QUINTEK TECHNOLOGIES INC
Form 10QSB
February 14, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended December 31, 2002
or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-29719

QUINTEK TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

State of California	77-0505346
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

537 Constitution Ave., Suite B
Camarillo, California 93012
(Address of principal executive office)

Issuer's telephone number: 805-383-3914

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No [ ]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant has filed all documents and reports required to be filed by Section 12,13, or 15(d) of the exchange Act after the distribution of securities under a plan confirmed by a court. Yes |X| No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS

On February 14, 2003, a total of 42,127,008 shares of the issuer's common stock were outstanding.

Transitional Small Business Disclosure Format Yes [ ] No |X|

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PART I --- FINANCIAL INFORMATION

Item 1. Financial Statements

QUINTEK TECHNOLOGIES, INC.

BALANCE SHEETS AT DECEMBER 31, 2002

AND JUNE 30, 2002

A S S E T S	December 31, 2002 Unaudited	June 30, 2002
Current assets:		
Cash	773	2,602
Accounts receivable (net of allowance for doubtful accounts of $20,498)	116,660	27,212
Inventory	30,422	57,426
Other	--	2,038
Total current assets	147,855	89,278
Property and equipment, at cost:		
Equipment	102,881	102,881
Computer and office equipment	92,492	88,492
Furniture and fixtures	32,526	32,526
	227,899	223,899
Less accumulated depreciation	(203,224)	(192,210)
Net fixed assets	24,675	31,689
Other assets:		
Deposits	4,994	4,994
Intangible assets (net of accumulated amortization of $63,018 and $53,082)	73,049	82,985
Investments	28,762	28,762

Employee receivables, net	12,615	2,400
Total other assets	119,420	119,141
Total assets	291,950	240,108

The accompanying notes are an integral part of the financial statements.

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QUINTEK TECHNOLOGIES, INC.

BALANCE SHEETS AT DECEMBER 31, 2002

AND JUNE 30, 2002

LIABILITIES AND STOCKHOLDERS' (DEFICIT)	December 31, 2002 Unaudited	June 30, 2002
Current liabilities:		
Accounts payable	174,914	207,335
Payroll and payroll taxes payable	422,893	307,522
Payroll taxes assumed in merger	123,272	123,272
Accrued expenses	134,928	134,521
Notes payable	109,400	36,400
Other liabilities	32,458	48,594
Convertible bonds	310,695	330,505
Unearned revenue	39,722	27,886
Total current liabilities	1,348,282	1,216,035
COMMITMENTS AND CONTINGENCIES		
Stockholders' (deficit):		
Common stock-$0.01 par value, 50,000,000 shares authorized, 42,126,008 and 40,162,008 issued and outstanding	421,260	401,620
Additional paid-in capital	20,068,590	19,997,017
Retained (deficit)	(21,545,299)	(21,361,481)
	(1,055,449)	(962,844)
Less subscriptions receivable	(883)	(13,083)
Total stockholders' (deficit)	(1,056,332)	(975,927)

Total liabilities and stockholders' (deficit)	291,950	240,108
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The accompanying notes are an integral part of the financial statements.

QUINTEK TECHNOLOGIES, INC.

STATEMENTS OF OPERATIONS FOR THE THREE MONTHS AND SIX MONTHS

ENDED DECEMBER 31, 2002 AND 2001

	Three Months Ended December 31 (Unaudited)		Six Months Ended December 31 (Unaudited)	
	2002	2001	2002	2001
Sales	72,221	145,629	222,611	212,388
Cost of sales	43,044	50,289	112,953	105,364
Gross margin	29,177	95,340	109,658	107,024
Operating expenses:				
Selling, general and administrative	112,796	203,760	231,632	385,608
Stock-based compensation for services	61,680	42,853	72,013	343,414
Total operating expenses	174,476	246,613	303,645	729,022
Loss from operations	(145,299)	(151,273)	(193,987)	(621,998)
Other income (expenses):				
Other income	14,138	1,845	34,017	6,780
Interest expense	(3,907)	(21,003)	(23,846)	(28,523)

Total other income (expenses)	10,231	(19,158)	10,171	(21,743)
Net (loss) before income taxes	(135,068)	(170,431)	(183,816)	(643,741)
Provision for income taxes	--	800	--	800
Net (loss)	(135,068)	(171,231)	(183,816)	(644,541)
Net loss per share: Basic and diluted	($ 0.00)	($ 0.01)	($ 0.00)	($ 0.02)

The accompanying notes are an integral part of the financial statements.

