

Corporate Governance Statement 2010

QPR Software Plc

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1 Information on compliance with the Corporate Governance Code

QPR Software Plc complies with the Corporate Governance Code effective as of 1 October, 2010.

2 Departure from recommendations

QPR Software complies with the Finnish Corporate Governance Code with the following exception: the Board of Directors has not established any committees.

3 Availability of the Corporate Governance Code on the Internet

The Finnish Corporate Governance Code is publicly available on the website of the Finnish Securities Market Association, at www.cgfinland.fi

4 Composition and operations of the board and board committees

4.1 Composition of the Board of Directors

Vesa-Pekka Leskinen
(b.1950)

- Chairman of the Board since January 2006.
- Member of the Board since July 2003.

Mr. Vesa-Pekka Leskinen is the Chairman of the Board of Kauppamainos Oy and was the CEO of Kauppamainos from 1979 to September 2010. He is the majority owner of Kauppamainos Oy. Main area of business of Kauppamainos Oy has been in the investor relations and communications, in relation to which nearly hundred annual reports of various companies have been designed and delivered, participated in the preparation of tens of share issues and similar financial transactions, and have been supporting the IPO process of more than ten companies. Mr. Leskinen has personally been involved in carrying out the investor relations and communication of public listed companies.

Vesa-Pekka Leskinen is the founder of Quartal Oy and was the majority owner of the Company until year 1999. Quartal Oy is focusing on developing and delivering computerized delivery solutions and communication services, especially for the stock market and the companies having business therein. Vesa-Pekka Leskinen is also Member of the Board of Mawell Ltd and Vianaturale Oy. By education Mr. Leskinen is an undergraduate and has a MAT degree.

Mr. Leskinen owns 851,400 shares of QPR Software Plc at 31 December, 2010. Kauppamainos Oy, a limited company, whose majority owner Leskinen is, owns 475,170 shares of QPR Software Plc at 31, December 2010.

Aino-Maija Gerdt

(b. 1955)

- Member of the Board since March 2010.
- Independent member.

Mrs. Aino-Maija Gerdt (previously Fagerlund) has been the Chief Executive Officer of FRENDs Technology Oy since 2000. FRENDs is an international software company based in Finland. FRENDs specializes in business process integration and management. Mrs. Gerdt is also board member in Finnish Software Entrepreneur Association (also earlier in 2006-2008).

From 1999 to 2000 Aino-Maija Gerdt worked in EDS Finland/Nordic as Account Executive for named strategic accounts, first in Finland and later also in Sweden and Belgium. From 1996 to 1998 she worked as the Manager of the Industry business unit in Siemens-Nixdorf Oy. From 1994 to 1996 Gerdt worked as the Director for HR solutions in Tietonauha Oy.

Earlier Aino-Maija Gerdt has been a board member in Benefect Oy (1999–2001) and Executive Management Team member in the Vertical Software Solutions Fund of the Finnish Funding Agency for Technology and Innovation, Tekes (2006–2008). From 2006 to 2008 she was the Chairman for IAMCP Finland and Board Member for IAMCP EMEA from 2006 to 2007 (IAMCP, International Association of Microsoft Certified

Partners). Aino-Maija Gerdt holds M.Sc (BA) degree and has carried out MBA studies in Aalto University School of Science and Technology.

Aino-Maija Gerdt holds no shares in QPR Software Plc at 31 December, 2010.

Jyrki Kontio

(b. 1961)

- Member of the Board since March 2008.
- Independent member.

Mr. Jyrki Kontio is an entrepreneur in his own consulting company R & D-Ware Oy. Previously, he was Professor of Software Product Business at the Helsinki University of Technology in 2002–2007. Prior to this assignment, Kontio worked for 15 years at Nokia Corporation, serving in various software and process management leadership and research positions. He has also worked as Senior Researcher at the University of Maryland in the USA. Mr. Kontio has a Ms.Sc. degree in Business Administration and a Doctor in Technology degree.

