QUINTEK TECHNOLOGIES INC
Form SB-2
November 22, 2004

As filed with the Securities and Exchange Commission
on November 22, 2004
An Exhibit List can be found on page II-6.
Registration No. 333-________

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM SB-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

QUINTEK TECHNOLOGIES, INC.
(Name of small business issuer in its charter)

California	7389	77-0505346
(State or other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

17951 Lyons Circle
Huntington Beach, California 92647
(714) 848-7741

(Address and telephone number of principal executive offices and principal place of business)

Robert Steele, Chief Executive Officer
QUINTEK TECHNOLOGIES, INC.
17951 Lyons Circle
Huntington Beach, California 92647
(714) 848-7741

(Name, address and telephone number of agent for service)

Copies to:
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New York, New York 10018
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APPROXIMATE DATE OF PROPOSED SALE TO THE PUBLIC:

From time to time after this Registration Statement becomes effective.

If any securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amou[nt of] registr[ation fee]
Common stock, no par value issuable upon conversion of debentures (Golden Gate Investors)	20,625,000 (2)	$.24 (3)	$4,950,000	
Common Stock, no par value issuable upon exercise of warrants (Golden Gate Investors)	3,000,000 (4)	$1.00 (5)	$3,000,000	
Common stock, no par value (Bernadette Haag)	200,000	$.24 (3)	$48,000	
Common Stock, no par value issuable upon exercise of warrants (Bernadette Haag)	200,000	$.24 (3)	$48,000	
Common stock, no par value issuable upon conversion of note (David Gough)	2,200,000	$.24 (3)	$528,000	
Common Stock, no par value issuable upon exercise of warrants (David Gough)	2,200,000	$.24 (3)	$528,000	
Common stock, no par value (Roger Lents)	500,000	$.24 (3)	$120,000	

Common Stock, no par value issuable upon exercise of warrants (Roger Lents)	1,000,000	$.24 (3)	$240,000	
Common Stock, no par value (Stan Merdinger)	1,000,000	$.24 (3)	$240,000	
Common Stock, no par value issuable upon exercise of warrants (Stan Merdinger)	1,000,000	$.24 (3)	$240,000	
Common Stock, no par value (Rayne Forecast)	500,000	$.24 (3)	$120,000	
Common Stock, no par value issuable upon exercise of warrants (Rayne Forecast)	500,000	$.24 (3)	$120,000	
Common stock, no par value issuable upon conversion of notes (Kazi Management)	9,166,667	$.24 (3)	$2,200,000.08	

Common Stock, no par value issuable upon exercise of warrants (Kazi Management)	9,166,667	$.24 (3)	$2,200.000.08	
Common Stock, no par value issuable upon exercise of warrants (Gerald Hannahs)	5,000,000	$.24 (3)	$1,200,000	
Total	56,258,334		$15,782,000.16	

(1) Includes shares of our common stock, no par value per share, which may be offered pursuant to this registration statement, which shares are issuable upon conversion of convertible debentures and the exercise of warrants held by the selling stockholder. In addition to the shares set forth in the table, the amount to be registered includes an indeterminate number of shares issuable upon conversion of the debentures and exercise of the warrants, as such number may be adjusted as a result of stock splits, stock dividends and similar transactions in accordance with Rule 416. The number of shares of common stock registered hereunder represents a good faith estimate by us of the number of shares of common stock issuable upon conversion of the debentures and upon exercise of the warrants. For purposes of estimating the number of shares of common stock to be included in this registration statement, we calculated a good faith estimate of the number of shares of our common stock that we believe will be issuable upon conversion of the debentures and upon exercise of the warrants to account for market fluctuations, and antidilution and price protection adjustments, respectively. Should the conversion ratio result in our having insufficient shares, we will not rely upon Rule 416, but will file a new registration statement to cover the resale of such additional shares should that become necessary. In addition, should a decrease in the exercise price as a result of an issuance or sale of shares below the then current market price, result in our having insufficient shares, we will not rely upon Rule 416, but will file a new

registration statement to cover the resale of such additional shares should that become necessary.

(2) Includes a good faith estimate of the shares underlying convertible debentures to account for market fluctuations.

(3) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, using the average of the high and low price as reported on the Over-The-Counter Bulletin Board on November 16, 2004, which was $.24 per share.

(4) Includes a good faith estimate of the shares underlying warrants exercisable at $1.00 per share to account for antidilution and price protection adjustments.

(5) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(g) under the Securities Act of 1933, using the exercise price of $1.00.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the commission, acting pursuant to said Section 8(a), may determine.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED NOVEMBER 22, 2004

QUINTEK TECHNOLOGIES, INC.
56,258,334 SHARES OF
COMMON STOCK

This prospectus relates to the resale by the selling stockholders of up to 56,258,334 shares of our common stock, including 2,200,000 shares of common stock, up to 20,625,000 shares of common stock underlying convertible debentures, up to 11,366,667 shares of common stock underlying convertible notes and up to 22,066,667 shares issuable upon the exercise of common stock purchase warrants. The convertible debentures are convertible into the number of our shares of common stock equal to the principal amount of the debentures being converted multiplied by 11, less the product of the conversion price multiplied by ten times the dollar amount. The conversion price for the convertible debentures is the lesser of (i) $0.50 or (ii) eighty percent of the of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. If the volume weighted average price is below $0.10 on a conversion date, we have the right to pre-pay the amount of the debenture the holder elects to convert, plus accrued and unpaid interest, at 125% of such amount; however, if we elect to pre-pay in this situation, the debenture holder has the right to withdraw the notice of conversion. Also, if the volume weighted average price is below $0.10 at any point during a month, the holder is not obligated to convert any portion of the debenture during that month.

Additionally, $200,000 in convertible notes, plus interest, is convertible into shares of our common stock at a conversion price of $0.10 per share. $500,000 in convertible notes, plus interest, is convertible into shares of our common stock at a conversion price of $0.06 per share. 14,166,667 warrants are exercisable at $0.10 per share; 2,700,000 warrants are exercisable at $0.12 per share, 1,000,000 warrants are exercisable at $0.13 per share, 1,200,000 warrants are exercisable at $0.15 per share and 3,000,000 warrants are exercisable at $1.00 per share.

The selling stockholders may sell common stock from time to time in the principal market on which the stock is traded at the prevailing market price or in negotiated transactions. Some of the selling stockholders may be deemed underwriters of the shares of common stock, which they are offering. We will pay the expenses of registering these shares.

Our common stock is registered under Section 12(g) of the Securities Exchange Act of 1934 and is listed on the Over-The-Counter Bulletin Board under the symbol "QTEK". The last reported sales price per share of our common stock as reported by the Over-The-Counter Bulletin Board on November 19, 2004, was $0.24.

Investing in these securities involves significant risks. See "Risk Factors" beginning on page 4.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _______, 2004.

The information in this Prospectus is not complete and may be changed. This Prospectus is included in the Registration Statement that was filed by Quintek Technologies, Inc., with the Securities and Exchange Commission. The selling stockholders may not sell these securities until the registration statement becomes effective. This Prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the sale is not permitted.

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PROSPECTUS SUMMARY

The following summary highlights selected information contained in this prospectus. This summary does not contain all the information you should consider before investing in the securities. Before making an investment decision, you should read the entire prospectus carefully, including the "risk factors" section, the financial statements and the notes to the financial statements.

QUINTEK TECHNOLOGIES, INC.

We have been a manufacturer of hardware and software and a service provider to the corporate and public sector markets since 1991. Our new division, Quintek Services, Inc. delivers business process outsourcing services and information lifecycle management solutions to document intensive industries such as healthcare and financial services. The solutions and services we provide enable organizations to secure and manage their information and document business processes more efficiently.

Through Quintek Services, we provide business process outsourcing services to Fortune 500, Russell 2000 companies and public sector organizations. Our business process outsourcing services range from the digitizing, indexing and uploading of source documents through simple customer-specific, rules-based decision making.

We also sell hardware, software and services for printing large format drawings such as blueprints and computer aided design files directly to the microfilm format of aperture cards.

For the three months ended September 30, 2004, we generated revenue in the amount of $114,266 and a net loss of $1,195,241. For the year ended June 30, 2004, we generated revenue in the amount of $298,653 and a net loss of $998,531. As a result of recurring losses from operations (accumulated deficit of $23,061,065), including net losses of $998,531 and $701,052 for the fiscal years ending June 30, 2004 and 2003, respectively, our independent registered public accounting firm, in their report dated September 21, 2004, have expressed substantial doubt about our ability to continue as a going concern.

Our principal offices are located at 17951 Lyons Circle, Huntington Beach, California 92647, and our telephone number is (714) 848-7741. We are a California corporation.

