

OTC BB: QTEK

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FY Ends June 30

<b>Financial Data (US\$ 000's):</b>	<u>2003</u>	<u>2002</u>	<b>Balance Sheet Data* (US\$ 000's):</b>	
Revenues	389	446	Cash	21
EBITDA	(657)	(951)	Current Assets	107
Net Earnings	(701)	(1,052)	Total Assets	214
			Total Liabilities	1,458
EPS (US\$)	(0.02)	(0.03)	Stockholder's Equity	(1,269)
Annual Rev. Growth	-13%	-34%		
Dividend/Yield	NA	NA		
			<b>Trading Data (000s):</b>	
			Shares Outstanding	47,097
			Estimated Float	24,000
			Market Cap	5,887
			<b>Average Daily Volume:</b>	224

\*As of June 30, 2003

## COMPANY OVERVIEW

Quintek is the only manufacturer of a chemical-free desktop microfilm solution. The company currently sells hardware, software and services for printing large format drawings such as blueprints and CAD files (Computer Aided Design), directly to microfilm. Quintek does business in the content and document management services market, forecast by IDC Research to grow to \$24 billion by 2006 at a combined annual growth rate of 44%. Quintek targets the aerospace, defense and AEC (Architecture, Engineering and Construction) industries.



## HIGHLIGHTS

- **Successful Turnaround**  
In January of 2003, the company brought on new senior management to assist in refocusing the business and rebuilding shareholder value through aggressive new sales efforts.
- **Strategic Advisory Board**  
In an effort to enhance the knowledge base for new management, Quintek added Bob Zagami and six others business and industry representatives to their Strategic Advisory Board. Mr. Zagami has over 30 years of experience in the Document Management Industry and is well versed on the advantages and capabilities of microfilm.
- **Market Size**  
The estimated installed base relevant to Quintek's product line is 14,000 units. At a base price of \$68,000, the addressable market is roughly \$950 M, in which the Company anticipates a market penetration rate of 5% - 10%.
- **Up-Selling Opportunities**  
The company plans to leverage their existing clientele base in an effort to expand the sales channel. Such clients include Boeing, TRW, PG&E, Lockheed and NASA.
- **Recent Restructuring**  
The Company has obtained agreements to restructure roughly \$600,000 of its outstanding liabilities. These agreements represent a reduction of more than 75% in outstanding convertible debt.

## BUSINESS OVERVIEW

Quintek Technologies, Inc., sells hardware, software and services for printing large format drawings such as blueprints and CAD files (Computer Aided Design) directly to the microfilm format of aperture cards. Quintek is the only manufacturer of a patented chemical-free desktop microfilm printer for aperture cards.

For more than 50 years, microfilm in the form of Aperture Cards, has been the easiest and most cost efficient method for transmitting and archiving large-format engineering drawings. In the 1990's, CAD technology has all but replaced traditional methods of drafting. With the arrival of low-cost digital imaging, high-speed Internet and document management technologies, a common belief developed that the microfilming of engineering drawings would be completely replaced by these new technologies. That has not been the case.

There are some parts of the document lifecycle where Microfilm remains the most efficient and economical solution. Microfilm remains the best solution for archival of large format drawings. Microfilm is cheaper, faster and more reliable than digital systems for distributing drawing revisions during manufacturing and construction.

Quintek's modern products produce hardcopy on chemical-free "dry-silver" microfilm directly from all popular file formats with no impact on the environment. An Aperture Card is a piece of 35mm film set with an IBM-style punch card. They are human-readable and are easy to automatically sort and duplicate. They have a written description across the top of the card for easy filing and recognition. Microfilm is considered superior to digital media for information archival. Microfilm is the only proven media for long-term storage. Dry-silver film is rated to last 100 years compared to 25 years for CD-ROM media.

For 10 years, Quintek has been selling its patented "Aperture Card" printers to Fortune 1000 customers such as Boeing, TRW, PG&E, Lockheed, Zenith, GTE, Westinghouse, Whirlpool and Federal and State clients such as Caltrans, NASA and the U.S. Navy.