Mr. Kontio holds no shares of QPR Software Plc at 31 December, 2010.

Antti Laine

(b. 1961)

- Member of the Board since March 2010.
- Independent member.

Mr. Antti Laine has been the Managing Director of ASAN Securities Technology Ltd since 2006. ASAN is focused on developing and supplying high-standard networked video surveillance and recognition technology solutions. Mr. Laine is also member of the Board of Directors in ASAN Securities Technology Ltd,

Milleferri Oy, Nuovoferri Oy and Oneiro Oy.

From 2001 to 2005 Antti Laine worked as the Managing Director of Conformiq Software Oy. From 2000 to 2002 he was partner in erVentures Oy, a company specialized in supporting and developing start-up companies. Between 1990 and 2000 Laine worked in various tasks in KONE Corporation's technology function and Asia regional organization. He was responsible for developing a new elevator platform for the Asian market and KONE's marketing in Asia.

Antti Laine has also been a board member in Conformiq Software Oy (2001–2005) and Endero Oy (2008–2009).

Antti Laine holds a Master and Licentiate degrees in Engineering.

Antti Laine holds no shares in QPR Software Plc at 31 December, 2010.

Asko Piekkola

(b.1952)

- Member of the Board since March 2003.
- Independent member.

Mr. Asko Piekkola is currently managing director and partner of AG-Partners Corporate Finance Ltd, operating in the area of business of mergers and acquisitions and assignments related to capital markets. He is also Member of the Board in Sievo Oy and Mawell Oy.

Previously he has worked, among others, in the following listed companies: as CFO on Labsystems and Spontel Oy, as member of the Board of Directors in Expaco Oy, Martela Oyj and Kylpyläkasino Oy and as a member and Chairman of the Board in Castrum Oyj.

Asko Piekkola has also held positions in Arctos Capital Oy (activities auxiliary to financial intermediation) as Member of the Board and Chairman of the Board, in Alexander Corporate Finance Oy (former Arctos Corporate Finance Oy) as Member of the Board, and in several other businesses and investment companies as Member of the Board and Chairman of the Board. He holds Ms.Sc. degree in Economics.

Asko Piekkola is also the Chairman of the Board in QPR's subsidiary QPR Services Oy.

Mr. Piekkola holds 316,438 shares of QPR Software Plc at 31 December, 2010.

5 Operations of the Board of Directors

5.1 Charter of the Board (summary)

Board meetings:

- Convenes regularly at least 8 times a year according to pre-agreed schedule.
- At least one of the meetings focus on strategy in the spring and one is a budget meeting in the autumn.
- When necessary, the Chairman of the Board and CEO may call for an additional Board meeting.
- The agenda and materials shall be delivered to Board members no less than three working days before the meeting

Material:

- The monthly report shall contain the Group's actual results, result forecast, budget comparison, and commentary on the results including reasons for any significant budgetary deviations. A summary of all other important matters within Group is also included.
- All significant matters shall be informed to the Board immediately
- Risk management report is presented to the Board in connection with quarterly financial reporting (4 times in a year).
- Matters to be handled at the board meeting

Following list contains matters to be handled at the Board meetings:

- Matters specified by the Finnish Companies Act
- Approving the strategy and annual budget, and their follow-up
- Appointing and dismissing the CEO, and deciding on the terms of his/her employment
- Approving the hiring of personnel reporting directly to the CEO, and the key terms of employment for these people
- Determining the compensation principles for senior management
- Approving the incentive systems for the CEO and the personnel
- Preparing a proposal on the personnel option schemes for the Annual General Meeting and deciding on its allocation to personnel
- Reviewing and approving interim reports and financial statements
- Approving major business deals and investments as well as other decisions of key significance
- Approving the dividend distribution policy and preparing a proposal for the Annual General Meeting concerning the distribution of dividend
- Approving the investment policy
- Monitoring the implementation of internal control, internal audit and risk management
- Reviewing other matters that the Chairman of the Board and the CEO have agreed to be taken on the Board's agenda or that otherwise fall within the Board's decision-making powers under the provisions of the Companies Act, other laws, Articles of Association or other regulations.