QUINTEK TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS

ENDED DECEMBER 31, 2002 AND 2001

	(Unaudited) December 31, 2002	2001
Cash flows from operating activities:		
Net (loss)	(183,816)	(644,541)
Adjustments to reconcile net (loss) to net cash (used) by operating activities:		
Depreciation and amortization	18,148	11,343
Stock-based compensation for services	72,013	343,414
Changes in current assets and liabilities:		
(Increase) in accounts receivable	(89,448)	(76,950)
(Increase) decrease in inventory	27,004	(4,148)
(Increase) decrease in other current assets	2,038	(2,401)
(Decrease) in accounts payable	(32,421)	(19,108)
Increase in payroll payables	115,371	69,576
Increase (decrease) in other liabilities and accrued expenses	(3,893)	7,384
Total adjustments	108,812	329,110
Net cash (used) by operating activities	(75,004)	(315,431)

Cash flows from investing activities:		
Purchase of fixed assets	(4,000)	--
Decrease in other assets	4,000	--
(Increase) decrease in employer receivables	(10,215)	2,400
Net cash provided (used) by investing activities	(10,215)	2,400
Cash flows from financing activities:		
Factoring payable	--	96,295
Notes payable-stockholders	73,000	20,000
Convertible bonds	(19,810)	104,200
Proceeds from common stock	30,200	90,000
Net cash provided by financing activities	83,390	310,495
Net (decrease) in cash	(1,829)	(2,536)
Cash-beginning of period	2,602	3,073
Cash-end of period	773	537

The accompanying notes are an integral part of the financial statements.

QUINTEK TECHNOLOGIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2002
(Unaudited)

1. Basis of Presentation

In the opinion of management, the accompanying unaudited financial statements of Quintek Technologies, Inc. (the "Company") include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly its financial position as of December 31, 2002, the results of operations for the three months and six months ended December 31, 2002 and 2001, and cash flows for the six months ended December 31, 2002 and 2001. The results of operations for the three months and six months ended December 31, 2002 and 2001, are not necessarily indicative of the results to be expected for the full year or for any future period. The information included in this Form 10-QSB should be read in conjunction with Management's Discussion and Analysis and financial statements and notes thereto included in the Company's 2002 Form 10-KSB.

2. Summary of Significant Accounting Policies

a) Nature of Business

The Company was originally incorporated under the laws of the State of California on April 16, 1993, as Quintek Electronics, Inc. On January 14, 1999, the Company merged with Pacific Diagnostic Technologies, Inc. in a business combination accounted for as a purchase. The acquisition took place under a plan of reorganization. Quintek Electronics, Inc. ("QEI") became public when it was acquired by Pacific Diagnostic Technologies, Inc. ("PDX") through a reverse merger and Chapter 11 Plan of Reorganization. Under the plan, all assets of QEI were sold to PDX, all PDX management resigned once the Plan was confirmed, and QEI's management and operating plan were adopted by the new operating entity. Shortly after the confirmation of the plan, the name of the reorganized debtor was changed to Quintek Technologies, Inc. ("QTI"). QTI assumed the assets, liabilities, technology and public position of both QEI and PDX. At the time of the merger, PDX was a nonoperating public entity and QTI has no intention of carrying on the former operations of PDX.

The plan was structured to compensate all related parties with common stock and units. Each unit consisted of one share of common stock, one Class A warrant, one Class B warrant, one Class C warrant and one Class D warrant. PDX shareholders received unrestricted units at a ratio of one QTI unit for 25 shares of PDX stock, resulting in a distribution of 310,535 units. PDX creditors received unrestricted QTI units at a ratio of one QTI unit for $3 of previous PDX debt, resulting in a net distribution of 885,549 units. Chapter 11 administrators and consultants received approximately 610,000 unrestricted QTI shares, attorneys received 220,000 unrestricted units and market-makers received 200,000 unrestricted units. QEI shareholders received 11,096,167 shares of restricted common stock.

On February 24, 2000, the Company acquired all of the outstanding common stock of Juniper Acquisition Corporation ("Juniper"). For accounting purposes, the acquisition has been treated as a capitalization of the Company with the Company as the acquirer (reverse acquisition). The historical financial statements prior to February 24, 2000 are those of the Company.

