688 or 39% of sales for Q2 FY2010.

Salaries and benefits expenses for Q2 FY2011 were $431,523 compared to $406,819 in Q2 FY2010, an increase of $24,704 or 6%. This increase is due to new hires brought on since Q2 FY2010.

Employee stock option benefits expense for Q2 FY2011 was $17,479 compared to $34,718, as restated under IFRS in Q2 FY2010, a decrease of $17,249 or 50%. The employee stock option expense is a non-cash expense.

General and administrative expenses for Q2 FY2011 were $329,231 compared to $291,476 for Q2 FY2010, an increase of $37,755 or 13%. The increase in Q2 FY2011 is due to a bad debt expense and an increase in travel-related expenses.

Sales and marketing expenses for Q2 FY2011 were $59,416 or 3% of sales compared to $51,665 or 3% of sales for Q2 FY2010. The Corporation leverages significant benefit through IDMS-related press in key trade publications and through the GM corporate messaging systems.

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 0.9718 at March 31, 2011 to 0.9645 at June 30, 2011. 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 $17,439 during Q2 FY2011 compared to a $140,141 unrealized gain during Q2 FY2010. There was a realized foreign exchange loss of $328 during Q2 FY2011 compared to a realized foreign exchange gain of $4,753 during Q2 FY2010.

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[2] Salaries and benefits are net of wage subsidy

[3] 2010 Employee stock option benefits expense has been restated in accordance with International Financial Reporting Standards.

Capitalization & Amortization

During Q2 FY2011, 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:

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Q2 Ended June 30, 2011	Q2 Ended June 30, 2010
Total software development costs capitalized	**$ 455,003**	$ 467,307	**$ 233,046**	$ 243,707
Amortization of software development costs[4]	**$ 230,260**	$ 201,900	**$ 119,178**	$ 97,343

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 $193,768, net of $15,865 of wage subsidies from the Newfoundland and Labrador government, as well as direct overheads of $39,278 for a total of $233,046 in Q2 FY2011 compared to capitalized payroll costs of $203,120, net of $12,576 ACOA funding and $8,437 of wage subsidies from the Newfoundland and Labrador government and direct overheads of $40,587 in Q2 FY2010 for a total of $243,707.

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 FY2011, 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 Q2 FY2011 increased to $119,178 as compared to $97,343 for Q2 FY2010, a $21,835 increase. Under IFRS, the Corporation has changed its amortization policy estimate to ten-year straight line from the units of production method. Management feels that this amortization method is a more appropriate estimate that meets the IFRS guidelines and is more in line with industry standards.

[4] 2010 Amortization of software development costs has been restated in accordance with International Financial Reporting Standards. Under Canadian GAPP, amortization expense was $ 119,160 for Q2 2010 and $182,180 for the six months ended June 30, 2010.

Net Income, EBITDA and Earnings per Share

	FY 2011 June 30 Q2	FY 2010 June 30 Q2
EBITDA	**$ 238,508**	$ 412,058
Net income	**$ 92,871**	$ 368,730
Net income per share		
- Basic	**$ 0.0024**	$ 0.0094
- Diluted	**$ 0.0023**	$ 0.0087
Weighted average number of common shares		
- Basic	**39,298,438**	39,298,438
- Diluted	**39,684,319**	42,398,938

EBITDA for Q2 FY2011 was $238,508 or $0.006 per share compared to $412,058 or $0.010 per share for Q2 FY2010. This is a $173,550 decrease from Q2 FY2010.

Net income for Q2 FY2011 was $92,871 or $0.0024 per share, compared to net income of $368,730 or $0.0094 per share for Q2 FY2010.

Liquidity and Financial Resources

	June 30, 2011	December 31, 2010
Current Assets		
Cash	**$ 185,937**	$ 137,410
Accounts receivable	**1,082,528**	1,103,768
Inventory	**7,739**	8,553
Prepaid expenses	**86,118**	91,676
	1,362,322	1,341,407
Current Liabilities		
Accounts payable and accrued liabilities	**478,196**	502,209
Deferred revenue	**178,497**	157,332
Current portion of long-term debt	**48,861**	41,557
	705,554	701,098
Net working capital	**656,768**	$ 640,309

Net working capital at June 30, 2011 was $656,768 with a current ratio of 1.93, compared to $640,309 at December 31, 2010, with a current ratio of 1.91, an increase of $16,459.

Current assets and current liabilities remained relatively consistent over the period.

Cash Flows

The Corporation's cash balance increased by $39,134 in Q2 FY2011 compared to an increase of $164,668 in Q2 FY2010.

Cash flows from operating activities were $288,446 in Q2 FY2011 compared to $304,517 in Q2 FY2010. During the quarter, net new revenue and integration revenue were down, as previously discussed. Also, there was a reduction of Interest paid of $43,062 due to the repayment of the convertible debt in a previous period. Cash paid to suppliers decreased during the quarter by $147,404 as compared to Q2 FY2010 as a result of fewer installations taking place during Q2 FY2011.

Cash flows relating to financing activities were $(7,482) in Q2 FY2011 compared to $103,858 in Q2 FY2010. The loan payments made during the quarter were pursuant to the ACOA loan agreement entered into in 2009. In Q2 FY2010, the Corporation did not have any loan payments and received $25,000 pursuant to the ACOA loan agreement and $78,858 through the approval of the 2008 SR&ED claim.

The Corporation has a strong commitment to continually enhance and improve XSELLERATOR and invested $233,046, net of wage subsidies from the Newfoundland and Labrador government, in product development in Q2 FY2011 and spent $8,784 on property and equipment, compared to $243,707 in product development in Q2 FY2010.

Current Liabilities

Accounts payable and accrued liabilities were $478,196 at June 30, 2011 compared to $502,209 at December 31, 2010 and $512,436 at June 30, 2010. 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 June 30, 2011, $48,861 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 $178,497 at June 30, 2011 compared to $157,332 at December 31, 2010. Under the GM IDMS contract, the Corporation's support billings are billed in advance. As of June 30, 2011, there was $178,497 of support fees billed that relate to July 1-19th, 2011.

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 $283,117 of which $48,861 is current principal due within the next 12 months. The fair value is $249,218 with imputed interest of $68,151 and principal repayments of $34,253. Repayment of the ACOA loan commenced on July 2, 2010 at $8,333 per month, including imputed interest, over five years.

On December 15, 2010 the Corporation repaid in full a $1.5 million secured convertible debenture ("the Debenture"). The Debenture was issued on April 15, 2008 and was secured by a fixed and floating charge on all assets of the Corporation. The Debenture incurred interest at a rate of 12% per annum, payable monthly in arrears, and was scheduled to mature April 15, 2011. The Debenture was 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. In exchange for agreeing to the early retirement of the Debenture, the Corporation amended the warrants available to the Debenture holders. The exercise price of the warrants was reduced to $0.18 per Quorum share from their original price of $0.55. In accordance with the rules of the TSX Venture Exchange, the exercise period for the warrants will be reduced to 30 days in the event that for any ten consecutive trading days the closing price of Quorum common shares on the TSX Venture Exchange exceeds $0.225.