The Offering

Common stock offered by selling stockholders..... Up to 56,258,334 shares, including the following:

- up to 20,625,000 shares of common stock underlying convertible debentures in the principal amount of $300,000 (includes a good faith estimate of the shares underlying convertible debentures to account for market fluctuations antidilution and price protection adjustments, respectively),

- up to 3,000,000 shares of common stock issuable upon the exercise of common stock purchase warrants at an exercise price of $1.00 per share (includes a good faith estimate of the shares underlying warrants to account for antidilution and price protection adjustments, respectively);

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- up to 11,366,667 shares of common stock underlying convertible notes in the principal amount of $700,000 plus accrued interest;

- 2,200,000 shares of common stock;

- up to 14,166,667 shares of common stock issuable upon the exercise of common stock purchase warrants at an exercise price of $0.10 per share;

- up to 2,700,000 shares of common stock issuable upon the exercise of common stock purchase warrants at an exercise price of $0.12 per share;

- up to 1,000,000 shares of common stock issuable upon the exercise of common stock purchase warrants at an exercise price of $0.13 per share; and

- up to 1,200,000 shares of common stock issuable upon the exercise of common stock purchase warrants at an exercise price of $0.15 per

	share.
	This number represents 44.08% of our current outstanding stock.
Common stock to be outstanding after the offering	Up to 127,632,334 shares
Use of proceeds	We will not receive any proceeds from the sale of the common stock. However, we will receive up to $5,050,666.70 upon exercise of the warrants by the selling stockholders. We expect to use the proceeds received from the exercise of the warrants, if any, for general working capital purposes. We received an aggregate of $300,000 in connection with the issuance of the convertible debenture and $700,000 in connection with the issuance of the convertible notes to the selling stockholders. We used the $1,000,000 for the general working capital purposes and the payment of professional fees.
Over-The-Counter Bulletin Board Symbol..........	QTEK

The above information regarding common stock to be outstanding after the offering is based on 73,574,000 shares of common stock outstanding as of November 18, 2004 and assumes the subsequent conversion of our issued convertible debentures and convertible notes and exercise of warrants by our selling stockholders.

To obtain funding for our ongoing operations, we entered into a Securities Purchase Agreement with an accredited investor on August 4, 2004 for the sale of (i) $300,000 in convertible debentures and (ii) warrants to buy 3,000,000 shares of our common stock. This prospectus relates to the resale of the common stock underlying these convertible debentures and warrants.

The investors are obligated to provide us with an aggregate of $300,000 as follows:

- $175,000 was disbursed to us on August 4, 2004;
- $50,000 has been retained for services provided to our company by various professionals, which shall be disbursed upon effectiveness of this registration statement; and
- $75,000 will be released upon effectiveness of this registration statement.

The debentures bear interest at 5 3/4%, mature two years from the date of issuance, and are convertible into our common stock, at the selling stockholder's option. The convertible debentures are convertible into the number of our shares of common stock equal to the principal amount of the debentures being converted multiplied by 11, less the product of the conversion price multiplied by ten times the dollar amount of the debenture. The conversion price for the convertible debenture is the lesser of (i) $0.50 or (ii) eighty percent of the of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. If the volume weighted average price is below $0.10 on a conversion date, we have the right to pre-pay the amount of the debenture the holder elects to convert, plus accrued and unpaid interest, at 125% of such amount; however, if we elect to pre-pay in this situation, the debenture holder has the right to withdraw the notice of conversion. Also, if the volume weighted average price is below $0.10 at any point during a month, the holder is not obligated to convert any portion of the debenture during that month. Accordingly, there is in fact no limit on the number of shares into which the debenture may be converted. In addition, the selling stockholder is obligated to exercise the warrant concurrently with the submission of a conversion notice by the selling stockholder. The warrant is exercisable into 3,000,000 shares of common stock at an exercise price of $1.00 per share.

The selling stockholder has contractually agreed to restrict its ability to convert or exercise its warrants and receive shares of our common stock such that the number of shares of common stock held by them and their affiliates after such conversion or exercise does not exceed 4.9% of the then issued and outstanding shares of common stock. See the "Selling Stockholders" and "Risk Factors" sections for a complete description of the convertible debentures.

To obtain funding for our ongoing operations, we also entered into several Note Purchase Agreements with several accredited investors for the sale of $770,000 in convertible notes. The convertible notes bear interest at 10% per annum, and mature one year from the date of issuance. $70,000 in convertible notes have been converted into 700,000 shares of our common stock. $200,000 in convertible notes, plus interest, is convertible into our common stock, at the selling stockholder's option at a conversion price of $0.10 per shares. $500,000 in convertible notes, plus interest, is convertible into our common stock, at the selling stockholder's option at a conversion price of $0.06 per shares. In connection therewith, we issued an aggregate of 12,066,667 warrants. Of these warrants, 9,166,667 warrants are exercisable at $0.10 per share; 2,200,000 warrants are exercisable at $0.12 per share and 700,000 warrants are exercisable at $0.15 per share. This prospectus relates to the resale of the common stock underlying these convertible notes and warrants.

RISK FACTORS

This investment has a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below and the other information in this prospectus. If any of the following risks actually occur, our business, operating results and financial condition could be harmed and the value of our stock could go down. This means you could lose all or a part of your investment.

Risks Relating to Our Business:

We Have a History of Losses Which May Continue, Requiring Us to Seek Additional Sources of Capital Which May Not be Available, Requiring Us to Curtail or Cease Operations

We had a net loss of $998,531 for the year ended June 30, 2004 compared to a net loss of $701,053 for the fiscal year ended June 30, 2003. For the three months ended September 30, 2004, we incurred a net loss of $1,195,241. We cannot assure you that we can achieve or sustain profitability on a quarterly or annual basis in the future. If revenues grow more slowly than we anticipate, or if operating expenses exceed our expectations or cannot be adjusted accordingly, we will continue to incur losses. We will continue to incur losses until we are able to establish significant sales of our software and hardware products and our business process outsourcing services. Our possible success is dependent upon the successful development and marketing of our services and products, as to which there is no assurance. Any future success that we might enjoy will depend upon many factors, including factors out of our control or which cannot be predicted at this time. These factors may include changes in or increased levels of competition, including the entry of additional competitors and increased success by existing competitors, changes in general economic conditions, increases in operating costs, including costs of supplies, personnel and equipment, reduced margins caused by competitive pressures and other factors. These conditions may have a materially adverse effect upon us or may force us to reduce or curtail operations. In addition, we will require additional funds to sustain and expand our sales and marketing activities, particularly if a well-financed competitor emerges. Based on our current funding arrangements, we anticipate that we will require $250,000 in additional funds to continue our operations for the next twelve months. In the event that our financing arrangement with Golden Gate is terminated or if we need additional financing, there can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. The inability to obtain sufficient funds from operations or external sources would require us to curtail or cease operations.

If We are Unable to Obtain Additional Funding Our Business Operations Will be Harmed and if We do Obtain Additional Financing Our then Existing Shareholders may Suffer Substantial Dilution
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Additional capital may be required to effectively support the operations and to otherwise implement our overall business strategy. However, there can be no assurance that financing will be available when needed on terms that are acceptable to us. The inability to obtain additional capital will restrict our ability to grow and may reduce our ability to continue to conduct business operations. If we are unable to obtain additional financing, we will likely be required to curtail our marketing and development plans and possibly cease our operations. Any additional equity financing may involve substantial dilution to our then existing shareholders.

Our Independent Registered Public Accounting Firm Has Expressed Substantial Doubt About Our Ability to Continue as a Going Concern, Which May Hinder Our Ability to Obtain Future Financing
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In their report dated September 21, 2004, our Independent Registered Public Accounting Firm stated that our financial statements for the year ended

June 30, 2004 were prepared assuming that we would continue as a going concern. Our ability to continue as a going concern is an issue raised as a result of recurring losses from operations ($23,061,065), including net losses of $998,531 and $701,052 for the fiscal years ending June 30, 2004 and 2003, respectively. We continue to experience net losses. Our ability to continue as a going concern is subject to our ability to generate a profit and/or obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, increasing sales or obtaining loans and grants from various financial institutions where possible. Our continued net losses and stockholders' deficit increases the difficulty in meeting such goals and there can be no assurances that such methods will prove successful.

Many of Our Competitors are Larger and Have Greater Financial and Other Resources than We do and Those Advantages Could Make it Difficult for Us to Compete With Them
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The general market for our products and services is extremely competitive and includes several companies which have achieved substantially greater market shares than we have, and have longer operating histories, have larger customer bases, have substantially greater financial, development and marketing resources than we do. If overall demand for our products should decrease it could have a materially adverse affect on our operating results.