The Company was established for the primary purpose of developing, manufacturing, and distributing the 4300 Aperture Card Imaging System technologies, used for recording digital images on aperture card media ("the 4300 system"). Aperture cards are small, rectangular cards each of which contain a 35mm strip of microfilm which is used for storing visual information. The 4300 system is intended to eliminate the problems of conventional aperture card manufacturing by producing aperture card media with a chemical free process. The chemistry and fumes involved with conventional photographic film development may be hazardous and the waste material resulting from the chemical process may be considered hazardous material. The Company's 4300 system does not use a chemical process and does not produce any hazardous material.

b) Basis of Accounting

The Company reports on the accrual basis of accounting for both financial statement and income tax purposes. Revenue from product sales is recognized upon shipment of the product. Revenue from services is recognized as the service is provided using the straight-line method over the life of the contract. A related liability is recorded for the unearned portion of service revenue received.

c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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.

d) Major Customers

The Company had two customers that accounted for more than 67% of revenue. For the six months ended December 31, 2002, revenues from the Company's major customers amounted to approximately $152,887. Accounts receivable from these major customers was approximately $94,387 at December 31, 2002.

e) Major Suppliers

There are currently only two known suppliers of aperture cards that use dry silver film. A continued supply of aperture card media is crucial to the success of the Company because without cards, customers have no use for the Company's equipment, services and software.

f) Accounts Receivable

The allowance for bad debt is established through a provision for bad debt charged to expense. Receivables are charged off against the allowance when management believes that the collectibility of the account is unlikely. Recoveries of amounts previously charged off are credited to the allowance.

g) Property, Equipment and Depreciation

Property and equipment are recorded at cost. Depreciation of property and equipment is provided using the straight-line and accelerated methods over the following estimated useful lives: Equipment-5 years, computers and office equipment-3-7 years and furniture and fixtures-7 years. Expenditures and maintenance and repairs are charged against operations when incurred. Major renewals and betterments are capitalized.

h) Intangible Assets

The cost of patents and purchased proprietary processes acquired are being amortized using the straight-line method over their remaining useful lives of 4 years.

i) Payroll Taxes-Assumed in Merger

The Company assumed $205,618 of payroll tax liabilities in the merger with Pacific Diagnostic Technologies, Inc. The balance at December 31, 2002 is $123,272.

j) Research and Development

Research and development costs are charged to operations when incurred and are included in operating expenses. The amount charged to operations for the six months ended December 31, 2002 was $30,000.

k) Advertising

The Company expenses advertising costs as they are incurred. Advertising expense was $6,315 for the six months ended December 31, 2002.

l) Income Taxes

The Company accounts for income taxes using the liability approach to financial accounting and reporting. Current income taxes are based on the year's income taxable for federal and state reporting purposes.

The Company has a deferred tax asset due to net operating loss carryforwards and temporary taxable differences due to stock-based compensation for income tax purposes. The deferred tax asset is $2,480,092 as of December 31, 2002. However, due to the ongoing nature of the losses and the potential inability of the Company to ever realize the benefit, a valuation allowance has been established for 100% of the deferred tax asset. Net operating loss carryforwards expire at various times through the year 2021.

3. Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern; however, the Company has sustained substantial operating losses. In view of this matter, realization of a major portion of the assets in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financing requirements, and the success of its future operations.

The Company's management is unable to determine how long its cash flow will sustain its operations or whether certain creditors will initiate actions to collect amounts due. Accordingly, the Company will require an additional capital infusion or revenues from additional sales to continue operations. Management is not certain if additional capital or sales proceeds will become available and is considering other strategic alternatives, which may include a merger, asset sale or another comparable transaction, or financial restructuring. If unsuccessful in completing a strategic transaction, the Company may be required to cease operations.

4. Net Loss Per Share

Basic net loss per share is based on the weighted average number of common shares outstanding of 41,075,008 and 36,522,546, for the three month periods ended December 31, 2002 and 2001, respectively. The basic and diluted net loss per share calculations are the same because potential dilutive securities would have had an antidilutive or immaterial effect. Securities that were not included in the net loss per share calculation because they were antidilutive consist of the convertible bonds and warrants.

5. Inventory

Inventory consists of aperture cards, parts and supplies, and completed machines, and is stated at the lower of cost or market. Cost is determined on a FIFO (first-in, first-out) basis.