During Q2 FY2011, interest on long-term debt was $16,437 compared to $77,273 in Q2 FY2010. The debt incurred cash interest of $16,437 ($45,098 in Q2 FY2010) and non-cash interest from loan accretion of $nil ($32,175 in Q2 FY2010). The decrease in cash and non-cash interest relates the retirement of the Debenture during FY2010.

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, December 31, 2008, and December 31, 2009. The amount of $73,159, recorded at a fair value of $36,413, 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, 2010. Note 12 of the June 30, 2011 unaudited condensed consolidated financial statements of the Corporation provides further details on share capital.

During Q2 FY2011, the share price ranged from a high of $0.22 and a low of $0.11. The average share price over the period was $0.15. In calculating the earnings per share (EPS) and fully diluted EPS, the options with an exercise price below the $0.15 are considered. A total of 385,881 options with an exercise price of $0.12 were included to create a fully diluted level of shares of 39,684,319. As of the date of this report, 3,715,281 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 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. Subsequent to June 30, 2011 and as of the date of this MD&A, $11,665.24 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, 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.

Off Balance Sheet Arrangements

Other than the lease commitments noted in Note 15 of the June 30, 2011 unaudited condensed consolidated financial statements, the Corporation has not entered into any off balance sheet arrangements.

Transition to IFRS

Effective January 1, 2010, International Financial Reporting Standards replaced Canada's current Generally Accepted Accounting Principles for all publicly accountable profit-oriented enterprises. The Corporation has adopted IFRS effective January 1, 2010 ("the transition date") and has prepared its opening IFRS statement of financial position as at that date. Prior to the adoption of IFRS, the Corporation prepared its financial statements in accordance with Canadian GAAP.

The Corporation's consolidated financial statements for the year ending December 31, 2011, will be the first annual financial statements that comply with IFRS. The Corporation will ultimately prepare its opening IFRS statement of financial position by applying existing IFRS with an effective date of December 31, 2011. Accordingly, the opening IFRS statement of financial position and the December 31, 2010, comparative statement of financial position presented in the consolidated financial statements for the year ending December 31, 2011, may differ from those presented at this time.

The Corporation has completed all three IFRS project phases and has successfully integrated IFRS into our day-to-day operations. The adoption of IFRS has not changed the strategy of Quorum nor has it impacted our underlying business activities. Overall, our cash flows have not been impacted by the transition.

IFRS 1 – First-Time Adoption

In preparing these condensed consolidated financial statements in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards ("IFRS 1"), the Corporation has applied certain of the optional exemptions from full retrospective application of IFRS. Based on management's analysis of the various accounting policy choices available, the IFRS 1 optional exemptions applied are described below:

(i) Share-based payment transactions

The Corporation has elected to apply IFRS 2, "Share based Payments" ("IFRS 2"), to equity instruments granted after November 7, 2002, which have not vested by the Transition Date. Accordingly, Management has elected not to restate the stock-based compensation expense for share based payments granted and vested prior to the Transition Date.

(ii) Borrowing costs

IAS 23, "Borrowing Costs", has not been applied to borrowing costs relating to qualifying assets for which the commencement date for capitalization is before January 1, 2010. Accordingly, the Corporation has not capitalized borrowing costs relating to qualifying assets for which the commencement date for capitalization was before January 1, 2010.

(iii) Fair value or revaluation as deemed cost

IAS 16, "Property, plant, and equipment", allows for property and equipment to continue to be carried at cost less depreciation, as determined under Canadian GAAP. Accordingly, the Corporation has elected to carry its property and equipment at historical cost less accumulated amortization.

Impact on Historical Key Performance Indicators previously reported under Canadian GAAP

The following table summarizes the impact of IFRS on certain key performance metrics monitored by Management for the three and six months ended June 30, 2010, as prepared under Canadian GAAP and IFRS.

Three Months Ended June 30, 2010			
	Canadian GAAP	IFRS	% Change
Income before taxes	$ 266,003	$ 321,970	21%
Net income	$ 329,927	$ 368,730	12%

Six Months Ended June 30, 2010			
	Canadian GAAP	IFRS	% Change
Income before taxes	$ 277,294	$ 287,072	4%
Net income	$ 345,198	$ 340,698	(1%)

Impact of IFRS Adoption on Significant Accounting Policies and Estimates

The Corporation's IFRS accounting policies are provided in Note 3 to the March 31, 2011 Condensed Consolidated Financial Statements (unaudited). In addition, Note 4 to the Condensed Consolidated Financial Statements (unaudited) presents reconciliations between the Corporation's 2010 previous GAAP results and the 2010 IFRS results. The reconciliations include the Consolidated Statements of Financial Position as at January 1, 2010 and June 30, 2010 and the Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2010.

The following tables summarize the adjustments made to the Corporation's Statement of Financial Position and Statement of Comprehensive Income:

	June 30, 2010	January 1, 2010
Deficit as reported under Canadian GAAP	$ (9,654,346)	$ (9,999,544)
IFRS adjustments increase (decrease):		
Stock-based compensation	(76,007)	(76,693)
Property and equipment	(15,067)	(15,541)
Software development costs	(4,693,604)	(4,670,822)
Deferred tax	1,306,824	1,318,514
Provisions	60,902	
Long-term debt	(32,090)	
	(3,449,042)	(3,444,542)
Deficit as reported under IFRS	$ (13,103,388)	$ (13,444,086)

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
Net income as reported under Canadian GAAP	$ 329,927	$ 345,198
IFRS adjustments increase (decrease):		
Stock-based compensation	342	684
General and administrative	28,811	28,811
Amortization of property and equipment	238	475
Amortization of intangibles	21,580	(20,194)
Foreign exchange loss	4,996	2
Deferred tax	(17,164)	(14,278)
	38,803	(4,500)
Net income as reported under IFRS	$ 368,730	$ 340,698

An explanation of how the transition from Canadian GAAP to IFRS has affected the Corporation's Statement of Financial Position is set out below, and is based on the standards as published on the Corporation's Transition Date. Accordingly, the opening IFRS Statement of Financial Position and the

December 31, 2010 comparative Statement of Financial Position presented in the consolidated financial statements for the year ended December 31, 2011, may differ from those presented at this time.

Stock-Based Compensation
Under Canadian GAAP, the Corporation recognized stock-based compensation expense with graded vesting features on a straight-line basis over the vesting period. Under IFRS, the Corporation is required to treat each "tranche" of a stock-based compensation arrangement as a separate grant which results in the recognition of compensation expense on an accelerated basis as compared to Canadian GAAP. Further, IFRS requires that an estimate of the number of awards expected to vest be accounted for at the date of the grant. As a result, this increased contributed surplus and increased deficit by $0.08 million at the date of transition and decreased employee stock option benefits expense by $342 and $684 for the three and six months ended June 30, 2010.

Property and Equipment
Under Canadian GAAP, the Corporation included vendor distribution rights in its property and equipment. IFRS requires that these items be shown as an intangible asset. The resulting change decreased property and equipment by $15,541 and increased intangible assets by $15,541 at the date of transition. Amortization of property and equipment expense decreased by $238 and $475 for the three and six months ended June 30, 2010.