5.2 Board's operations in 2010

QPR Board of Directors assembled 12 times during 2009. The average participation percentage was 93. The Board of Directors made a self-assessment of its operation. The Board has not established any committees.

6 Supervisory board

QPR Software Plc does not have supervisory board.

7 Board committees

The Board has not established any committees. The Board carries-out the responsibilities of the audit committee.

8 Chief Executive Offices and his duties

8.1 Chief Executive Officer

Mr. **Jari Jaakkola** (born 1961) has been the Chief Executive Officer as of January 2008. He has been employed by the Company and been a Member of Executive Management Team since August 2006.

Mr. Jari Jaakkola worked from August 2006 to January 2008 as Senior Vice President, Business Operations at QPR Software Plc. Jari Jaakkola's previous experience covers leadership positions in Sonera Corporation and M-real Corporation. He also has extensive experience from positions in international advertising and PR agencies and Finnish media. Mr. Jaakkola holds a B.A. degree in journalism from Tampere University and an MBA from Henley Management College.

8.2 The duties of the Chief Executive Officer

QPR's Board of Directors appoints the CEO and decides the terms of his/her service contract. The CEO's terms of service have been agreed on in writing. The CEO is not appointed for a certain term, but is appointed indefinitely until further notice is given.

The CEO's duty is to manage the company's activities in accordance with the Finnish Companies Act and the Board of Directors' instructions and rules and to inform the Board of Directors about the development of the company's business and financial situation. The CEO is also responsible for arranging the company's day-to-day administration and ensuring that the financial administration of the company has been arranged reliably. The CEO primarily presents matters in Board meetings and is responsible for preparing draft solutions

9 Internal control and risk management in QPR Software

9.1 Internal Control

Internal control and risk management in QPR Software Plc aims to ensure that the Company operates efficiently and effectively, distributes reliable information, complies with regulations and operational principles, reaches its strategic goals and ensures continuity of its business.

It is the duty of the Board of Directors to monitor the appropriateness, effectiveness and efficiency of risk management and internal control in QPR Software Group. Risk management report covering the risks presented in the Risk Management section is presented to the Board in connection with quarterly financial reporting.

The threat caused by the risks to shareholders is used as a criterion when the Board of Directors evaluates these risks. The Board of Directors also monitors that the Company has defined operational principles for internal control and that the Company monitors the effectiveness of internal control.

9.2 Risk Management

Coordination of risk management and internal control and the related reporting is the responsibility of the Chief Financial Officer. Risk management in QPR Software is guided by the requirements of legislation, shareholders' expectations regarding business objectives and expectations among important stakeholders, such as customers and personnel.

Risk management in QPR Software aims systematically and comprehensively to identify risks related to the Company's operations and ensures that risks are managed and taken into account in decision-making. The Company does not have a separate risk management organization, and risk management is part of routine responsibilities throughout the organization. Risk management is developed by constantly improving operative processes in the Company.

QPR Software identifies the risks by their essentiality: if actualized, the risks selected for monitoring would have a material impact on the Company's business operations.

QPR has identified the following three groups of risks related to its operations:

- risks related to business operations
- risks related to information and products
- risks related to financing.

Property, operational and liability risks are covered by insurance.

9.2.1 Risks related to business operations

The following risks are related to QPR Software's business operations:

Country risk. The instrument used for measuring country risk is the potential loss of country-specific revenue. Risk is managed by constantly gathering market information by the Company's own actions and with the help of the international reseller network.

Customer risk. The instrument used for measuring customer risk is the potentially lost annual revenue from the customer. Risk is managed by taking good care of every customer.