Inventories are as follows:

	12/31/02	6/30/02
Parts and supplies	328,086	355,070
Reserve for obsolescence	(297,644)	(297,644)
	30,442	57,426

6. Convertible Bonds

Bonds payable with interest at 9%, due on various dates in 2001 and 2002, convertible to shares of common stock in increments of $1,000 or more.	239,554

Bonds payable with interest at 12%, due July 2002, convertible to shares of common stock in increments of $500 or more.	71,141
	310,695

Certain of the outstanding convertible bonds have matured as of December 31, 2002. The holders of the matured bonds do not wish to renew the bonds and have asked for payment; however, the Company does not have the cash to repay these bonds.

7. Notes Payable

Notes payable, due on demand, unsecured, with interest at 12% per annum.	109,400
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8. Factoring Payable

The Company has entered into an agreement with a factoring company (the "Factor") to factor receivables with recourse. The Factor funds 85% of the face value of approved invoices and retains the remaining 15% as a deposit against its fees. The factoring fee is 1% of the factored amount for every 10 days of use. The deposit, less fees, is refunded to the Company once payment is received from the customer. The Company records a factoring payable liability for the amount of the funds received from the Factor. When payment is ultimately received from the customer, the factoring payable and the related receivable are removed from the balance sheet. At December 31, 2002, the Company had a factoring payable balance of $-0-.

9. Stockholders' Deficit

a. Common Stock and Warrants

The Company has authorized 50 million shares of $0.01 par value common stock. Each share entitles the holder to one vote. There are no dividend or liquidation preferences, participation rights, call prices or rates, sinking fund requirements, or unusual voting rights associated with these shares. At December 31, 2002, there were 42,127,008 shares of common stock issued and outstanding. During the three months ended December 31, 2002, the Company issued warrants in connection with its Plan of Reorganization and in connection with the issuance of restricted common stock. Upon surrender of a warrant, the holder is entitled to purchase one share of the Company's common stock at the strike price. For each class, the number of warrants outstanding, the strike price and the expiration dates are as follows:

Class J - 4,458,384 warrants on restricted common stock with a strike price of $1.00 per share, expiring on January 14, 2004 issued to outside shareholders.

Class J - 2,000,000 warrants on restricted common stock with a strike price of $1.00 per share, expiring on January 14, 2004 issued to Quintek employees. These warrants have been classified as employee stock options.

At December 31, 2002, the outstanding warrants of classes B, C, D, E, F, G, H, and I have expired.

b. Common Stock Reserved

At December 31, 2002, common stock was reserved for the following reasons:

Conversion of bonds	2,495,312 shares
Exercise of stock options	2,000,000 shares
Exercise of common stock warrants	4,458,384 shares

c. Stock Option Agreements

The Company has granted fixed employee stock-based compensation options. The fixed option agreements typically have a maximum term of 5 years and are fully vested at the date of grant.

The fair value of each option granted is estimated on the grant date using the Black-Scholes Model. The following assumptions were made in estimating fair value.

	Fixed Options
Dividend yield	0.00%
Risk-free interest rate	6.27%
Expected life	5 years
Expected volatility	112.20%

Had compensation cost been determined on the basis of fair value pursuant to FASB Statement No. 123, net loss and loss per share would have been no different than that reported.

The following is a schedule of the weighted average exercise price and weighted average fair value in accordance with SFAS 123:

	Weighted Average Exercise Price	Weighted Average Fair Value
Exercise price:		
Equals market price	-	-
Exceeds market price	1.00	0.81
Less than market price	-	-

The Company applies APB Opinion 25 in accounting for its fixed stock compensation. Compensation cost charged to operations for the six months ended December 31, 2002 was $ -0-.