As well, under Canadian GAAP, IFRS permits items of property and equipment to be measured either at fair value or amortized cost. In this regard, the Corporation expects to continue to reflect property and equipment at its historic amortized cost. Further, IFRS requires that significant asset parts (i.e. components) are recognized and depreciated separately. The Corporation has assessed componentization under IFRS to be similar to how assets have been componentized by the Corporation and the impact on Quorum's Condensed Statement of Financial Position upon adoption of IFRS was $nil.

Software Development Costs
Under Canadian GAAP, the Corporation amortized its software development costs using the units of production method. Under IFRS the Corporation will use a ten year, straight-line amortization method. Amortization of intangible assets expense decreased by $21,580 for the three months ended June 30, 2010 and increased by $20,194 for the six months ended June 30, 2010.

Deferred Income Taxes
Under Canadian GAAP, the Corporation used the liability method of tax allocation for current and future income taxes. Under IFRS, a deferred tax asset is recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be generated to utilize these unused tax losses and unused tax credits. Based on current and forecasted taxable profits, the Corporation expects to use these losses and credits, so there has been no change in the carrying value of its deferred tax asset upon adoption of IFRS.

The conversion to IFRS has changed the deferred tax asset balance as a result of the new accounting values of the intangible assets. The deferred tax asset increased by $1,318,514 as of the transition date.

Provisions
Under Canadian GAAP, the Corporation recognized amounts due to Central Consulting Services as long-term payables/long-term debt. Under IFRS, these amounts are classified as a provision because it is a liability of uncertain timing. The effect of this change in classification at the transition date is to increase provisions by $29,929 with a corresponding decrease to accounts payable and accrued liabilities, and

decreased general and administrative expense by $28,811 for each of the three and six months ended June 30, 2010.

Impairment of Assets
Under Canadian GAAP, intangible assets were recognized as one overall asset. Under IFRS, the intangible assets are broken down based on their cash generating units ("CGU") levels and tested for impairment on an annual basis. The Corporation has analyzed the intangible asset and it has been separated into three CGUs; General Motors ("GM") Canadian Dealerships, General Motors US Dealerships, and Other OEM Dealerships. Under IFRS, if the carrying value of each CGU exceeds the greater of the fair value less cost to sell or value in use, an impairment loss is recognized in the CGU. Based on the impairment test, software development costs for the General Motors US Dealerships, and the Other OEM Dealerships were impaired. As a result, the intangible asset balance in the GM US CGU was decreased by $3,413,404 and the intangible asset balance in the Other OEM Dealerships CGU was decreased by $1,272,959 for a total of intangible asset writedown of $4,686,363 and a corresponding increase in the cumulative deficit of $4,686,363 at the transition date. In addition, $15,541 for Vendor Distribution rights was reallocated from Property and Equipment to Intangible Assets for a total Intangible Asset adjustment of $4,670,822.

Internal Controls
The conversion to IFRS does not have a significant impact on the Corporation's current control environment, business processes, financial systems or IT systems. There have been no significant changes in Quorum's internal control over financial reporting during the six-month period ended June 30, 2011, which have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Estimates and Judgments
As a routine element of the financial statement preparation process, management is required to make estimates and assumptions based on information available as at the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the possible disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses for the period.

Although estimates and assumptions must be made during the financial statement preparation process, it is management's option that none of the estimates or assumptions were highly uncertain at the time they were made. The most significant estimates in Quorum's condensed consolidated financial statements are the impairment of intangibles, amortization of property and equipment and intangibles, deferred income taxes and stock-based compensation.

Future Accounting Pronouncements

All accounting standards effective for periods beginning on or after January 1, 2011, have been adopted as part of the transition to IFRS.

In May 2011, the IASB issued the following new and amended standards:

- IFRS 9, "Financial Instruments" is intended to replace IAS 39 "Financial Instruments: Recognition and Measurement". For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. For financial liabilities, although the classification criteria for financial liabilities will not change under IFRS 9, the approach to the fair value option for financial liabilities may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity's own credit risk;

- IFRS 10, "Consolidated Financial Statements" ("IFRS 10") replaces IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27") and Standing Interpretations Committee ("SIC") 12, "Consolidation – Special Purpose Entities". IFRS 10 revises the definition of control and focuses on the need to have power and variable returns for control to be present. IFRS 10 provides guidance on participating and protective rights and also addresses the notion of "de facto" control. It also includes guidance related to an investor with decision making rights to determine if it is acting as a principal or agent;
- IFRS 13, "Fair Value Measurement" ("IFRS 13") provides a consistent and less complex definition of fair value, establishes a single source for determining fair value, and introduces consistent requirements for disclosures related to fair value measurement;
- IAS 1, "Presentation of Financial Statements" ("IAS 1") requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. This amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012 with full retrospective application; and
- IAS 27, "Separate Financial Statements" has been amended to conform to the changes made in IFRS 10 but retains the current guidance for separate financial statements

Except as noted above, all of the above pronouncements are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Corporation is currently evaluating the impact of adopting these standards.

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, 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 was secured by a fixed and floating charge on all assets and was convertible any time prior to maturity. The debenture was retired on December 15, 2010.

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 249 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 – seven 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.

2011 2nd Quarter

Condensed Consolidated Financial Statements (unaudited)

Quorum Information Technologies Inc.

Condensed Consolidated Statements of Financial Position (unaudited)

As at		June 30, 2011	December 31, 2010
ASSETS			
Current:			
Cash		**$ 185,937**	$ 137,410
Accounts receivable		**1,082,528**	1,103,768
Inventory		**7,739**	8,553
Prepaid expenses		**86,118**	91,676
		1,362,322	1,341,407
Property and equipment	**Note 5**	**223,168**	246,904
Intangible assets	**Note 6**	**4,266,344**	4,189,945
Deferred income tax asset		**4,199,332**	4,410,867
Investment tax credits	**Note 11**	**2,969,545**	2,821,642
		$ 13,020,711	$ 13,010,765
LIABILITIES			
Current:			
Accounts payable and accrued liabilities		**478,196**	502,209
Deferred revenue		**178,497**	157,332
Current portion of long-term debt	**Note 8**	**48,861**	41,557
		705,554	701,098
Long-term debt	**Note 8**	**234,256**	258,686
Provisions	**Note 10**	**36,413**	34,251
		976,223	994,035
SHAREHOLDERS' EQUITY			
Share capital	**Note 12**	**23,399,937**	23,399,937
Contributed surplus	**Note 14**	**2,092,766**	2,057,702
Deficit		**(13,448,215)**	(13,440,909)
		12,044,488	12,016,730
		$ 13,020,711	$ 13,010,765

See accompanying notes to condensed 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.