## PRODUCTS AND SERVICES

Quintek's principal product is the Q4400 Desktop Aperture Card Printer. The Q4400 is used by engineering departments to print directly to Aperture Cards from digital files in a single step without using chemicals for film development. Our solution provides a stream of revenues from the following:

- Q4400 Aperture Card Printer and upgrades to that system
- Quinplot software, maintenance
- Blank aperture card media

The Q4400 system is comprised of Quintek's QUINPLOT Software Package and the Q4400 Aperture Card Printer. The QUINPLOT Software and Q4400 Aperture Card Printer operate together to provide a complete system for producing Aperture Cards.

The QUINPLOT Software operates on a standard PC platform under Windows 2000, or XP and functions to interface the user system and operator with the Q4400 printer. The QUINPLOT operates across the customer's network similar to any laser printer and is compatible with all standard vector and raster file formats. The QUINPLOT Software can be used to control and monitor a number of related functions, including; image queuing, graphics workstation (image view/mark-up/edit), password protection, drawing release, index data formats, index data entry and all aspects of the aperture card production cycle. The QUINPLOT Software is designed to easily adapt to the client's existing workflow, indexing methods and file formats.



The Q4400 is packaged in a small, self contained, tabletop box which fits well into office, reprographics, laboratory and CAD/CAM work environments. The Q4400 Printer uses a low power laser to record images directly on Dry Silver film, which is premounted on blank aperture card media and packaged in light-tight cassettes. The film is developed using a patented heat process and therefore requires no chemicals and emits no toxins into the atmosphere. The card is automatically labeled using an internal print/punch module. The Q4400 is completely automatic, extremely reliable and can operate unattended until the blank aperture card media is depleted.

Quintek's Q4400 Aperture Card Printer enables you to easily and automatically create archival-quality Aperture Cards from popular software applications directly from your computer network.

- Chemical-Free Microfilm (CFM) Technology
- Desktop Solution
- High-Volume
- Prints and Punches
- Print directly from 100's of digital file formats
- LAN Interface
- Departmental or Enterprise-Wide Solution
- Support for 100's of file formats
- Rich Final Image Viability (FIV) Toolset
- High Availability
- Proven Design



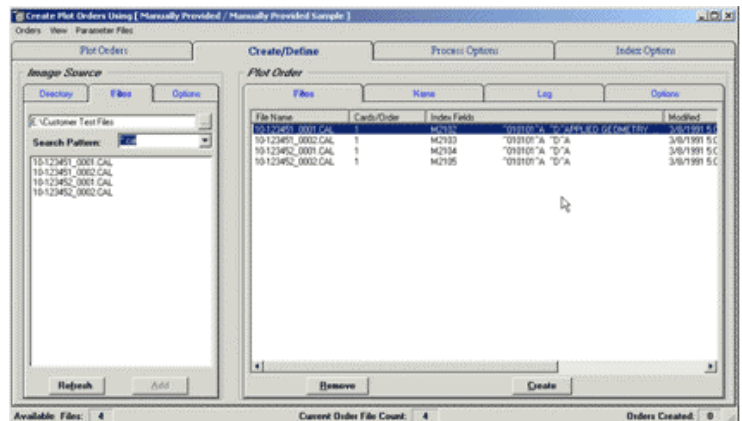
**Aperture Card Media**

- Acid Free Paper
- ANSI and ISO Compliant
- Life Expectancy of 100 Years

Aperture Card Media can be purchased directly from Quintek. DOD-approved, Quintek aperture cards produce clear and accurate blowback prints and diazo copies with complete detail. The film is applied to a recessed area around the aperture to maintain an even thickness across the surface of the card. This assures fast, smooth flow when cards are stacked in hoppers for duplicating and sorting. The film emulsion is high speed and high contrast for greater productivity and enhanced viewing. This extremely durable type of construction also meets military specifications MIL-C-9949 and MIL-C-9877B and is compatible with keypunch and high volume duplicators. The card is 7-3/8" x 3-1/4".