Following is a summary of the status of the stock option agreements during the six months ended December 31, 2002:

	Number of Shares	Wei Ex
Outstanding at July 1, 2002	2,000,000	
Granted	--	
Exercised	--	
Forfeited	--	

Outstanding at December 31, 2002	2,000,000	
Options exercisable at December 31, 2002	2,000,000	

Following is a summary of the status of the stock option agreements outstanding at December 31, 2002:

Exercise Price Range	Number	Weighted Average Remaining Contractual Life	W A Exer
$1.00 - $4.00	2,000,000	16 months	

10. Commitments and Contingencies

a. SEC Inquiry

On September 17, 2002, the Company was advised by the staff of the U.S. Securities and Exchange Commission that they will recommend that the Commission file civil injunctive lawsuits against the Company and its president, Thomas W. Sims. The suits would allege that the Company violated Section 17(a) of the Securities Act of 1933 and Sections 10(b) and 13(a) of the Securities Exchange Act of 1934 and Rules 10b-5, 13a-1, and 13a-13, based on false and misleading statements in press releases disseminated by the Company on October 22, 2001 and October 25, 2001, regarding the Company's investment in Panamed Corp. and the press releases disseminated on January 8, 2002 and March 20, 2002, and failure to timely file annual and quarterly reports with the Commission. In connection with the contemplated action against the Company's president, Thomas W. Sims, the SEC staff may seek injunctive relief, civil penalties, an officer and director bar, and a penny stock bar.

On September 19, 2002, First Horizon Loan Corp. filed suit for damages for breach of a lease agreement for the Company's former sales offices in Fairfax, Virginia. The suit alleges that the Company breached the lease when the Fairfax office was closed in July 2000 and lease payments were stopped. The suit claims approximately $78,000 in damages. The Company believes it has meritorious defenses, including the landlord's failure to mitigate damages after the office was closed.

b. Purchase Obligation

The Company has established a licensing agreement with Qtek Aperture Card AB. Under the agreement, the Company is required to purchase at least 30 of the Q4305 units at approximately $18,000 each before June 30, 2004. As of December 31, 2002, the Company had purchased 15 units under the agreement.

c. Income Tax Return Filings

The Company has not filed income tax returns for several years. Due to operating losses, income tax liability and penalties would not be substantial. However, the State of California could potentially revoke the Company's charter if the Company does not become current on its income tax return filings.

Item 2. Management's Discussion and Analysis

2.1 Results of Operations

Our revenues totaled $222,611 and $212,388 for the six months ended December 31, 2002 and 2001, respectively, an increase of $10,223 (5%) in 2002. Our revenues totaled $72,221 and $145,629 for the three months ended December 31, 2002 and 2001, respectively, a decrease of $73,408 (50%) in 2002, primarily due to a decrease in machine sales. Revenues in both periods resulted primarily from sales of equipment, aperture card media, and maintenance services.

For the six months ended December 31, 2002 and 2001, cost of sales was $112,953 and $105,364, respectively, an increase of $7,589 (7%) in 2002. For the three months ended December 31, 2002 and 2001, cost of sales was $43,044 and $50,289, respectively, a decrease of $7,245 (14%) in 2002. The cost of sales for both periods consisted primarily of labor and production costs.

Operating expenses totaled $303,645 for the six-month period ended December 31, 2002 as compared to $729,022 for the six-month period ended December 31, 2001, a $425,377 (58%) decrease in 2002, primarily due to a decrease in stock based compensation for services. Operating expenses totaled $174,476 and $246,613 for the three months ended December 31, 2002 and 2001, respectively, a decrease of $72,137 (29%) in 2002.

During the three months ended December 31, 2002, we delivered one Q4300 system for installation at a domestic site, sold 36,000 aperture cards, and renewed 2 maintenance contracts.

On September 17, 2002, we were advised by the staff of the U.S. Securities and Exchange Commission that they will recommend that the Commission file civil injunctive lawsuits against us and our president, Thomas W. Sims. The suits would allege that we violated Section 17(a) of the Securities Act of 1933 and Sections 10(b) and 13(a) of the Securities Exchange Act of 1934 and Rules 10b-5, 13a-1, and 13a-13, based on false and misleading statements in press releases that we disseminated on October 22, 2001 and October 25, 2001, regarding our investment in PanaMed Corp. and the press releases we disseminated on January 8, 2002 and March 20, 2002, and failure to timely file annual and quarterly reports with the Commission. In connection with the contemplated action against our president, Thomas W. Sims, the SEC staff may seek injunctive relief, civil penalties, an officer and director bar, and a penny stock bar.

On September 19, 2002, First Horizon Loan Corp. filed suit against us for damages due to breach of a lease agreement for our former sales offices in Fairfax, Virginia. The suit alleges that we breached the lease when the Fairfax office was closed in July 2000 and lease payments were stopped. The suit claims

approximately $78,000 in damages. We believe that we have meritorious defenses, including the landlord's failure to mitigate damages after the office was closed.