Condensed Consolidated Statements of Comprehensive Income (unaudited)

Period ended		**Three months ended June 30, 2011**	**Three months ended June 30, 2010**	**Six months ended June 30, 2011**	**Six months ended June 30, 2010**
Gross revenue		**$ 1,829,515**	$ 2,031,488	**$ 3,741,783**	$ 3,977,087
Third party costs (direct)		**203,522**	353,766	**546,267**	728,995
Salaries and benefits (direct)		**567,315**	515,704	**1,072,145**	1,009,644
Gross profit		**1,058,678**	1,162,018	**2,123,371**	2,238,448
Expenses					
Salaries and benefits (indirect)		**475,413**	448,346	**911,837**	918,392
Government assistance	**Note 9**	**(43,890)**	(41,527)	**(84,928)**	(82,307)
Employee stock option benefits	**Note 13**	**17,479**	34,728	**35,064**	69,456
General and administrative		**329,231**	291,476	**609,924**	584,099
Sales and marketing		**59,416**	51,665	**125,273**	109,429
Interest expense on long-term debt		**16,437**	77,273	**32,873**	151,377
Bank charges and other interest expense		**6,065**	4,029	**13,423**	6,928
Amortization of intangible assets		**119,399**	97,580	**230,701**	202,374
Amortization of property and equipment		**16,525**	19,930	**32,391**	39,865
Amortization of software licenses held for resale		**-**	1,442	**-**	2,884
Foreign exchange loss (gain)		**17,767**	(144,894)	**70,220**	(51,121)
Total expenses		**1,013,842**	840,048	**1,976,778**	1,951,376
Income before income taxes		**44,836**	321,970	**146,593**	287,072
Future income tax expense (recovery)		**(48,035)**	(46,760)	**153,899**	(53,626)
Net income (loss) and comprehensive income (loss)		**92,871**	368,730	**(7,306)**	340,698
Net income (loss) per share					
- Basic		**$ 0.0024**	$ 0.0094	**$ (0.0002)**	$ 0.0087
- Diluted		**$ 0.0023**	$ 0.0087	**$ (0.0002)**	$ 0.0080
Weighted average number of common shares					
- Basic		**39,298,438**	39,298,438	**39,298,438**	39,298,438
- Diluted	**Note 12**	**39,684,319**	42,398,938	**39,684,319**	42,398,938

See accompanying notes to condensed consolidated financial statements.

Quorum Information Technologies Inc.

Condensed Consolidated Statements of Changes in Equity (unaudited)

Period ended	**Three Months Ended June 30, 2011**	**Three Months Ended June 30, 2010**	**Six Months Ended June 30, 2011**	**Six Months Ended June 30, 2010**
Common shares				
Balance, beginning of period	**$ 23,399,937**	$ 23,399,937	**$ 23,399,937**	$ 23,399,937
Stock options exercised	**-**	-	**-**	-
Balance, end of period	**23,399,937**	23,399,937	**23,399,937**	23,399,937
Convertible debenture				
Balance, beginning of period	**-**	195,685	**-**	195,685
Conversion of subordinate convertible debenture	**-**	-	**-**	-
Balance, end of period	**-**	195,685	**-**	195,685
Contributed surplus				
Balance, beginning of period	**2,075,287**	1,775,857	**2,057,702**	1,741,139
Stock options exercised	**-**	-	**-**	-
Stock-based compensation	**17,479**	34,728	**35,064**	69,456
Balance, end of period	**2,092,766**	1,810,595	**2,092,766**	1,810,595
Deficit				
Balance, beginning of period	**(13,541,086)**	**(13,472,118)**	**(13,440,909)**	(13,444,086)
Net income (loss) for the period	**92,871**	**368,730**	**(7,306)**	340,698
Balance, end of period	**(13,448,215)**	**(13,103,388)**	**(13,448,215)**	(13,103,388)
Total shareholders' equity	**$ 12,044,488**	**$ 12,302,829**	**$ 12,044,488**	$ 12,302,829

See accompanying notes to condensed consolidated financial statements.

Quorum Information Technologies Inc.

Condensed Consolidated Statements of Cash Flows (unaudited)

Period ended	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Cash flow from operating activities				
Cash receipts from customers	**$ 1,868,168**	$ 2,074,705	**$ 3,741,857**	$ 3,940,916
Cash paid to suppliers and employees	**(1,573,657)**	(1,721,061)	**(3,198,993)**	(3,254,782)
Interest paid	**(6,065)**	(49,127)	**(13,424)**	(96,696)
	288,446	304,517	**529,440**	589,438
Cash flow from financing activities				
Proceeds from long-term debt	**-**	25,000	**-**	25,000
Proceeds from SR&ED	**-**	78,858	**-**	78,858
Repayment of long-term debt	**(7,482)**	-	**(17,126)**	(10,556)
	(7,482)	103,858	**(17,126)**	93,302
Cash flow from investing activities				
Purchase of property and equipment	**(8,784)**	-	**(8,784)**	(909)
Software development costs	**(233,046)**	(243,707)	**(455,003)**	(476,307)
	(241,830)	(243,707)	**(463,787)**	(477,216)
Increase in cash	**39,134**	164,668	**48,527**	205,524
Cash, beginning of period	**146,803**	1,384,638	**137,410**	1,343,782
Cash, end of period	**$ 185,937**	$ 1,549,306	**$ 185,937**	$ 1,549,306

See accompanying notes to condensed 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. Basis of Presentation

(a) Statement of compliance

In 2010, the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”) was revised to incorporate International Financial Reporting Standards (“IFRS”) and requires publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Corporation commenced reporting on this basis in the March 31, 2011 interim consolidated financial statements. In these financial statements, the term “Canadian GAAP” refers to Canadian generally accepted accounting principles before the adoption of IFRS.

These financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”), “Interim Financial Reporting” as issued by the International Accounting Standards Board and using the accounting policies the Corporation expects to adopt in its consolidated financial statements for the year ending December 31, 2011, which will be the Corporation’s first consolidated annual financial statements prepared in accordance with IFRS. IFRS requires an entity to adopt IFRS in its first annual financial statements by making an explicit and unreserved statement in those financial statements of compliance with IFRS. The Corporation will make this statement when it issues its 2011 annual financial statements. IFRS 1, “First-time Adoption of International Financial Reporting Standards”, has been applied with a transition date of January 1, 2010.. An explanation of how the transition to IFRS has affected the reported financial position, financial performance, and cash flows of the Corporation, including the nature and effect of significant changes in accounting policies from those used in the Corporation’s consolidated financial statements for the year ended December 31, 2010, is provided in note 4. These unaudited consolidated financial statements were authorized for issue by the Board of Directors on August 17, 2011.

(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) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation’s functional currency. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the statement of financial position date. Gains and losses on translation of monetary items are recognized in the comprehensive income statement, except for those foreign exchange gains or losses arising from a monetary item receivable from or

2. Basis of Presentation *(continued)*

payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative translation account.

Assets and liabilities of subsidiaries having a functional currency other than the Canadian dollar are translated at the rate of exchange at the statement of financial position date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in other comprehensive income (“OCI”).