Net sales forecasting process risk. The instrument used for measuring forecasting process risk is the difference between two succeeding net sales forecasts. The Company's forecast on future net sales is based on the Company's own estimate and on information gained from its international resellers. Risk is mitigated by managing effectively the internal forecasting process and international reseller network.

Personnel risk. The instrument used for measuring personnel risk is the adequacy of competencies needed for achieving strategic goals. Risk is managed by professional recruitment, good supervisory work and by securing possibilities for job rotation.

Legal risk. The instrument used for measuring legal risk is the estimated total combined financial value of all legal disputes on the Company in Euros. Also the probability of the risk to be actualized is estimated. The risk is managed by in-depth knowhow on contractual jurisprudence and by performing both ethically and according to the Company values.

Financial risk. The instrument used for measuring financial risk is the forecasted operative cash flow before investments. Risk is managed by following constantly the Company's financial position (cash flow calculation and forecasts).

QPR's market and customer risks are mitigated as follows: the Company conducts business in more than 50 countries, both in public and private sectors as well as in several different business verticals. In addition, the customer benefits produced by QPR's products and solutions are related to optimization and streamlining of operations, strategy implementation as well as risk management and compliance.

Reasonable credit risk concerning individual business partners is characteristic to any international business. QPR seeks to limit this credit risk by continuous monitoring of standard payment terms.

No significant changes have taken place in risks related to business operations during the financial period.

9.2.2 Risks related to information and products

QPR Software has identified the following three risks related to information and products:

Risk related to own products. The risk is managed by securing the competitiveness of the Company's offering at all times by constantly monitoring competitors. The security and good quality of products is guaranteed by automated virus prevention.

Intellectual Property Rights. The Company's Intellectual Property Rights (IPR) are secured by the confidentiality of the source code. Unauthorized use of software licenses is rejected by executing software deployment by product activation. In addition, the Company makes sure that external IPR is not utilized in its products without proper permission.

Data security. Data security risks are related to the good confidentiality of corporate, insider and customer information. Risk is managed by ongoing internal training, keeping instructions up-to-date at all times and good technical protection of the Company's data network.

No significant changes have taken place in QPR's information and products related risks during the financial period.

9.2.3 Risks related to financing

QPR Software has identified the following two financial risks:

Foreign currency risk. The instrument used for measuring foreign currency risk is the actualized exchange rate fluctuation and future outlook for it. The risk is managed by using the Euro as the primary invoicing currency and by currency hedging. The company constantly monitors how the open positions of the three biggest invoicing currencies develop. The Company introduced hedging for its foreign currency cash flows in June 2010. At the end of 2010, the Company had hedged 8.3% of its foreign (non-Euro) currency cash flow.

Operative credit risk. The instrument used for measuring operative credit risk is the turnover rate of accounts receivables. Risk is managed by monitoring accounts receivables and by effective collection of bad debt.

Management of financial risks in 2010 is described in more detail in Note 22, on page 38 of QPR Software's Annual Report 2010.

No significant changes have taken place in QPR's financial risks during the financial period.

9.2.4 Risks related to Business Operations Russia

QPR started, as of January 2011, to monitor the following risks in the Russian subsidiary OOO QPR Software:

Country risk. The metric used for measuring country risk is the potential loss of country-specific revenue. Risk is managed by constantly gathering information from economical and financial development and by geographically and vertically spread customer base.

Customer risk. The metric used for measuring customer risk is the amount of lost customers. Risk is managed by good customer care and reseller support.

Personnel risk. The metric used for measuring personnel risk is adequacy of competencies needed for achieving strategic goals. Risk is managed by professional recruitment, good supervisory work and by securing possibilities for job rotation.

Financial risk. The metric used for measuring financial risk is forecasted operative cash flow. Risk is managed by following constantly Subsidiary's financial position (cash flow calculation and forecasts).