2.2 Liquidity and capital resources

We have historically financed operations from the sale of common stock and the conversion of common stock warrants. At December 31, 2002, we had cash on hand of $773 and working capital of $ ($1,200,427) as compared to cash on hand of $537 and working capital of ($1,114,740) at period-end, December 31, 2001.

Net cash used in operating activities of ($75,004) and ($315,431) for the six months ended December 31, 2002 and 2001, respectively, is attributed primarily to stock based compensation.

Net cash used for investing activities of ($10,215) for the six months ended December 31, 2002 and $2,400 for the six months ended December 31, 2001 is primarily related to employer receivables.

Net cash provided by financing activities of $83,390 for the six months ended December 31, 2002 is due primarily to additional loans. Net cash provided by financing activities of $310,495 for the six months ended December 31, 2001 is based primarily on receipts from factoring and convertible bonds.

We occasionally enter into factoring agreements with a factoring company (the "Factor"). The Factor funds 85% of the face value of approved invoices and retains the remaining 15% as a deposit against its fees. When payments are remitted to the Factor, the deposit, less fees ranging from 1% to 15%, is refunded. Fees are determined based on the length of time the invoice is outstanding.

We have accrued substantial payroll costs over the past twelve months that are unpaid as of December 31, 2002. These payroll costs are paid intermittently as cash becomes available. In addition, we assumed certain payroll tax liabilities as the result of the merger with Pacific Diagnostic Technologies, Inc., on January 14, 1999. We have negotiated a payment plan with the Internal Revenue Service to pay the payroll taxes assumed in the merger.

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 sell certain assets, enter into new strategic partnerships, reorganize the company, or merge with another company to effectively maintain operations. Our audit for the years ended June 30, 2002 and 2001, contained a going concern qualification.

Item 3. Disclosure Controls and Procedures

Within the 90 days prior to the date of this Form 10-QSB, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the Company's Chief Executive Officer and Treasurer/Controller concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic SEC filings. There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART II -- OTHER INFORMATION

Item 2. Changes in Securities

From September 30, 2002 to December 31, 2002, we issued 1,240,000 shares of our restricted common stock in transactions that were not registered under the Securities Act of 1933. These transactions are summarized below:

(A) In October 2002, we issued 250,000 shares of restricted common stock to 1 individual for consulting services in reliance on the exemption contained in Section 4(2) of the Securities Act of 1933.

(B) In October 2002, we issued 200,000 shares of restricted common stock to 1 individual and 200,000 shares of restricted common stock to 1 company for consulting services in reliance on the exemption contained in Section 4(2) of the Securities Act of 1933.

(C) In October 2002, we issued 150,000 shares of restricted common stock to 1 company for consulting services in reliance on the exemption contained in Section 4(2) of the Securities Act of 1933.

(D) In December 2002, we issued 424,000 shares of restricted common stock to 2 individuals and 16,000 shares of restricted common stock to 1 company for consulting services in reliance on the exemption contained in Section 4(2) of the Securities Act of 1933.

Unless otherwise noted, the sales set forth above involved no underwriter's discounts or commissions and are claimed to be exempt from registration with the Securities and Exchange Commission pursuant to Section 4 (2) of the Securities Act of 1933, as amended, as transactions by an issuer not involving a public offering, the issuance and sale by the Company of shares of its common stock to financially sophisticated individuals who are fully aware of the Company's activities, as well as its business and financial condition, and who acquired said securities for investment purposes and understood the ramifications of same.

On October 1, 2002 our Class H warrants expired.

Item 3. Defaults Upon Senior Securities

Our total convertible bond indebtedness on February 14, 2003 was $330,695 of which $320,695 is in default. Interest continues to accrue on all outstanding bonds.

The convertible bonds are unsecured, general obligations of the Company which are convertible into common stock at the option of the holders. The holders of the bonds 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 funds to repay the indebtedness. We do not know whether we will be able to repay or renegotiate the debt. If we are unable to cure the default or renegotiate our debt, we may not be able to continue as a going concern.

Item 5. Other Information

In November 2002, the accounting firm of Sprayberry, Barnes, Marietta & Luttrell resigned as our certifying accountants. We have retained the firm of Heard, McElroy & Vestal, LLP as our new principal accountants as of February 12, 2003.