(d) Recent accounting pronouncements

In May 2011, the IASB issued the following new and amended standards:

- IFRS 9, “Financial Instruments” is intended to replace IAS 39 “Financial Instruments: Recognition and Measurement”. For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. For financial liabilities, although the classification criteria for financial liabilities will not change under IFRS 9, the approach to the fair value option for financial liabilities may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity’s own credit risk;
- IFRS 10, “Consolidated Financial Statements” (“IFRS 10”) replaces IAS 27, “Consolidated and Separate Financial Statements” (“IAS 27”) and Standing Interpretations Committee (“SIC”) 12, “Consolidation – Special Purpose Entities”. IFRS 10 revises the definition of control and focuses on the need to have power and variable returns for control to be present. IFRS 10 provides guidance on participating and protective rights and also addresses the notion of “de facto” control. It also includes guidance related to an investor with decision making rights to determine if it is acting as a principal or agent;
- IFRS 13, “Fair Value Measurement” (“IFRS 13”) provides a consistent and less complex definition of fair value, establishes a single source for determining fair value, and introduces consistent requirements for disclosures related to fair value measurement;
- IAS 1, “Presentation of Financial Statements” (“IAS 1”) requires companies to group items presented within Other Comprehensive Income based on whether they may be subsequently reclassified to profit or loss. This amendment to IAS 1 is effective for annual periods beginning on or after July 1, 2012 with full retrospective application; and
- IAS 27, “Separate Financial Statements” has been amended to conform to the changes made in IFRS 10 but retains the current guidance for separate financial statements.

Except as noted above, all of the above pronouncements are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Corporation is currently evaluating the impact of adopting these standards.

3. Significant Accounting Policies

These unaudited interim consolidated financial statements have been prepared by management of the Corporation in accordance with IAS 34 following the same accounting principles and methods of computation as the Corporation's unaudited interim consolidated financial statements for the three months ending March 31, 2011. These unaudited interim consolidated financial statements include all necessary disclosures required for interim financial statements but do not include all disclosures required for annual financial statements. Therefore, these interim 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, 2010, and the disclosures and accounting policies included in the unaudited consolidated financial statements as at and for the three months ended March 31, 2011.

4. Explanation of Transition to IFRS

The Corporation has adopted IFRS effective January 1, 2010, ("the Transition Date") and has prepared its opening IFRS statement of financial position as at that date. Prior to the adoption of IFRS the Corporation prepared its financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The Corporation's consolidated financial statements for the year ending December 31, 2011, will be the first annual financial statements prepared under IFRS. The Corporation will ultimately prepare its opening IFRS statement of financial position by applying existing IFRS with an effective date of December 31, 2011. Accordingly, the opening IFRS statement of financial position and the December 31, 2010, comparative statement of financial position presented in the consolidated financial statements for the year ending December 31, 2011, may differ from those presented at this time.

Mandatory exceptions to retrospective application

In preparing these financial statements in accordance with IFRS, the Corporation has applied certain mandatory exceptions from full retrospective application of IFRS. The mandatory exceptions applied are:

Estimates
Estimates previously made by the Corporation under Canadian GAAP are consistent with those under IFRS. Hindsight was not used to create or revise previous estimates.

Elected exemptions to retrospective application

IFRS 1 "First-time Adoption of International Financial Reporting Standards" allows for certain elected exemptions from full retrospective application of IFRS. The Corporation has applied certain of the optional exemptions from full retrospective application of IFRS. Based on management's analysis of the various accounting policy choices available, the IFRS 1 optional exemptions applied are described below:

4. Explanation of Transition to IFRS *(continued)*

(i) Share-based payment transactions
The Corporation has elected to apply IFRS 2, “Share-based Payments” (“IFRS 2”), to equity instruments granted after November 7, 2002, which have not vested by the Transition Date. Accordingly, Management has elected not to restate the stock-based compensation expense for share-based payments granted and vested prior to the Transition Date.

(ii) Borrowing costs
IAS 23, “Borrowing Costs”, has not been applied to borrowing costs relating to qualifying assets for which the commencement date for capitalization is before January 1, 2010. Accordingly, the Corporation has not capitalized borrowing costs relating to qualifying assets for which the commencement date for capitalization was before January 1, 2010.

(iii) Fair value or revaluation as deemed cost
IAS 16, “Property, plant, and equipment”, allows for property and equipment to continue to be carried at cost less depreciation, as determined as under Canadian GAAP. Accordingly, the Corporation has elected to carry its property and equipment at historical cost less accumulated amortization.

Reconciliation of equity and comprehensive income as reported under Canadian GAAP and IFRS

In preparing its opening IFRS consolidated statement of financial position, the Corporation has adjusted amounts previously reported in the financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Corporation’s consolidated statements of financial position, comprehensive income, and cash flows is set out in the following tables and the notes that accompany the tables.

4. Explanation of Transition to IFRS *(continued)*

Reconciliation of financial position:

As at

		June 30, 2010			January 1, 2010		
	Note	Canadian GAAP	Effect of transition to IFRS	**IFRS**	Canadian GAAP	Effect of transition to IFRS	**IFRS**
ASSETS							
Current:							
Cash		1,549,306	-	**1,549,306**	1,343,782	-	**1,343,782**
Accounts receivable		1,174,742	-	**1,174,742**	1,200,435	-	**1,200,435**
Inventory		4,808	-	**4,808**	2,377	-	**2,377**
Prepaid expenses		86,516	-	**86,516**	88,458	-	**88,458**
		2,815,372	-	**2,815,372**	2,635,052		**2,635,052**
Property & equipment	**c**	295,748	(15,067)	**280,681**	335,148	(15,541)	**319,607**
Intangible assets	**b**	8,750,856	(4,693,604)	**4,057,252**	8,755,135	(4,670,822)	**4,084,313**
Software licenses held for resale		2,883	-	**2,883**	5,767	-	**5,767**
Deferred tax asset	**d**	3,592,339	1,306,824	**4,899,163**	3,481,822	1,318,514	**4,800,336**
Investment tax credits		2,696,508	-	**2,696,508**	2,477,564	-	**2,477,564**
		18,153,706	(3,401,847)	**14,751,859**	17,690,488	(3,367,849)	**14,322,639**
LIABILITES							
Current:							
Accounts payable and accrued liabilities		512,436	-	**512,436**	517,984	(29,929)	**488,055**
Deferred revenue		163,951	-	**163,951**	229,698	-	**229,698**
Current portion of long-term debt		1,457,435	-	**1,457,435**	27,940	-	**27,940**
Deferred government assistance		-	-	**-**	15,900	-	**15,900**
		2,133,822	-	**2,133,822**	791,522	(29,929)	**761,593**
Long-term debt		344,020	(60,902)	**283,118**	260,558	-	**260,558**
Provisions	**e**	-	32,090	**32,090**	-	29,929	**29,929**
Convertible debenture		-	-	**-**	1,377,883	-	**1,377,883**
		2,477,842	(28,812)	**2,449,030**	2,429,963	-	**2,429,963**
SHAREHOLDERS' EQUITY							
Share capital		23,399,937	-	**23,399,937**	23,399,937	-	**23,399,937**
Convertible debenture		195,685	-	**195,685**	195,685	-	**195,685**
Contributed surplus	**a**	1,734,588	76,007	**1,810,595**	1,664,447	76,693	**1,741,140**
Deficit	**f**	(9,654,346)	(3,449,042)	**(13,103,388)**	(9,999,544)	(3,444,542)	**(13,444,086)**
		15,675,684	(3,373,035)	**12,302,829**	15,260,525	(3,367,849)	**11,892,676**
		18,153,706	(3,401,847)	**14,751,859**	17,690,488	(3,367,849)	**14,333,639**