**QuinPlot 3.0 Software**

- Windows 2000 & XP Compliant
- Manual or automatic indexing
- LAN Interface Support
- Rich Final Image Viability (FIV) Toolset
- Custom Order Management
- Image Enhancement Support
- Roll Size Image Support
- Multi-Page Image Support
- Multi-Image Frames
- Prints directly from hundreds of file formats
- Departmental or Enterprise-Wide Solution



QuinPlot 3.0 supports Microsoft's Enterprise-Class Operating System.

*Automatic Indexing*

A key benefit of Aperture Cards versus other forms of microfilm is the ability to print "eye-readable" index data across the top of the card for easy filing and retrieval. QuinPlot has dozens of built-in tools for extracting the index data from the source plot file or from other sources such as document management systems. Once extracted, Quinplot prints the index data across the top of the Aperture Card.

*Manual Indexing*

QuinPlot 3.0 Software's manual indexing feature enables operator assisted use of the Q4300. Using QuinPlot's easy-to-use Graphical User Interface, an operator can use one of ten different methods for capturing index data from existing sources. The operator can also enter index data directly from the keyboard for a batch of plots or immediately at the time of an individual plot.

*LAN Interface Support*

With QuinPlot 3.0, the Q4300 can be accessed from any computer via your existing Local Area Network.

*Rich Final Image Viability (FIV) Toolset*

QuinPlot 3.0 has easy-to-use features for "tuning" the Q4300 to assure that lineweights and text widths plot accurately directly from your plot files, not requiring documents to be plotted to paper and scanned before microfilming with the Q4300.

**MARKET OVERVIEW**

Quintek does business in the film-based imaging market segment within the content and document management services market. On March 15, 2002 IDC Research stated "The content and document management services market will grow at a compound annual growth rate (CAGR) of 44% to reach approximately \$24.4 billion in 2006." Daratech, Inc. sized the market for document and content management specifically within the engineering, manufacturing and construction sector at \$1.9 billion in 2000. The content and document management services market is comprised of several market segments such as digital document management software and services, records management, digital imaging and film-based imaging.

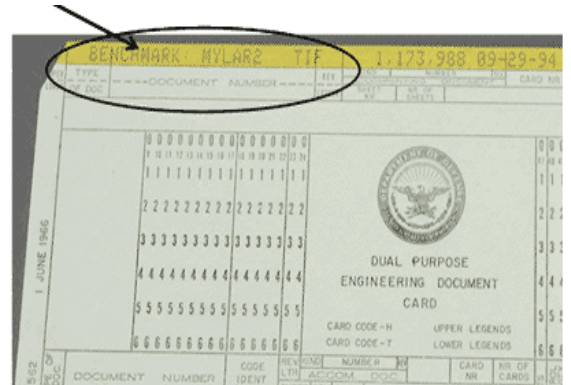
*The Film-based Imaging Market*

The film-based imaging market segment is the business associated with microfilm cameras, film stock, chemicals, readers, printers, and associated services. This is a mature, established market that has been redefined by new digital imaging technologies over the last decade.

*Trends In the Film-based Imaging Market*

In June 2000, the Archivist of the United States, John W. Carlin, announced that scanned image files would be used instead of microfilm to preserve individual responses to the 2000 Census. In a landmark decision, the Census Bureau reversed itself and decided to continue using microfilm. The reasons cited for staying with microfilm were ongoing expense, the risk of losing critical data and the advantage of a human readable format with a potential lifespan of 500 years. Digital archives represent an ongoing expense because they require constant expensive migration as digital standards, operating systems and media change. During a migration, there is additional risk of losing critical data.

Index Data Can Be Automatically Extracted From Source File



Microfilm is "future-proof" because it is human readable and certified by the American National Standards Institute (ANSI) to have a 500 plus year lifespan.

For archive documents, film-based media remain superior. Film-based archival is less expensive than digital methods and has a storage life of between 100 and 1000 years. Film-based archival already has a massive installed base of billions of documents accumulated over more than 50 years of use.