Subsequent Events

As of January 30 and 31, 2003, our original executive management team resigned from all positions as executive officers and directors (as described below) and a new management team (as described below) has assumed managerial control of our company. The original executive management team is remaining with our company, as employees, to support the new executive management team. The following provides a summary of the changes made:

Name	Old Position	New Position
ORIGINAL EXECUTIVE MANAGEMENT		
Tom Sims	President, CEO, Chairman	VP Operations
Teresa Kunz	Controller, Corporate Treasurer	Controller
Catherine Sims	Corporate Secretary	N/A
Kurt Kunz	VP Engineering, Director	VP Engineering
Kelly Kunz	VP Manufacturing, Director	VP Manufacturing
NEW EXECUTIVE MANAGEMENT		
Robert Steele	N/A	President, CEO, Chairman
Andrew Haag	N/A	CFO, Corporate Treasurer, Corporate Secretary, and Director

In addition, the original executive management team has, as of January 30 or 31, 2003; 1) granted, in consideration of new employment agreements, an irrevocable proxy to vote all of their Company stock holdings, a total of 7,307,495 common shares, to the Company's Chief Executive Officer for one year; and 2) agreed to a one year lock-up on selling their Company stock holdings.

Robert Steele, the Company's current Chief Executive Officer, as a result of the proxy grants described above, beneficially owns, directly or indirectly, 7,707,495 shares, or eighteen percent (18%), of the Company's voting shares of common stock.

Item 6. Exhibits and Reports on Form 8-K

Exhibits

Exhibit 4.1	Form of Irrevocable Proxy Granted to Chief Executive Officer dated January 30 or 31, 2003
Exhibit 99.1	Certification of C.E.O. Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 99.2	Certification of Principal Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 99.3	Press Release Dated February 4, 2003
Exhibit 99.4	Press Release Dated February 6, 2003

Reports on Form 8-K - On November 8, 2002 the Company filed a report on Form 8-K dated November 5, 2002 (and subsequently filed, on November 19 and 20 of 2002, amendments to that report on Form 8-K dated November 5, 2002) disclosing the resignation of Sprayberry, Barnes, Marietta & Luttrell as our principal accountants.

Signatures

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

QUINTEK TECHNOLOGIES, INC.

Date: February 14, 2003 /s/ ROBERT STEELE

Robert Steele, President & CEO

Date: February 14, 2003 /s/ ANDREW HAAG

Andrew Haag, Chief Financial Officer

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Certificate of President & Chief Executive Officer

I, Robert Steele, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Quintek Technologies, Inc. ("Quintek").

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements

were made, not misleading with respect to the period covered by this quarterly report.

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present, in all material respects, the financial condition, results of operations and cash flows of Quintek as of, and for, the periods presented in this quarterly report.

4. Quintek's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-14 and 15d-14) for Quintek and we have:

a. designed such disclosure controls and procedures to ensure that material information relating to Quintek, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. evaluated the effectiveness of Quintek's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. Quintek's other certifying officers and I have disclosed, based on our most recent evaluation, to our auditors and the audit committee of Quintek's board of directors :

a. all significant deficiencies in the design or operation of internal controls which could adversely affect Quintek's ability to record, process, summarize and report financial data and have identified for Quintek's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in Quintek's internal controls.

6. Quintek's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

/s/ ROBERT STEELE

Robert Steele, President & CEO

Certificate of Chief Financial Officer

I, Andrew Haag, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Quintek Technologies,

Inc. ("Quintek").

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report.

3. Based on my knowledge, the financial statements and other financial information included in this quarterly report fairly present, in all material respects, the financial condition, results of operations and cash flows of Quintek as of, and for, the periods presented in this quarterly report.

4. Quintek's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-14 and 15d-14) for Quintek and we have:

a. designed such disclosure controls and procedures to ensure that material information relating to Quintek, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b. evaluated the effectiveness of Quintek's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date.

5. Quintek's other certifying officers and I have disclosed, based on our most recent evaluation, to our auditors and the audit committee of Quintek's board of directors :

a. all significant deficiencies in the design or operation of internal controls which could adversely affect Quintek's ability to record, process, summarize and report financial data and have identified for Quintek's auditors any material weaknesses in internal controls; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in Quintek's internal controls.

6. Quintek's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 14, 2003

/s/ ANDREW HAAG

Andrew Haag, Chief Financial Officer