4. Explanation of Transition to IFRS *(continued)*

Reconciliation of comprehensive income:

		Three months ended June 30, 2010			Six months ended June 30, 2010		
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Gross revenue		2,031,488	-	**2,031,488**	3,977,087	-	**3,977,087**
Cost of products and services sold		869,470	(869,470)	**-**	1,738,639	(1,738,639)	**-**
Third Party Costs (Direct)		-	353,766	**353,766**	-	728,995	**728,995**
Salaries and Benefits(Direct)		-	515,704	**515,704**	-	1,009,644	**1,009,644**
Margin after direct cost		1,162,018	-	**1,162,018**	2,238,448	-	**2,238,448**
Expenses							
Salaries and benefits		406,819	41,527	**448,346**	836,085	82,307	**918,392**
Government assistance		-	(41,527)	**(41,527)**	-	(82,307)	**(82,307)**
Employee stock option benefits	**a**	35,070	(342)	**34,728**	70,140	(684)	**69,456**
General and administrative	**e**	320,287	(28,811)	**291,476**	612,910	(28,811)	**584,099**
Sales and marketing		51,665	-	**51,665**	109,429	-	**109,429**
Interest expense on long-term debt		77,273	-	**77,273**	151,377	-	**151,377**
Bank charges and other interest		4,029	-	**4,029**	6,928	-	**6,928**
Amortization of intangible assets	**b**	119,160	(21,580)	**97,580**	182,180	20,194	**202,374**
Amortization of property and equipment	**c**	20,168	(238)	**19,930**	40,340	(475)	**39,865**
Amortization of software licenses held for resale		1,442	-	**1,442**	2,884	-	**2,884**
Foreign exchange (gain) loss		(139,898)	(4,996)	**(144,894)**	(51,119)	(2)	**(51,121)**
Total expenses		896,015	(55,967)	**840,048**	1,961,154	(9,778)	**1,951,376**
Net income before income taxes		266,003	55,967	**321,970**	277,294	9,778	**287,072**
Deferred income tax expense (recovery)	**d**	(63,924)	17,164	**(46,760)**	(67,904)	14,278	**(53,626)**
Net income (loss) and comprehensive income (loss)		329,927	38,803	**368,730**	345,198	(4,500)	**340,698**

4. Explanation of Transition to IFRS *(continued)*

Note to the Reconciliations

a) Stock-based compensation

Under Canadian GAAP, the Corporation recognized compensation expense associated with stock-based compensation plans on a straight-line basis over the vesting period of the option. IFRS requires each "tranche" of a stock-based compensation arrangement to be treated as a separate grant which results in accelerated recognition of compensation expense when compared to Canadian GAAP.

Additionally, IFRS requires that the expected vesting awards be accounted for at the date of the grant. The resulting change increased contributed surplus and increased deficit by $76,693 at the transition date and decreased employee stock option benefits by $342 and $684 for the three and six months ended June 30, 2010, with a corresponding decrease to contributed surplus for each of the respective periods.

b) Software development costs

Under Canadian GAAP, intangible assets were recognized as one overall asset. Under IFRS, the intangible assets are broken down based on their cash generating units ("CGU") levels and tested for impairment on an annual basis. The Corporation has analyzed the intangible asset and it has been separated into three CGUs; General Motors ("GM") Canadian Dealerships, General Motors US Dealerships, and Other OEM Dealerships. Under IFRS, if the carrying value of each CGU exceeds the greater of the fair value less cost to sell or value in use, an impairment loss is recognized in the CGU. Based on the impairment test, software development costs for the General Motors US Dealerships, and the Other OEM Dealerships were impaired. As a result, the intangible asset balance in the GM US CGU was decreased by $3,413,404 and the intangible asset balance in the Other OEM Dealerships CGU was decreased by $1,272,959 for a total of intangible asset writedown of $4,686,363 and a corresponding increase in the cumulative deficit of $4,686,363 at the transition date. In addition, $15,541 for Vendor Distribution rights was reallocated from Property and Equipment to Intangible Assets for a total Intangible Asset adjustment of $4,670,822.

As well, under Canadian GAAP, the Corporation amortized its software development costs using the units of production method. Under IFRS the Corporation will use a ten year, straight-line amortization method. As a result of the change in useful life, amortization of intangible assets expense decreased by $21,580 for the three months ended June 30, 2010 and increased by $20,194 for the six months ended June 30, 2010, with a corresponding increase and decrease to intangible assets for each of the respective periods.

c) Property and equipment

Under Canadian GAAP, the Corporation included vendor distribution rights in its property and equipment. IFRS requires that these items be shown as an intangible asset. The resulting change decreased property and equipment by $15,541 and increased intangible assets by $15,541 at the transition date.

Amortization of property and equipment expense decreased by $238 and $475 for the three and six months ended June 30, 2010, with a corresponding increase to intangible assets for each of the respective periods.

4. Explanation of Transition to IFRS *(continued)*

d) Deferred tax asset

Under Canadian GAAP, the Corporation used the liability method of tax allocation for current and future income taxes. Under IFRS, a deferred tax asset is recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be generated to utilize these unused tax losses and unused tax credits. Based on current and forecasted taxable profits, the Corporation expects to use these losses and credits, so there has been no change in the carrying value of its deferred tax asset upon adoption of IFRS. The conversion to IFRS has changed the deferred tax asset balance as a result of the new accounting values of the intangible assets. The deferred tax asset increased by $1,318,514 as of the transition date and decreased the deferred income tax recovery by $17,164 and $14,278 for each of the three and six months ended June 30, 2010.

e) Provisions

Under Canadian GAAP, the Corporation recognized amounts due to Central Consulting Services as long-term payables/long-term debt. Under IFRS, these amounts are classified as a provision because it is a liability of uncertain timing. The effect of this change in classification at the transition date is to increase provisions by $29,929 with a corresponding decrease to accounts payable and accrued liabilities, and decreased general and administrative expense by $28,811 for each of the three and six months ended June 30, 2010.

f) Summary of adjustments to Deficit

The following is a summary of transitional adjustments to the Corporation's deficit from Canadian GAAP to IFRS:

		December 31, 2010	June 30, 2010	January 1, 2010
Deficit as reported under Canadian GAAP		$ (9,904,461)	$ (9,654,346)	$ (9,999,544)
IFRS adjustments increase (decrease):				
Stock-based compensation	Note a	(89,890)	(76,007)	(76,693)
Property and equipment	Note c	(14,593)	(15,067)	(15,541)
Intangibles	Note b	(4,753,501)	(4,693,604)	(4,670,822)
Deferred tax	Note d	1,321,536	1,306,824	1,318,514
Provisions		-	60,902	-
Long-term debt		-	(32,090)	-
		(3,536,448)	(3,449,042)	(3,444,542)
Deficit as reported under IFRS		$ (13,440,909)	$ (13,103,388)	$ (13,444,086)

g) Material adjustments to the consolidated statement of cash flows for 2010

Consistent with the Corporation's accounting policy choice under IAS 7, the Statement of Cash Flows has no material difference between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous Canadian GAAP.