Any Inability to Adequately Protect Our Proprietary Technology Could Harm Our Ability to Compete
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Our future success and ability to compete depends in part upon our proprietary technology, patents and trademarks, which we attempt to protect with a combination of patent, copyright, trademark and trade secret laws, as well as with our confidentiality procedures and contractual provisions. These legal protections afford only limited protection and are time-consuming and expensive to obtain and/or maintain. Further, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We have been issued three patents by the United States Patent and Trademark Office. Any patents that are issued to us could be invalidated, circumvented or challenged. If challenged, our patents might not be upheld or their claims could be narrowed. Our intellectual property may not be adequate to provide us with competitive advantage or to prevent competitors from entering the markets for our products. Additionally, our competitors could independently develop non-infringing technologies that are competitive with, equivalent to, and/or superior to our technology. Monitoring infringement and/or misappropriation of intellectual property can be difficult, and there is no guarantee that we would detect any infringement or misappropriation of our proprietary rights. Even if we do detect infringement or misappropriation of our proprietary rights, litigation to enforce these rights could cause us to divert financial and other resources away from our business operations. Further, we license our products internationally, and the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of the United States.

Our Products may Infringe Upon the Intellectual Property Rights of Others and Resulting Claims Against Us Could be Costly and Require Us to Enter Into Disadvantageous License or Royalty Arrangements
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The business process outsourcing industry is characterized by the existence of a large number of patents and frequent litigation based on allegations of patent infringement and the violation of intellectual property rights. Although we attempt to avoid infringing upon known proprietary rights of third parties, we may be subject to legal proceedings and claims for alleged infringement by us or our licensees of third-party proprietary rights, such as

patents, trade secrets, trademarks or copyrights, from time to time in the ordinary course of business. Any claims relating to the infringement of third-party proprietary rights, even if not successful or meritorious, could result in costly litigation, divert resources and our attention or require us to enter into royalty or license agreements which are not advantageous to us. In addition, parties making these claims may be able to obtain injunctions, which could prevent us from selling our products. Furthermore, former employers of our employees may assert that these employees have improperly disclosed confidential or proprietary information to us. Any of these results could harm our business. We may be increasingly subject to infringement claims as the number of, and number of features of, our products grow.

If We are not Able to Manage the Growth of Our Company We may Never Achieve Profitability
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Our success will depend on our ability to expand and manage our operations and facilities. There can be no assurance that we will be able to manage our growth, meet the staffing requirements of manufacturing scale-up or for current or additional collaborative relationships or successfully assimilate and train our new employees. In addition, to manage our growth effectively, we will be required to expand our management base and enhance our operating and financial systems. If we continue to grow, there can be no assurance that the management skills and systems currently in place will be adequate or that we will be able to manage any additional growth effectively. Failure to achieve any of these goals could have a material adverse effect on our business, financial condition or results of operations.

If We Are Unable to Retain the Services of Messrs. Steele, Brownell and Haag or If We Are Unable to Successfully Recruit Qualified Personnel, We May Not Be Able to Continue Our Operations.

Our success depends to a significant extent upon the continued service of Mr. Robert Steele, our Chief Executive Officer, Mr. Robert Brownell, our President, and Mr. Andrew Haag, our Chief Financial Officer. Loss of the services of Messrs. Steele, Brownell or Haag could have a material adverse effect on our growth, revenues, and prospective business. We do not maintain key-man insurance on the life of Messrs. Steele, Brownell or Haag. In addition, in order to successfully implement and manage our business plan, we will be dependent upon, among other things, successfully recruiting qualified personnel. Competition for qualified individuals is intense. There can be no assurance that we will be able to find, attract and retain existing employees or that we will be able to find, attract and retain qualified personnel on acceptable terms.

Risks Relating to Our Current Financing Arrangement:

There Are a Large Number of Shares Underlying Our Convertible Debentures, Convertible Notes and Warrants That May be Available for Future Sale and the Sale of These Shares May Depress the Market Price of Our Common Stock.

As of November 18, 2004, we had 73,574,000 shares of common stock issued and outstanding, convertible debentures outstanding that may be converted into an estimated 18,710,526 shares of common stock at current market prices, convertible notes outstanding, plus interest, that may be converted into approximately 11,366,667 shares of common stock and outstanding warrants to purchase 22,066,667 shares of common stock. In addition, the number of shares of common stock issuable upon conversion of the outstanding convertible debentures may increase if the market price of our stock declines. All of the shares, including all of the shares issuable upon conversion of the debentures and notes and upon exercise of our warrants, may be sold without restriction. The sale of these shares may adversely affect the market price of our common stock.

The Continuously Adjustable Conversion Price Feature of Our Convertible Debentures Could Require Us to Issue a Substantially Greater Number of Shares, Which Will Cause Dilution to Our Existing Stockholders.

If we are unable to make repayment of the convertible debentures on a monthly basis, our obligation to issue shares upon conversion of our convertible debentures is essentially limitless. The following is an example of the amount of shares of our common stock that are issuable, upon conversion of our convertible debentures (excluding accrued interest), based on market prices 25%, 50% and 75% below the market price, as of November 19, 2004 of $0.24.

% Below Outstanding Market	Price Per Share	With Discount at 20%	Number of Shares Issuable	% of Stock
25%	$.18	$.144	19,916,667	21.30%
50%	$.12	$.096	31,375,000	29.90%
75%	$.06	$.048	65,750,000	47.19%

As illustrated, the number of shares of common stock issuable upon conversion of our convertible debentures will increase if the market price of our stock declines, which will cause dilution to our existing stockholders.

The Continuously Adjustable Conversion Price feature of our Convertible Debentures May Encourage Investors to Make Short Sales in Our Common Stock, Which Could Have a Depressive Effect on the Price of Our Common Stock.

The convertible debentures are convertible into shares of our common stock at a 20% discount to the trading price of the common stock prior to the conversion. The significant downward pressure on the price of the common stock as Golden Gate Investors converts and sells material amounts of common stock could encourage short sales by investors. This could place further downward pressure on the price of the common stock. Golden Gate Investors could sell common stock into the market in anticipation of covering the short sale by converting its securities, which could cause the further downward pressure on the stock price. In addition, not only the sale of shares issued upon conversion or exercise of debentures and warrants, but also the mere perception that these sales could occur, may adversely affect the market price of the common stock.

The Issuance of Shares Upon Conversion of the Convertible Debentures and Convertible Notes and Exercise of Outstanding Warrants May Cause Immediate and Substantial Dilution to Our Existing Stockholders.

The issuance of shares upon conversion of the convertible debentures and convertible notes and exercise of warrants may result in substantial dilution to the interests of other stockholders since the selling stockholders may ultimately convert and sell the full amount issuable on conversion. Although Golden Gate Investors may not convert their convertible debentures and/or exercise their warrants if such conversion or exercise would cause them to own more than 4.9% of our outstanding common stock, this restriction does not prevent Golden Gate Investors from converting and/or exercising some of their holdings and then converting the rest of their holdings. In this way, Golden Gate Investors could sell more than this limit while never holding more than this limit. There is no upper limit on the number of shares that may be issued which will have the effect of further diluting the proportionate equity interest and voting power of holders of our common stock, including investors in this offering.

In The Event That Our Stock Price Declines, The Shares Of Common Stock Allocated For Conversion Of The Convertible Debentures and Registered Pursuant To This Prospectus May Not Be Adequate And We May Be Required to File A Subsequent Registration Statement Covering Additional Shares. If The Shares We Have Allocated And Are Registering Herewith Are Not Adequate And We Are Required To File An Additional Registration Statement, We May Incur Substantial Costs In Connection Therewith.

Based on our current market price and the potential decrease in our market price as a result of the issuance of shares upon conversion of the convertible debentures, we have made a good faith estimate as to the amount of shares of common stock that we are required to register and allocate for conversion of the convertible debentures. Accordingly, we are registering 20,625,000 shares to cover the conversion of the convertible debentures. In the event that our stock price decreases, the shares of common stock we have allocated for conversion of the convertible debentures and are registering hereunder may not be adequate. If the shares we have allocated to the registration statement are not adequate and we are required to file an additional registration statement, we may incur substantial costs in connection with the preparation and filing of such registration statement.

If We Are Required for any Reason to Repay Our Outstanding Convertible Debentures, We Would Be Required to Deplete Our Working Capital, If Available, Or Raise Additional Funds. Our Failure to Repay the Convertible Debentures, If Required, Could Result in Legal Action Against Us, Which Could Require the Sale of Substantial Assets.

In August 2004, we entered into a Securities Purchase Agreement for the sale of an aggregate of $300,000 principal amount of convertible debentures. The convertible debentures are due and payable, with 5 3/4% interest, two years from the date of issuance, unless sooner converted into shares of our common stock. In addition, any event of default could require the early repayment of the convertible debentures at a price equal to 125% of the amount due under the debentures. We anticipate that the full amount of the convertible debentures, together with accrued interest, will be converted into shares of our common stock, in accordance with the terms of the convertible debentures. If we are required to repay the convertible debentures, we would be required to use our limited working capital and raise additional funds. If we were unable to repay the debentures when required, the debenture holders could commence legal action against us and foreclose on all of our assets to recover the amounts due. Any such action would require us to curtail or cease operations.