It is anticipated that film-based imaging, driven by archival will be a growth market. The volume of archived paper and digital records will continue to increase for a number of reasons, including:

1. the rapid growth of inexpensive document producing technologies such as fax, desktop publishing software and desktop printing
2. the continued proliferation of data processing technologies such as personal computers and networks
3. regulatory requirements
4. concerns over possible future litigation and the resulting increases in volume and holding periods of documentation
5. the high cost of reviewing records and deciding whether to retain or destroy them
6. the failure of many entities to adopt or follow policies on records destruction
7. audit requirements to keep back-up copies of certain records in off-site locations

Despite the growth of new "paperless" technologies, such as the Internet and e-mail, it is believed that archived information remains predominantly film and paper-based. Rather than eliminate paper, digital technology has created the need for more archival.

The film-based imaging market is now entering a new growth phase. Changes in this market caused by new digital technologies have created new opportunities. The growth we forecast corresponds with the growth of archive documents as addressed in the Document Lifecycle discussion below.

By enabling the creation of microfilm directly from digital files, Quintek products marry modern digital technologies to the proven best-practice of microfilm archival.

### ***The Document Lifecycle***

Digital document management technology is well suited for active documents that require high-availability. For archive documents, digital imaging or document management systems have been shown to be costly and unreliable as a long term solution.

When the document is created, activity is high -- it is being used actively to make decisions. Issues during this stage include ease and speed of access, and the ability to share documents across networks. At some point, activity drops sharply and the document enters a phase when it must be kept, sometimes for many years, when activity is very low; this is the archival stage.

The issues at the archival stage are entirely different and relate to safe, long-term storage. Because the volumes are invariably high during this phase both space and cost are major issues. Microfilm is the only proven, permanent document storage media.

The future of this marketplace is in hybrid systems, which bridge the gap between these two technologies.

### ***The Aperture Card Market***

The segment of the film-based imaging market that addresses large format engineering drawings is called the aperture card market. The aperture card market is made up of hardware and software manufacturers, distributors, maintenance service providers and media and consumables manufacturers.

***Wet vs. Dry Silver Film - Strategic Advantage***

Quintek's products use "Dry Silver" film, which requires no chemicals. Older technologies are based on "Wet Silver" film which requires the cost and inconvenience of dealing with hazardous chemicals. Management believes that once the need for chemicals is removed, the advantages of film-based imaging will drive sales. We also believe that creating awareness of a modern, desktop device that outputs digital drawings to microfilm with no chemicals will drive sales.

There is a large installed base of Wet Silver technology that is used in "print rooms." A print room is a dedicated area that has the specialized film-processing and aperture card assembly areas and the subsequent ventilation and hazardous materials handling equipment. The Quintek product eliminates the need for such print rooms and their on-going expense.

**COMPETITION**

It is believed that Quintek is the only manufacturer of a chemical-free desktop aperture card printer. There are other aperture card printing devices available. Both of the competitive devices the Company is aware of are manufactured outside of the United States. Microbox AG, based in Germany has sold a wet CADMIC Aperture Card Plotter. Quintek believes that this product has been on the market for the past decade. This product is a large unit that weighs roughly 772 pounds. It requires the constant replenishment and disposal of hazardous chemicals, has specialized ventilation, plumbing and electrical requirements, and is labor intensive to operate. Quintek was recently made aware of a Dry CADMIC Plotter being produced by Microbox. Additionally, it is also believed that Quintek is also a large unit that has specialized electrical requirements, is labor intensive to operate and not nearly as versatile as Quintek's Q4400. To the Company's knowledge, the Dry CADMIC Plotter produced by Microbox is currently sold in the United States by only one distributor.

Wicks and Wilson, based in the United Kingdom, also manufactures an aperture card plotter. Their product is similar in size to the Q4400. It requires the constant replenishment and disposal of hazardous chemicals, has specialized ventilation, plumbing and electrical requirements, and is labor intensive to operate. Wicks and Wilson has only one distributor in the United States.

**RISK FACTORS**

As with any investment, a consideration to purchase or sell shares of QTEK stock contains many risks, including but not limited to market risk, business risk, legislative risk and financial risk. As QTEK is a micro-cap company, there can be limited volume liquidity in the secondary equity markets for current and potential investors. Investors are expected to perform their own due diligence with respect to any equity under consideration for purchase or sale, know and fully understand all of the associated risks, and are encouraged to speak with a professional investment advisor before considering any investment for their portfolio.