5. 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, 2011	**$ 928,838**	**$ 535,718**	**$ 393,224**	**$ 85,101**	**$1,942,881**
Additions	**5,143**	**2,942**	**699**	**-**	**8,784**
Disposals	**-**	**-**	**-**	**-**	**-**
Revaluation increase	**-**	**-**	**-**	**-**	**-**
Net exchange differences	**-**	**-**	**-**	**-**	**-**
Balance at June 30, 2011	**933,981**	**538,660**	**393,923**	**85,101**	**1,951,665**
Amortization and Impairment					
Balance at January 1, 2011	**817,128**	**535,718**	**303,381**	**39,750**	**1,695,977**
Disposal	**-**	**-**	**-**	**-**	**-**
Net exchange differences	**129**	**-**	**-**	**-**	**129**
Amortization	**16,821**	**490**	**9,002**	**6,078**	**32,391**
Balance at June 30, 2011	**834,078**	**536,208**	**312,383**	**45,828**	**1,728,497**
Carrying amount June 30, 2011	**$ 99,903**	**$ 2,452**	**$ 81,540**	**$ 39,273**	**$223,168**

	Computer Hardware	Computer Software	Office Equipment	Leasehold Improvements	Total
Gross Carrying Amount					
Balance at January 1, 2010	$ 922,336	$ 535,718	$ 391,540	$ 386,613	$2,236,207
Additions	6,502	-	1,684	-	8,186
Disposals	-	-	-	(301,512)	(301,512)
Revaluation increase	-	-	-	-	-
Net exchange differences	-	-	-	-	-
Balance at December 31, 2010	928,838	535,718	393,224	85,101	1,942,881
Amortization and Impairment					
Balance at January 1, 2010	770,646	535,718	281,131	329,105	1,916,600
Disposal	-	-	-	(301,512)	(301,512)
Net exchange differences	-	-	-		-
Amortization	46,482	-	22,250	12,157	80,889
Balance at December 31, 2010	817,128	535,718	303,381	39,750	1,695,977
Carrying amount December 31, 2010	$ 111,710	$ -	$ 89,843	$ 45,351	$ 246,904

6. Intangible Assets

The Corporation's other 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, 2011	**$ 11,157,328**	**$ 42,646**	**$ 11,199,974**
Additions	**307,100**	**-**	**307,100**
Disposals	**-**	**-**	**-**
Net exchange differences	**-**	**-**	**-**
Balance at June 30, 2011	**11,464,428**	**42,646**	**11,507,074**
Amortization and impairment			
Balance at January 1, 2011	**6,981,976**	**28,053**	**7,010,029**
Amortization	**230,260**	**441**	**230,701**
Impairment losses	**-**	**-**	**-**
Disposals	**-**	**-**	**-**
Net exchange differences	**-**	**-**	**-**
Balance at June 30, 2011	**7,212,236**	**28,494**	**7,240,730**
Carrying amount June 30, 2011	**$ 4,252,192**	**$ 14,152**	**$ 4,266,344**
Gross Carrying Amount			
Balance at January 1, 2010	$ 10,643,817	$ 42,646	$ 10,686,463
Additions	513,511	-	513,511
Disposals	-	-	-
Net exchange differences	-	-	-
Balance at December 31, 2010	11,157,328	42,646	11,199,974
Amortization and impairment			
Balance at January 1, 2010	6,575,045	27,105	6,602,150
Amortization	406,931	948	407,879
Impairment losses	-	-	-
Disposals	-	-	-
Net exchange differences	-	-	-
Balance at December 31, 2010	6,981,976	28,053	7,010,029
Carrying amount December 31, 2010	$ 4,175,352	$ 14,593	$ 4,189,945

In accordance with IFRS 1, the Corporation was required to perform an impairment test of its intangible assets as of the Transition Date. The Corporation's impairment analysis as of January 1, 2010, indicated that the recoverable amount of the net assets was below its respective carrying value and, therefore, an impairment existed. Details of the impairment are included in Note 4.

7. Operating Line of Credit

On December 15, 2010, the Corporation entered into a credit facility agreement with HSBC Bank that allows 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 June 30, 2011, based on eligible accounts receivable, the maximum available draw on the Facility was $525,000 (December 31, 2010 - $525,000). Amounts drawn on the Facility incur interest at a rate of prime plus 1.75%. The balance drawn as of June 30, 2011 was $Nil (December 31, 2010 - $Nil).

8. Long-term Debt

Long-term debt includes the following financial liabilities:

	June 30, 2011	**December 31, 2010**
	CDN$	**CDN$**
Payable in Canadian dollars:		
ACOA financing (a)	**$ 283,117**	$ 300,243
	283,117	300,243
Installments due within one year	**48,861**	41,557
Total long-term debt	**$ 234,256**	$ 258,686

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, 2011, the loan has been received in full and recorded at a fair value of $283,117.

Scheduled principal repayments at June 30, 2011 are as follows:

2011 – 6 months	$ 24,432
2012	56,166
2013	70,774
2014	85,383
2015	46,362
Total	$ 283,117

9. 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.

10. Provisions

Provisions are considered long-term. The carrying amounts may be analyzed as follows:

	Central Consulting Services Inc.
Carrying amount, January 1, 2011	**$ 34,251**
Additional provisions	**2,162**
Amount utilized	**-**
Reversals	**-**
Carrying amount, June 30, 2011	**$ 36,413**
Carrying amount, January 1, 2010	$ 29,929
Additional provisions	4,322
Amount utilized	-
Reversals	-
Carrying amount, December 31, 2010	$ 34,251

On July 13, 2009, the Corporation entered into an agreement with Central Consulting Services Inc. to prepare the Scientific Research & Economic Development (SRED) claim for the years ended December 31, 2007, December 31, 2008 and December 31, 2009. The amount of $73,159, recorded at a fair value of $36,413, 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 the year ended December 31, 2015.

11. Investment Tax Credits

The Corporation recorded government research and development tax credits pertaining to the following taxation years. These amounts have been applied to reduce the cost of capitalized software development costs and expire twenty years after the year in which they were earned.

2002	$ 192,988
2003	279,845
2004	463,146
2005	573,125
2006	580,940
2007	387,520
2008	218,944
2009	125,134
2010	147,903
	$ 2,969,545

12. 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, 2010	**39,298,438**	**$ 23,399,937**
Issued, January 1 – June 30, 2011	**-**	**-**
Total share capital at June 30, 2011	**39,298,438**	**$ 23,399,937**

(c) Net income per share
In calculating the basic and diluted net income per share for the six months ended June 30, 2011 and 2010, the weighted average number of shares used in the calculation is shown in the table below. The diluted shares are based on an average stock price of $0.15 for the 2nd quarter of 2011 and $0.18 for the 2nd quarter of 2010.