Risks Relating to Our Common Stock:

If We Fail to Remain Current on Our Reporting Requirements, We Could be Removed From the OTC Bulletin Board Which Would Limit the Ability of Broker-Dealers to Sell Our Securities and the Ability of Stockholders to Sell Their Securities in the Secondary Market.

Companies trading on the OTC Bulletin Board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

Our Common Stock is Subject to the "Penny Stock" Rules of the SEC and the Trading Market in Our Securities is Limited, Which Makes Transactions in Our Stock Cumbersome and May Reduce the Value of an Investment in Our Stock.

The Securities and Exchange Commission has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person's account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

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USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by the selling stockholder. We will not receive any proceeds from the sale of shares of common stock in this offering. However, we will receive up to $5,050,666.70 upon exercise of the warrants by the selling stockholders. We expect to use the proceeds received from the exercise of the warrants, if any, for general working capital purposes. We received an aggregate of $300,000 in connection with the issuance of the convertible debenture and $700,000 in connection with the issuance of the convertible notes to the selling stockholders. We used the $1,000,000 for the general working capital purposes and the payment of professional fees.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted on the OTC Bulletin Board under the symbol "QTEK." For the periods indicated, the following table sets forth the high and low bid prices per share of common stock. These prices represent inter-dealer quotations without retail markup, markdown, or commission and may not necessarily represent actual transactions.

	Low	High
2003		
First Quarter	.03	.14
Second Quarter	.02	.13
Third Quarter	.03	.07
Fourth Quarter	.03	.19
2004		
First Quarter	.09	.17
Second Quarter	.10	.19
Third Quarter	.13	.26
Fourth Quarter	.12	.20
2005		
First Quarter	.12	.21
Second Quarter (1)	.16	.26

(1) As of November 19, 2004

HOLDERS

As of November 18, 2004, we had approximately 493 holders of our common stock. The number of record holders was determined from the records of our transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various security brokers, dealers, and registered clearing agencies. The transfer agent of our common stock is Interwest Transfer Company.

We have never declared or paid any cash dividends on our common stock. We do not anticipate paying any cash dividends to stockholders in the foreseeable future. In addition, any future determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon our financial condition, results of operations, capital requirements, and such other factors as the Board of Directors deem relevant.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the information in this Form SB-2 contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. You should read statements that contain these words carefully because they:

- discuss our future expectations;
- contain projections of our future results of operations or of our financial condition; and
- state other "forward-looking" information.

We believe it is important to communicate our expectations. However, there may be events in the future that we are not able to accurately predict or over which we have no control. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risk Factors," "Business" and elsewhere in this prospectus. See "Risk Factors."

Overview

We have been a manufacturer of hardware and software and a service provider to the corporate and public sector markets since 1991. Our new division, Quintek Services, Inc. delivers business process outsourcing services and information lifecycle management solutions to document intensive industries such as healthcare and financial services. Business process outsourcing is the delegation, by the customer, of the operational responsibility for a business process's execution and performance within the customer's environment. The solutions and services we provide enable organizations to secure and manage their information and document business processes more efficiently.

Quintek Services provides business process outsourcing services to Fortune 500, Russell 2000 companies and public sector organizations. Our business process outsourcing services range from the digitizing, indexing and uploading of source documents through simple customer-specific, rules-based decision making.

We sell hardware, software and services for printing large format drawings such as blueprints and computer aided design files directly to the microfilm format of aperture cards. We are the only manufacturer of a patented chemical-free desktop microfilm printer for aperture cards.

Critical Accounting Policies and Estimates

Revenue Recognition

Revenue is recognized when earned. We recognize our revenue in accordance with the Securities and Exchange Commission's Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements" and The American Institute of Certified Public Accountants Statement of Position 97-2, "Software Revenue Recognition," as amended as amended by Statement of Position 98-4 and Statement of Position 98-9.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

We consider all liquid investments with a maturity of three months or less from the date of purchase that are readily convertible into cash to be cash equivalents.

Accounts Receivable

We maintain reserves for potential credit losses on accounts receivable. We review the composition of accounts receivable and analyze historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis.

Inventories

We value inventories at the lower of cost (determined on first-in, first-out) or market. We compare the cost of inventories with the market value and allowance is made for writing down the inventories to their market value, if lower.

Property & Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line over the estimated useful lives (3-7 years) of the assets.

Intangible Assets

Intangible assets consist of patents and purchased proprietary processes and are being amortized using straight-line method over their remaining useful lives of 4 years. We evaluate intangible assets for impairment, at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable from its estimated future cash flows. Recoverability of intangible assets, other long-lived assets and, goodwill is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors including past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss. Potential impairment of goodwill after July 1, 2002 is being evaluated in accordance with SFAS No. 142. The SFAS No. 142 is applicable to our financial statements beginning July 1, 2002.

Long-lived assets

Effective January 1, 2002, we adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." We periodically evaluate the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is

recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

Software development costs

We have adopted Statement of Position 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use", as its accounting policy for internally developed computer software costs. Under SOP 98-1, computer software costs incurred in the preliminary development stage are expensed as incurred. Computer software costs incurred during the application development stage are capitalized and amortized over the software's estimated useful life.

We make on-going evaluations of the recoverability of its capitalized software by comparing the amount capitalized for each product to the estimated net realizable value of the product. If such evaluations indicate that the unamortized software development costs exceed the net realizable value, we write off the amount that the unamortized software development costs exceed net realizable value.

Stock-based compensation

SFAS No. 123 prescribes accounting and reporting standards for all stock-based compensation plans, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights. SFAS No. 123 requires compensation expense to be recorded (i) using the new fair value method or (ii) using the existing accounting rules prescribed by Accounting Principles Board Opinion No. 25, "Accounting for stock issued to employees" (APB 25) and related interpretations with pro forma disclosure of what net income and earnings per share would have been had we adopted the new fair value method. We have chosen to account for stock-based compensation using Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and have adopted the disclosure only provisions of SFAS 123. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of our stock at the date of the grant over the amount an employee is required to pay for the stock.

Issuance of shares for service

We account for the issuance of equity instruments to acquire goods and services based on the fair value of the goods and services or the fair value of the equity instrument at the time of issuance, whichever is more reliably measurable.

Recent Accounting Pronouncements

In December 2002, the FASB issued SFAS No. 148 "Accounting for Stock Based Compensation-Transition and Disclosure". SFAS No. 148 amends SFAS No. 123, "Accounting for Stock Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of Statement 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used, on reported results. The Statement is effective for our interim reporting period ending January 31, 2003.

In compliance with FAS No. 148, we have elected to continue to follow the intrinsic value method in accounting for our stock-based employee compensation plan as defined by APB No. 25 and have made the applicable disclosures.

On May 15 2003, the FASB issued FASB Statement No. 150 ("SFAS 150"), Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS 150 changes the accounting for certain financial instruments that, under previous guidance, could be classified as equity or "mezzanine" equity, by now requiring those instruments to be classified as liabilities (or assets in some circumstances) in the statement of financial position. Further, SFAS 150 requires disclosure regarding the terms of those instruments and settlement alternatives. SFAS 150 affects an entity's classification of the following freestanding instruments: a) Mandatorily redeemable instruments b) Financial instruments to repurchase an entity's own equity instruments c) Financial instruments embodying obligations that the issuer must or could choose to settle by issuing a variable number of its shares or other equity instruments based solely on (i) a fixed monetary amount known at inception or (ii) something other than changes in its own equity instruments d) SFAS 150 does not apply to features embedded in a financial instrument that is not a derivative in its entirety. The guidance in SFAS 150 is generally effective for all financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. For private companies, mandatorily redeemable financial instruments are subject to the provisions of SFAS 150 for the fiscal period beginning after December 15, 2003. The adoption of SFAS No. 150 does not have a material impact on our financial position or results of operations or cash flows.

In December 2003, the Financial Accounting Standards Board (FASB) issued a revised Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46R). FIN 46R addresses consolidation by business enterprises of variable interest entities and significantly changes the consolidation application of consolidation policies to variable interest entities and, thus improves comparability between enterprises engaged in similar activities when those activities are conducted through variable interest entities. We do not hold any variable interest entities.

Results of Operations for the Year Ended June 30, 2004 As Compared to the Year Ended June 30, 2003

Our revenues totaled $298,653 and $388,888 for the twelve months ended June 30, 2004 and 2003, respectively, a decrease of $90,235 (23%) in 2004 due primarily to changing our sales focus to the services business.