12. Share Capital *(continued)*

	Six Months Ended June 30, 2011	2010
Net (loss) income	**$ (7,306)**	$ 340,698
Common Shares		
Balance	**39,298,438**	39,298,438
Options issued at $ 0.12	**385,881**	
Options issued at $ 0.15		3,004,500
Options issued at $ 0.16		96,000
Diluted shares outstanding	**39,684,319**	42,398,938
Net (loss) income per share – basic	**$ (0.0002)**	$ 0.0087
Net (loss) income per share – diluted	**$ (0.0002)**	$ 0.0080

13. Stock-Based Compensation

As at June 30, 2011, a total of 3,929,844 stock options were reserved for issuance under the Corporation's Stock Option Plan of which 214,563 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 June 30, 2011		As at December 31, 2010	
	Number of shares	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Balance, beginning of period	**3,732,481**	**$0.17**	3,400,500	$0.18
Granted during the period	**-**	**-**	396,381	$0.12
Exercised during the period	**-**	**-**	-	-
Forfeited during the period	**(17,200)**	**$0.16**	(64,400)	$0.15
Balance, end of period	**3,715,281**	**$0.17**	3,732,481	$0.17
Exercisable options, end of period	**3,167,941**	**$0.18**	2,443,527	$0.19

13. Stock-Based Compensation *(continued)*

For the six months ended June 30, 2011, stock based compensation expense of $35,064 (2010 - $69,456) was recorded related to the Corporation's stock based compensation plan. The following table summarizes information about stock options outstanding at June 30, 2011:

Exercise prices	Number outstanding	Weighted average remaining contractual life in years	Weighted average exercise price
$ 0.12	385,881	4.1	$ 0.12
$ 0.15	2,945,400	2.8	$ 0.15
$ 0.16	84,000	3.4	$ 0.16
$ 0.49	300,000	1.1	$ 0.49
	3,715,281	2.8	$ 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:

	2011	**2010**
Volatility rate	108%	108%
Stock option holding period (years)	5	5
Risk free interest rate	1.8%	1.8%
Dividend yield	0%	0%

14. Contributed Surplus

The following table reconciles the Corporation's contributed surplus:

	Six Months Ended June 30, 2011	Year Ended December 31, 2010
Contributed surplus, beginning of period	**$ 2,057,702**	$ 1,741,139
Stock-based compensation	**35,064**	142,820
Convertible debt	**-**	173,743
Exercise of share options	**-**	-
Contributed surplus, end of period	**$ 2,092,766**	$ 2,057,702

15. Operating leases

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

2011	$ 272,015
2012	541,051
2013	465,232
2014	259,051
2015	-
Total	**$ 1,537,349**

Lease payments recognized as an expense during the six month period ending June 30, 2011 amount to $417,467 (2010 - $375,902). This amount consists of minimum lease payments. Sublease payments of $95,812 (2010 - $54,946) 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

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.

16. Financial Instruments and Risk Management

a) *Financial instrument measurement and classification*
The classification of financial instruments remains consistent at June 30, 2011 with that as at December 31, 2010.

b) *Credit risk*
Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations to the Corporation. The Corporation manages credit risk by assessing the creditworthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Accounts receivable primarily includes balances from customers operating primarily automotive dealership industry. Accordingly, the Corporation views the credit risks on these amounts as normal for the industry. An analysis of accounts receivable, net of impairment provisions, which are past due but not impaired is as follows:

	June 30, 2011	December 31, 2010
Past due 61 – 90 days	**$ 16,649**	$ 2,188
Past 90 days	**44,886**	27,948
Total past due	**$ 61,535**	$ 30,136

16. Financial Instruments and Risk Management *(continued)*

The Corporation reduces an account receivable to its estimated recoverable amount. At June 30, 2011, the Corporation had recorded a provision of $44,932 (December 31, 2010 – $Nil, January 1, 2010 - $139,513) relating to accounts receivable which may not be collectible.

c) *Interest rate risk*
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Corporation is exposed to interest rate risk as a result of funds borrowed at floating interest rates. The Corporation manages this risk by monitoring interest rate trends and forecasted economic conditions. As of June 30, 2011, the Corporation had not entered into any interest rate derivatives to manage its exposure to fluctuations in interest rates.

d) *Foreign currency risk*
Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Corporation's foreign currency risk arises from its working capital balances denominated in foreign currencies and on the translation of its foreign operations. The Corporation uses the U.S. dollar as its functional currency for the operations of Quorum Information Technologies (US) Inc. The Corporation manages foreign currency risk by monitoring exchange rate trends and forecasted economic conditions. A 10% increase or decrease is used when reporting foreign currency risk internally and represents management's assessment of the reasonable change in foreign exchange rates. For the six months ended June 30, 2011, a 10% increase/decrease in the Canadian dollar vis-à-vis the U.S. dollar is estimated to decrease/increase net income of the Corporation from unrealized gains/losses by approximately $7,925 (2010 – $199,093), and from realized gains/losses approximately $619 (2010 – $388).

e) *Liquidity risk*
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due and describes the Corporation's ability to access cash. The Corporation requires sufficient cash resources to finance operations, debt, and settle other liabilities of the Corporation as they come due. The Corporation manages liquidity risk by maintaining a line of credit facility and through management of its operational cash flows.

	Payments Due By Period					
	Less than 3 months	**3 months to 1 year**	**1-2 years**	**2-5 years**	**5+ years**	**Total**
Accounts payable and accrued liabilities	$478,196	$ -	$ -	$ -	$ -	$478,196
Long-term debt[5]	12,215	36,646	141,548	92,708	-	283,117
Provisions	-	-	-	29,264	43,895	73,159
Total	$490,411	$ 36,646	$141,548	$121,972	$ 43,895	$834,472

[5] Long-term debt obligations reflect principal payments and excludes any associated interest portion

17. 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 June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Canada	**$ 1,276,238**	$ 1,420,756	**$ 2,569,597**	$ 2,892,253
United States	**553,277**	610,732	**1,172,186**	1,084,834
Total gross revenue	**$ 1,829,515**	$ 2,031,488	**$ 3,741,783**	$ 3,977,087

18. 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.

19. 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

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
Vice President Strategy
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

QUORUM INFORMATION TECHNOLOGIES
Head Office
Suite 300, 10655 Southport Road SW, Calgary, AB T2W 4Y1
Phone: 403.777.0036
E-mail: Investors@QuorumDMS.com
Web Site: www.QuorumDMS.com

QUORUM INFORMATION TECHNOLOGIES
Suite 300, 10655 Southport Road SW, Calgary, AB T2W 4Y1
Phone: 403.777.0036   Fax: 403-777-0039
E-mail: Investors@QuorumDMS.com   **www.QuorumDMS.com**
Stock Symbol – TSXV: QIS