For the twelve months ended June 30, 2004 and 2003, cost of revenue was $184,964 and $261,050 respectively, a decrease of $76,086 (29%). Our cost of revenue for both periods consisted mostly of labor and production costs. Cost of revenue decreased in 2004 due to decreased revenues from changing our sales focus to the services business.

Operating expenses totaled $1,083,246 for the twelve-month period ended June 30, 2004 as compared to $822,273 for the prior twelve-month period. The $260,973 (24%) increase in operating expenses is due primarily to investment in the new services business.

We incurred no acquisition expenses in the twelve months ended June 30, 2004 and 2003, respectively.

During the 12 month period ending June 30, 2004, we sold one contract for document services, 19 customer service contracts, nine network upgrades, one unit of QuinPlot software, and 154,000 aperture cards. We expect to continue generating sales revenue from these products in the future.

For the twelve months ended June 30, 2004 and 2003, total assets equaled $147,275 and $214,006 respectively, a decrease of $66,731 (31%) primarily due to a decrease in accounts receivable, intangible assets and investments.

For the twelve months ended June 30, 2004 and 2003, total current liabilities equaled $2,177,580 and $1,458,364, an increase of $719,216 (49%) primarily due to financing to grow the business. We executed a financing agreement for a total of $500,000 in convertible notes to Kazi Management VI, LLC.

For the twelve months ended June 30, 2004 and 2003, accounts payable and accrued expenses equaled $438,826 and $316,924 (the sum of $116,609 and $200,315), respectively, an increase of $121,902 (38%) primarily due to accrued legal expenses, leases purchases and office relocation costs to facilitate new revenue streams.

For the twelve months ended June 30, 2004 and 2003, loans payable from stockholders equaled $244,056 and $32,300 respectively, an increase of $211,756 (650%) primarily due to stockholders loaning free trading shares to us to facilitate financing to move the business forward.

For the twelve months ended June 30, 2004 and 2003, factoring payable equaled $43,230 and $146,890, respectively, a decrease of $103,660 (70%) due to us making these payments.

Results of Operations for the Quarter Ended September 30, 2004 As Compared to the Quarter Ended September 30, 2004

Our revenues totaled $114,266 and $108,177 for the three months ended September 30, 2004 and 2003, respectively, an increase of $6,089 (6%) in 2004, primarily due to changing our sales focus to the services business. Revenues in the previous period resulted primarily from sales of equipment, aperture card media, and maintenance services. Revenues in this period included $60,885 from the new services business.

For the three months ended September 30, 2004 and 2003, cost of sales was $84,481 and $52,910, respectively, an increase of $31,571 (60%) in 2004. The cost of sales for the previous period consisted primarily of labor and production costs. The cost of sales for this period consisted primarily of labor, facility and equipment lease costs.

Operating expenses totaled $1,202,109 for the three month period ended September 30, 2004 as compared to $165,898 for the three month period ended September 30, 2003, a $1,036,211 (625%) increase in 2004, primarily due to a increase in sales related expenses and stock-based compensation for consulting services accrued over the past 18 months.

During the three months ended September 30, 2004, we billed on one contract for document services, 19 maintenance contracts, one network upgrade and 18,000 aperture cards.

We are currently in default on two outstanding promissory notes totaling $62,495. Interest continues to accrue against the principal. The notes are unsecured. The holders of the notes that are in default have indicated that they do not want to convert their debt to stock and wish to be repaid in cash. At present we do not have the funds to repay the indebtedness. We do not know whether we will be able to repay or renegotiate this debt. If we are unable to cure the default or renegotiate our debt, we may not be able to continue as a going concern.

We owe $97,000 in payroll withholding taxes that are past due.

Liquidity & Capital Resources

The reports of our independent auditors on the 2004 and 2003 consolidated financial statements included explanatory paragraphs stating that there is substantial doubt with respect to our ability to continue as a going concern. We believe that we have a plan to address these issues and enable us to continue through the end of 2005. This plan includes obtaining additional equity or debt financing and increasing sales of our outsourcing services. Although we believe that the plan will be realized, there is no assurance that these events will occur. In the event that we are unsuccessful, it is possible that we will cease operations or seek bankruptcy protection. The consolidated financial statements do not include any adjustments to reflect the uncertainties related to the recoverability and classification of assets or the amounts and classification of liabilities that may result from an inability on our part to continue as a going concern.

We have historically financed operations from the issuance of debt, the sale of common stock and the conversion of common stock warrants. On September 30, 2004, we had cash on hand of $11,670 and working capital of $(854,163) as compared to cash on hand of $15,600 and working capital of ($2,127,979) at period-ending June 30, 2003.

Net cash used in operating activities of $(571,727) and $552 for three months ended September 30, 2004 and 2003, respectively, is attributed primarily to an increase in stock-based compensation, issuance of stock for consulting services and accounts payable and accrued expenses.

Net cash used for investing activities of $0 for the three months ended September 30, 2004 and ($9,092) for the three months ended September 30, 2003 is primarily related to no purchases of other assets made during the period.

Net cash provided by financing activities of $567,797 for the three months ended September 30, 2004 is based primarily on sale of securities. Net cash provided by financing activities of $(8,066) for the three months ended September 30, 2003 is based primarily on proceeds from factoring offset by notes payable to stockholders.

During the last 12 months, we have undertaken the following initiatives to obtain funding for our ongoing operations:

1) On September 26, 2003 we entered into a Note Purchase Agreement with an individual investor. This investor purchased five convertible notes, each for $100,000, for a total purchase price of $500,000. The convertible notes bear interest at 10% per annum. These notes are convertible into shares of our common stock at a price of $0.06. In connection with this Note Purchase Agreement, the investor will receive up to 9,166,667 warrants exercisable at $0.10 per share and expiring on September 26, 2008, with the investor receiving one warrant for every share converted under the convertible notes. This prospectus relates to the resale of the common stock underlying these convertible notes and warrants.

2) On July 11, 2004 we entered into a Securities Purchase Agreement with an individual investor. This investor purchased a convertible note for $20,000. On August 31, 2004, the holder converted this note into 200,000 shares of our common stock. In connection with

this Securities Purchase Agreement, we issued the investor 200,000 warrants, exercisable at $0.15 per share, which expire on July 11, 2007. This prospectus relates to the resale of the common stock issued upon conversion of the convertible note and the shares of common stock underlying the warrants.

3) On July 27, 2004 we entered into a Securities Purchase Agreement with an individual investor. This investor purchased a convertible note for $50,000. On August 31, 2004, the holder converted this note into 500,000 shares of our common stock. In connection with this Securities Purchase Agreement, we issued the investor 500,000 warrants, exercisable at $0.15 per share, which expire on July 27, 2007. This prospectus relates to the resale of the common stock issued upon conversion of the convertible note and the shares of common stock underlying the warrants.

4) On July 29, 2004, we entered into an Agreement with Langley Park Investments PLC, a London investment company to issue 14,000,000 shares of our common stock to Langley Park Investments in return for 1,145,595 shares of Langley. Fifty percent of Langley Park Investments shares issued to us under this agreement are to be held in escrow for two years. At the end of two years, if the market price for our common stock at or greater than the initial closing price, the escrow agent will release the remaining Langley Park Investments shares to us. In the event that the market price for our common stock is less than the initial closing price the amount released will be adjusted.

   Langley Park Investments' initial offering price was 1(pound) (One Pound UK per share). Our shares are to be held by Langley Park Investments for a period of at least two years. Langley Park Investments' shares issued to us are free trading. Langley Park Investment Trust Plc was admitted to the Full List of The London Stock Exchange on September 30, 2004 and dealings in Langley shares commenced on October 7, 2004.

5) On August 2, 2004, we signed a Master Lease Agreement with Vencore Solutions, LLC, a venture leasing company located in Lake Oswego, Oregon. Under the agreement, we established a lease line of credit for up to $240,000 in equipment financing. This is a capital lease, whereby we pay a monthly rental rate equal to 3.45% of the total hardware purchases and 6.35% of the total software purchases. The lease term for hardware purchases is 36 months and 18 months for software. The effective annual interest rate is roughly 8%. Purchases made will be recognized both as an asset and as a liability (for the lease payments) on the balance sheet. At the end of the lease, we have the option to purchase the equipment or return it. Vencore Solutions received 144,000 warrants to purchase our common stock at $0.10, expiring on August 2, 2007.

6) We entered into a Securities Purchase Agreement with an accredited investor in August 2004 for the sale of (i) $300,000 in convertible debentures and (ii) warrants to buy 3,000,000 shares of our common stock.

   This prospectus relates to the resale of the common stock underlying these convertible debentures and warrants.

   The investors are obligated to provide us with an aggregate of

$300,000 as follows:

- $175,000 was disbursed to us on August 4, 2004;
- $50,000 has been retained for services provided to our company by various professionals, which shall be disbursed upon effectiveness of this registration statement; and
- $75,000 will be released upon effectiveness of this registration statement.

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The debentures bear interest at 5 3/4%, mature two years from the date of issuance, and are convertible into our common stock, at the selling stockholder's option. The convertible debentures are convertible into the number of our shares of common stock equal to the principal amount of the debentures being converted multiplied by 11, less the product of the conversion price multiplied by ten times the dollar amount of the debenture. The conversion price for the convertible debenture is the lesser of (i) $0.50 or (ii) eighty percent of the of the average of the five lowest volume weighted average prices during the twenty (20) trading days prior to the conversion. If the volume weighted average price is below $0.10 on a conversion date, we have the right to pre-pay the amount of the debenture the holder elects to convert, plus accrued and unpaid interest, at 125% of such amount; however, if we elect to pre-pay in this situation, the debenture holder has the right to withdraw the notice of conversion. Also, if the volume weighted average price is below $0.10 at any point during a month, the holder is not obligated to convert any portion of the debenture during that month. Accordingly, there is in fact no limit on the number of shares into which the debenture may be converted. In addition, the selling stockholder is obligated to exercise the warrant concurrently with the submission of a conversion notice by the selling stockholder. The warrant is exercisable into 3,000,000 shares of common stock at an exercise price of $1.00 per share.

Golden Gate Investors has contractually committed to convert not less than 5% of the original face value of the debenture monthly beginning the month after the effective date of the Registration Statement. Golden Gate Investors is required to exercise warrants concurrently with the exercise of a conversion notice under the debenture and is committed to exercise at least 5% of the warrants per month after the effective date of the Registration Statement. In the event that Golden Gate Investors breaches the minimum restriction on the debenture and warrant, Golden Gate will not be entitled to collect interest on the debenture for that month. If Golden Gate submits a conversion notice and the volume weighted average price is less then $.10 per share, then we will be entitled to prepay the portion of the debenture that is being converted at 125% of such amount. If we elect to prepay, then Golden Gate may withdraw its conversion notice.

Golden Gate has further contractually agreed to restrict its ability to convert the debenture or exercise their warrants and receive shares of our common stock such that the number of shares held by the Holder and its affiliates after such conversion or exercise does not exceed 4.9% of the then issued and outstanding shares of our common stock.

In the event that the registration statement is not declared effective by the required deadline, which is 150 days from the date of the Securities Purchase Agreement, Golden Gate may demand repayment of the Debenture of 150% of the face amount outstanding, plus all accrued and unpaid interest, in cash. If the repayment is accelerated, we are also obligated to issue to Golden Gate 50,000 shares of common stock and $15,000 for each 30-day period, or portion thereof, during which the face amount, including interest thereon, remains unpaid. If Golden Gate does not elect to accelerate the debenture, we are required to immediately issue to Golden Gate 50,000 shares of common stock and $15,000 for each 30-day period, or portion thereof, during which the face amount, including interest thereon, remains unpaid.

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7) We entered into a Securities Purchase Agreement with an accredited investor on August 17, 2004 for the sale of $200,000 in convertible notes.

The investor is obligated to provide us with an aggregate of $200,000 as follows:

- $100,000 was disbursed on August 17, 2004; and
- $100,000 will be disbursed within five days of the effectiveness of this prospectus.

Accordingly, we have received a total of $100,000 pursuant to the Securities Purchase Agreement.

The convertible notes bear interest at 10%, mature two years from the date of issuance, and are convertible into our common stock, at the selling stockholders' option, at $0.10 per share. In the event that we enter into an agreement subsequent to execution of the Securities Purchase Agreement to sell common stock or a convertible instrument that converts into Common Stock prior to conversion of these debentures at a price less than a conversion price of $0.10, then the conversion price of these debentures will reset to the lower of $0.10 or the lower conversion price equal to that in the subsequent agreement. Warrants are exercisable at $0.12 into shares of our common stock of and expire on August 17, 2007. This prospectus relates to the resale of the common stock underlying these convertible notes and warrants.

8) On September 15, 2004 we entered into a Stock Purchase Agreement with an individual investor. This investor purchased 1,000,000 shares of our common stock, at $0.10 per share, for a total purchase price of $100,000. In connection with this Stock Purchase Agreement, we issued the investor 1,000,000 warrants, exercisable at $0.13 per share, which expire on September 15, 2007. This prospectus relates to the resale of the common stock underlying these convertible notes and warrants.

We believe that the receipt of net proceeds from the sale of the common stock and the exercise of common stock warrants plus cash generated internally from sales will be sufficient to satisfy our future operations, working capital and other cash requirements for the remainder of the fiscal year. However, if we are unable to raise sufficient capital, we may need to sell certain assets, enter into new strategic partnerships, reorganize, or merge with another company to effectively maintain operations.

BUSINESS

BACKGROUND

Quintek Electronics, Inc., our predecessor company, founded in July 1991, acquired technology, related assets and patent rights to its aperture card business during 1991 and 1992. On January 14, 1999, Quintek Electronics, Inc. was acquired in a merger by Pacific Diagnostics Technologies, Inc. as part of their Chapter 11 Plan of Reorganization, and the surviving entity's name was changed to Quintek Technologies, Inc. Since the merger, Quintek Technologies continued to sell its aperture card products and all former operations of Pacific Diagnostics Technologies, Inc. were discontinued. On February 24, 2000, we acquired all of the out standing shares of common stock of Juniper Acquisition Corporation. Upon effectiveness of that acquisition, Quintek Technologies elected to become the successor issuer to Juniper for reporting purposes under the Securities Exchange Act of 1934.

BUSINESS OVERVIEW

We have been a manufacturer of hardware and software and a service provider to the corporate and public sector markets since 1991. Our new division, Quintek Services, Inc. delivers business process outsourcing services and information lifecycle management solutions to document intensive industries such as healthcare and financial services. Business process outsourcing is the delegation, by the customer, of the operational responsibility for a business process's execution and performance within the customer's environment. The solutions and services we provide enable organizations to secure and manage their information and document business processes more efficiently.

Quintek Services provides business process outsourcing services to Fortune 500, Russell 2000 companies and public sector organizations. Our business process outsourcing services range from the digitizing, indexing and uploading of source documents through simple customer-specific, rules-based decision making.

We sell hardware, software and services for printing large format drawings such as blueprints and computer aided design files directly to the microfilm format of aperture cards. We are the only manufacturer of a patented chemical-free desktop microfilm printer for aperture cards.

RECENT BUSINESS DEVELOPMENTS

On February 17, 2004, we announced our cradle-to-grave strategy for providing customer solutions at each stage of the information lifecycle from the creation of documents through archival. On March 16, 2004, we announced that as our first step in executing this plan, we hired Bob Brownell as President. Mr. Brownell has more than twenty-five years experience in selling and delivering document management solutions. On March 30, 2004, we announced hiring Chris de Lapp as Senior Sales Executive. On April 21, 2004, we announced that we would be entering the rapidly expanding business process outsourcing market through our new Quintek Services division. In June 2004, we announced that FedEx Kinko's has selected us as their scanning partner of choice for their Western Region. Our growth plan is focused on our new Quintek Services division.

OUR PRODUCTS AND SERVICES

DOCUMENT MANAGEMENT AND IMAGING MARKET

According to a March 2004 report by research firm IDC, the global document management and imaging outsourcing market reached $13 billion in 2003 and is expected to expand at a compound annual growth rate of 19.7% over the next three years.

The rapid growth of the document management market has been largely unnoticed by industry watchers because it is manifested very differently from industry to industry, IDC noted. While some industries are simply shifting their efforts from paper to electronic media in order to save money, others, such as the health care industry as part of its Health Insurance Portability and Accountability Act requirements, are attempting to implement cross-company document management standards and technologies.

Because most business process outsourcing processes start by capturing data and organizing it into digital formats, the need for service provider support has exploded. Companies wanting to bring unstructured data on line have been faced with the task of converting this information into electronic form. Unstructured data is considered any media in paper, film, fiche or other forms that are not readily available to the knowledge worker.

Companies electing to image capture their paper documents are turning to service providers as a source of digitizing this information. Outsourcing this business to service providers has proven less expensive than hiring permanent staff. Temporary employees have proven ineffective since conversions are not generally done all at once. Companies attempting to purchase all the necessary equipment to do their work in-house cannot keep up with the changing technologies.

Vertical Markets

We are targeting three vertical markets, mortgage processing, healthcare claims processing and accounts payable processing.

Home Mortgage Processing

In 2002 mortgage originators funded $2.787 trillion in loans, in 2003, they funded $3.810 trillion in loans and according to the Mortgage Banker's Association, they forecast that $2.597 trillion will be funded in 2004 and $1.823 trillion in 2005. Sales of new mortgages and refinancings have been driven by historically low interest rates.

Mortgage transactions are paper intensive. Portfolios of mortgages are traded. Almost every financial services company that generates consumer loans (mortgages, auto, and credit cards) needs to be able to share and exchange documents electronically with outside entities when they are selling the loan asset to another organization. Portfolios of mortgages are rated A through C. This rating in significantly influenced by the quality of the title documents, HUD forms, escrow documents and other closing documents associated with the initial transaction between the home buyer and the original lender. These documents need to pass efficiently between hundreds of people in and out of these financial institutions.

Home mortgage company's primary business is the origination of new loans and refinancings. They are not in the information technology or document management business. They make money by charging transaction related fees and completing these transactions quickly and efficiently with the lowest possible sales and marketing costs. Mortgages companies outsource their document processing for two primary reasons. First, both sides of the transaction would like to eliminate the costs associated with copying and shipping paper documents and second, it reduce the risks associated with exposure to market fluctuations. There is a critical need to minimize the amount of time it takes to complete loan sale transfer activities. Additionally, they outsource this document processing to experts in document imaging so that the portfolios have the highest possible value as based on the legibility of the documentation.

Healthcare Claims Processing

A new IDC study released on May 25, 2004 shows that U.S. spending on claims process outsourcing services totaled $10.1 billion in 2003, a 6.8% growth over 2002. IDC projects that the market (comprised of the commercial healthcare, government healthcare, and insurance industries) will increase to $15.7 billion in 2008, with a five-year compound annual growth rate of 9.1%.

The two major issues in the heavily regulated health claim industry are service and costs. The health insurance industry is required by law to service their customers. Claims must be paid or denied within regulated timeframes. When claims are not processed within those time limits, expensive penalties are invoked. Service timelines are adversely impacted when additional medical records are required. Claim files are pending until requested documents arrive; and documents must be manually matched to the existing file. Complex claims are more likely to be misplaced because they must be routed to medical review

specialists, and quality control. As files are sent from one department to the next, it is more difficult to meet service standards, and keep track of processing timeframes. Paper files compound service inefficiencies because documents and files are lost or delayed in routing. Claims service is expensive. When information isn't available to insureds and providers, it causes repeated phone calls, re-submission of claims, and additional work. The service inefficiencies inherent to paper files generate costs and expensive regulatory penalties.

Accounts Payable Processing

Most large companies can save money be contracting with a business to outsource back-office functions such as processing their accounts payable. In processing and paying invoices, the focus is on quickly approving payments by extracting data from scanned documents and loading into global, enterprise-wide databases to support decision making such as paying or declining an invoice.

Customers often install and maintain their own payment processing workflow software to review, pay or decline invoices. In order to review and process invoices with such software, the data on the paper invoices has to be scanned, captured and loaded into the client's database or web-based application service provider.

Offshore Partnerships

To provide customers with compelling pricing and quality, we electronically deliver work offshore to India where it is processed and returned to the United States electronically. India is rapidly becoming a leading world supplier of business process outsourcing and data conversion services. With the India business process outsourcing market growing at a compounded annual growth rate of more than 25%, many companies based in the United States are leveraging the compelling advantages of cost, quality and cycle time found in India.

Services

High Speed Scanning at Client Site or Our Production Center

Fortune 500 companies and other large organizations manage documents using enterprise content management systems such as OnBase, Documentum or

FileNet. These are very large multi-user databases with a web browser interfaces that allow people all over the world to access and interact with document-based content in an organized manner twenty-four hours a day and seven days a week. For example, a large financial services company might have an enterprise content management system that can support a worldwide staff of 12,000 employees who need to access 30 million pages of data in Adobe PDF format.

The scope of work for a high speed scanning contract will usually include us receiving paper documents and delivering these documents directly into the customer's enterprise content management system. Scanning is the process of converting a paper document into a digital image saved in electronic format such as a TIFF or PDF file. High-end scanners are similar to high-end copiers with sheet feeders, but they output electronic files, not more paper. We provide the ground transportation and secure facility for processing the documents, the trained staff for processing the documents, the expertise to index, scan and categorize the documents, the expertise to re-assemble the original documents in the format and order they were delivered and the expertise to upload the documents and the indexing into the customer's enterprise content management system. This often has to be done in less than 24 hours from receipt of the document.

In its current configuration, our Huntington Beach facility can convert 25,000 images in an eight-hour shift and 1,000,000 images per month running two shifts. If we are able to secure additional financing, with additional equipment and reconfiguration, this facility has the capability of processing 250,000 images in an eight-hour shift. Running two shifts at that capacity, the facility could process 10,000,000 documents a month.

Domestic/Offshore Data Entry, OCR, and Indexing

We use manual and optical character recognition technologies to create indexing for converted digital images. Indexing of documents facilitates a more efficient means of retrieving critical documents and information for future use.

We have ensured higher quality assurance standards by utilizing an "Enter - Enter - Compare" process, whereby two separate operators independently index the same document, then compare results using automated systems. If discrepancies are found between the two separate operator versions, the batch is immediately rejected and routed to a senior project manager for rework. This six sigma quality control process guarantees clients a 99.5% accuracy rate.

We perform this service in-house or offshore. Services are priced by the keystroke. A typical healthcare claim form may require between 400 and 1000 keystrokes. With volumes in the millions, our customers may pay $0.01- $0.02 per keystroke. We resell this work to offshore companies that perform this service.

Application Service Provider Hosting of Scanned Images

Once images have been scanned, end-users need an enterprise content management system such as Hyland Software's OnBase, Documentum or FileNet to use the documents now in digital formats. For customers that do not want to install and maintain their own enterprise content management system, we resell web-based document hosting application service provider services from our partners such as Hyland Software's OnBase or Iron Mountain's Digital Archives. This provides our clients the efficient and immediate capability of viewing business critical documents on line.

In House Imaging Solutions (Hardware, Software, and Services)

For customers that want to use their digital documents on an in-house enterprise content management system, we provide multiple solutions based on the clients needs. We offer system design, professional services and implementation required hardware and software.

Mailroom Outsourcing of Inbound Hardcopy or Electronic Mail

The most efficient solution for a customer is for the customer to outsource the mail handling function to us. We physically retrieve the mail directly from the post office through a post office box, sort, scan and capture key data fields from each document. The scanned images and corresponding data are uploaded directly to the customer's enterprise content management or one of our application service provider partners systems for online viewing by the customer's end user. This service is sold per piece of mail processed.

MARKET

Overall Business Process Outsourcing Market

Goldman Sachs estimates the business process outsourcing market at potentially $175-210 billion in annual revenue and growing at a compounded annual growth rate of roughly 20%, more than twice the projected rate for information technology spending.

According to an August 2003 Forrester Research report, the US business process outsourcing market will expand to $146 billion in 2008. The trend is towards corporations spending more of their information technology budgets on services. Rather than purchasing hardware, software and labor, companies can pay a business process outsourcing vendor like on a per document or job basis. In this way, they do not carry the cost of infrastructure during unneeded periods.

In today's highly competitive, unpredictable and fast-changing marketplace, organizations are challenged with improving productivity and operational efficiency with ever-shrinking budgets. Many executives find that running the enterprise consumes the bulk of their energy. They lack the time and resources to manage non-core, resource-intensive functions properly.

As a result, many organizations are pursuing a business process outsourcing strategy that manages these non-strategic business processes. Outsourcing operations can potentially provide substantial, measurable benefits right away.

Allowing business process outsourcing suppliers to manage these non-strategic operations provides flexibility and makes organizations better able to respond to new and existing business opportunities. Among the benefits of a business process outsourcing strategy is the ability of the organization to focus on its core competencies--initiatives that bring in revenue and facilitate profitable growth.

The scope of work for business process outsourcing contracts ranges from basic scanning and data entry, also known as level one business process outsourcing, to outsourcing an entire department, which would be level five business process outsourcing. We focus on level two and level three. Level three business process outsourcing is higher margin business because it requires complex data capture from multi-page forms done by operators who are trained in the customers specific line of business and who are able to analyze, interpret and resolve discrepancies in our customers data.

Benefits Of Business Process Outsourcing

- Reduce costs-- business process outsourcing provides quantifiable benefits through improved efficiencies, lower overhead, reduced payroll and benefit expenses, and fewer capital investments.

- Improve productivity and operational efficiencies--Non-core business processes, such as human resources and finance and accounting, are critical, but also resource-intensive, time-consuming, and costly. Outsourcing improves operational efficiencies and drastically reduces costs without large, up-front capital investments.

- Allow organizations to focus on their core business-- business process outsourcing allows organizations to move non-core business processes to a services provider so that they may focus on the more important strategic, revenue-generating programs that create profitable growth and sustain business success.

- Ensure best practices, skills, and technology-- business process outsourcing provides access to proprietary workflow systems, process reengineering skills, and innovative staffing and delivery models, combined with proprietary technology delivered by experts.

- Provide access to scalable operations and on-demand resources-- business process outsourcing provides the flexibility to respond to a rapidly changing marketplace and scale operations up or down as conditions dictate. In a business process outsourcing engagement, the business process outsourcing partner delivers access to global staff, processes, resources, and technology--wherever and whenever they are needed.

- Strengthen clients' competitive position--Organizations can leverage a business process outsourcing strategy to improve their financial and competitive positions and differentiate themselves from competitors. business process outsourcing results in efficient operations, access to global capabilities and faster time-to-market.

STRATEGY

As companies look to outsource to overseas business process outsourcing providers they encounter three problems that we solve. First, finding the right business process outsourcing partner is difficult because few overseas business process outsourcing providers have an extensive U.S. sales presence. Second, many processes require information technology integration and document scanning to be done domestically in order to be performed overseas. Lastly, in the investigative process they often find reasons portions of the process to be outsourced must be done on-site, nearby or within the United States.

Our core competencies are executive level sales skill, business process outsourcing project management expertise, specialization in performing high-speed, high-quality document scanning and relationships with all of the partners necessary to deliver a complete solution on and off shore.

Our experience has shown that to sell and deliver a complete business process outsourcing solution to a customer, a company must engage a partner or multiple partners during some part of the process of delivering the service. We have found that profitability in the business process outsourcing business comes from specialization. We believe that the larger companies that attempt to provide all aspects of the business process outsourcing solution internally cannot compete with companies that offer multi-vendor solutions. Just like information technology hardware and software became unbundled into multi-vendor solutions in the 1980's and 1990's, the trend in outsourcing is towards multi-vendor solutions.

We hope to grow through mutually beneficial business relationships with large organizations that provide a complementary piece of the business process outsourcing solution but also require the pieces that we provide. The scope of work for business process outsourcing contracts ranges from basic scanning and data entry, also known as level one business process outsourcing, to outsourcing an entire department, which would be level five business process outsourcing. We focus on level two and level three business process outsourcing. Level two business process outsourcing is higher margin business than level one because it requires workers trained in the customers specific line of business and who are able to analyze, interpret and resolve discrepancies in our customers data. Level three business process outsourcing is more complex data entry from multi-page forms. We plan to build an account and revenue base through performing level one business process outsourcing services domestically and reselling level two business process outsourcing services from offshore providers.

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SALES PROCESS

Our Value Proposition

The Quintek Value Proposition is that we can significantly reduce our customer's current process overhead. We can change the customer's fixed costs into variable costs and we can deliver a higher quality of service than the customer can achieve internally.

Our Target Account Profiles

In the initial stage of our growth, the sales team is putting 50% of their effort into targeting large, multi-year contracts and 50% of their effort into closing smaller one-time jobs.

Direct Sales

We currently have one full-time direct sales person. We plan to grow our direct sales program to cover additional major markets. The job of our direct sales team is to identify prospects before they have reached the request for proposal stage, know that these proposals are being sent out and to receive and respond to them.

Template engagement team

During our initial expansion, each region will need to have three key personnel.

Production Manager. Production Manager is responsible for delivering services to the customer. This includes hiring and supervising production staff and bringing projects in under budget.

Project Manager. Project Manager is responsible for supporting the pre-sales effort involving the development of proposals. Project Manager is responsible for post sales support, customer relations and coordinating the initial implementation of new business. Project Manager is responsible for working with Finance to order equipment based on the day-to-day needs of the project.

Senior Sales Representative. The Senior Sales Representative is responsible for identifying sales prospects, closing sales and is the customer's main contact during implementation.

Leveraging Temporary Labor

Our business model relies heavily on the use of temporary labor. Volume of business can vary dramatically from week to week. Profitability is based on not having any more full-time staff than is necessary.

Offshore Partners

We currently have deal-by-deal relationships with offshore business process outsourcing providers. We believe that there is no compelling business reason to seek or offer an exclusive relationship with an offshore business process outsourcing provider. There are many skilled offshore providers.

Sales Partnerships

FedEx/Kinko's

On June 1, 2004, we signed a sales agreement with FedEx Kinko's, a division of FedEx Corp. FedEx Kinko's selected us as their preferred document imaging and document scanning partner for Kinko's Western Region. The partnership also allows the two companies to offer back office outsourcing arrangements to deliver accuracy and efficiency. Our services are a value added upsell to the Kinko's core line of business. The joint business development strategy will primarily focus on active document digitizing as well as back-file conversions in the insurance, healthcare, government and financial market space. This partnership provides clients a "single source" partner by combining back office outsourcing solutions, professional services and document conversion services.

FedEx Kinko's sales team is reselling the following services of ours; (1) high speed scanning at client site or our production center, (2) domestic/offshore data entry, optical character recognition scanning and indexing, (3) application service provider hosting of scanned images, (4) in house imaging solutions (hardware, software, and services), and (5) mailroom outsourcing (inbound).

Single Source Partners

On April 26, 2004, we signed an agreement with Single Source Partners. Single Source Partners is a provider of mortgage solutions located in Newport Beach, CA that supplies business process outsourcing services in the mortgage industry. Single Source Partners is paid by financial institutions to pre-qualify vendors and service providers. Single Source Partners also receives a finder's fee from us in the event that we close a sale with a referral from them. Single Source Partners and we have identified and are pursuing more than $60 million in potential business from Single Source Partners' client companies.

Single Source Partners provides small and midsize mortgage companies with negotiated volume pricing and special service level agreements. Single Source Partners receives a portion of the revenue that we bill from a referred client. The next steps to move this relationship forward are training at Single Source Partners and expanding our production abilities to be positioned to serve Single Source Partners' customers nationally.

GCAP Services, Inc.

On July 2. 2004, we signed an agreement with GCAP Services. GCAP Services is a management consulting firm headquartered in Irvine, CA that provides business process and systems redesign solutions to the federal, state and local government sector. Together, we can provide an end-to-end solution in document management conversions for government clients.

GCAP Services provides executive, strategic and tactical management consulting services. They assist the Federal government and public agencies to meet compliance requirements by the design and implementation of business systems and the establishment of new or streamlined procedures.

A partial list of client that GCAP Services may be able to introduce to us includes County of Orange-California, Judicial Council of California - Administrative Office of the Courts, Los Angeles County Metropolitan Transportation Authority, Los Angeles City Community Redevelopment Agency, Los Angeles County Department of Public Works, United States Navy - Naval Facility Engineering Command.

Iron Mountain

On May 4, 2004, we signed an agreement to become a certified imaging partner with Iron Mountain leading provider of Web based document hosting solutions to provide our clients immediate capability of viewing business critical documents on line.

Iron Mountain provides outsourced records and information management services. Iron Mountain services more than 200,000 customer accounts throughout the United States, Canada, Europe and Latin America. Iron Mountain offers records management services for both physical and digital media, disaster recovery support services, and consulting.

This agreement with Iron Mountain primarily offers the Iron Mountain sales force our business process outsourcing services while enabling us to resell web-based document hosting application service provider services, which provide our clients the efficient and immediate capability of viewing business critical documents on line.

Competition

There are several companies currently providing document imaging and business process outsourcing services. These competitors are a combination of existing microfilm conversion service providers, scanning service providers, document management system integrators, and offshore data entry organizations. Most of the aforementioned business process outsourcing provider companies are doing business on a local or regional level. There are a few national providers of business process outsourcing and document imaging services, including Affiliated Computer Services of Dallas, TX, SourceCorp of Dallas, TX and EDS.

CHEMICAL-FREE MICROFILM BUSINESS UNIT

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. 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. Microfilm is "future-proof" because it is human readable and certified by the American National Standards Institute 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.

By enabling the creation of microfilm directly from digital files, our 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.

We believe that 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. Aperture cards are produced by many departments of transportation, city and county plan and permit offices, power companies and federal agencies such as the Bureau of Land Management. Aerospace companies are required by the Department of Defense to submit documents in aperture card format. U.S. Navy ships and submarines maintain their engineering drawings in aperture card format.

Wet vs. Dry Silver Film - Strategic Advantage

Our 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. We believe 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.

We believe that 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. Our product eliminates the need for such print rooms and their on-going expense.

Product Overview

Our 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 and blank aperture card media

The Q4400 system is comprised of our 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, table-top 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.

Cost Savings

When comparing the Q4400 to alternative aperture card production methods, the Q4400 saves the customer money in terms of reducing the following: labor cost, downtime, hard cost (material), floor space and maintenance cost. Furthermore, there are no employee health hazards from chemical fumes and spills, no liability from employee exposure to chemicals/fumes and the added benefit of a faster "time to market".

When using direct output to aperture card, the user is expected to gain cost savings in many areas. For some users, the