QUINTEK TECHNOLOGIES INC
Form 10QSB
February 14, 2006

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, 2005

or

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

Commission File Number 28541

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

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

17951 Lyons Circle
Huntington Beach, CA 92647
(Address of principal executive offices)

Registrant's telephone number: 714-848-7741

Check whether the registrant (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 registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

At February 9, 2006, a total of 134,832,516 shares of registrant's Common Shares were outstanding.

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

QUINTEK TECHNOLOGIES, INC.
FORM 10-QSB
For the Fiscal Quarter Ended December 31, 2005

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

QUINTEK TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
as of December 31, 2005

ASSETS

Current assets:	
Cash and cash equivalents	$ 46,639
Restricted Cash	255,291
Accounts receivable, net of allowance for doubtful accounts of $7,929	265,756
Prepaid expenses	8,754
Total current assets	576,440
Property and equipment, net	513,320
Other assets:	
Deposits	109,578
Other assets	883
	110,461
Total assets	$ 1,200,221

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:	
Accounts payable and accrued expenses	$ 923,144

Factoring payable	202,269
Payroll and payroll taxes payable	318,351
Payroll taxes assumed in merger	96,661
Advances from lenders	155,419
Current portion of long-term debt	467,367
Convertible bonds	62,495
Convertible debentures	210,535
Convertible notes	91,750
Deferred revenue	2,021
Dividend payable	24,604
Total current liabilities	2,554,617
Stockholders' deficit:	
Preferred stock, convertible, no par value, 50,000,000 shares authorized, 3,154,750 shares issued and outstanding	681,605
Common stock, $0.01 par value, 200,000,000 shares authorized, 128,073,256 shares issued and outstanding	1,280,732
Additional paid-in capital	29,724,919
Stock subscription receivable	(776,250)
Unamortized consulting	(294,242)
Unrealized gain on marketable securities	(79,741)
Investments held in escrow	(51,120)
Accumulated deficit	(31,840,298)
Total stockholders' deficit	(1,354,395)
Total liabilities and stockholders' deficit	$ 1,200,221

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

QUINTEK TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	For the three months ended December 31, 2005	2004	For 20
Net revenue	$ 535,521	$ 322,413	$ 1,2
Cost of revenue	346,808	271,773	8
Gross margin	188,713	50,640	4
Operating expenses:			
Selling, general and administrative	537,997	1,381,023	1,2
Permanent decline on value of marketable securities	--	2,346,564	
Stock-based compensation	313,686	46,549	3
Total operating expenses	851,683	3,774,136	1,5
Loss from operations	(662,969)	(3,723,496)	(1,1
Non-operating income (expense):			

Realized gain on investment	--	--	1
Other income	2,959	2,853	
Loss on conversion of debt	--	(667,570)	
Uncollectible from former officers	(2,409)	--	
Beneficial conversion feature	(44,159)	--	(
Interest Income	1,344	--	
Interest expense	(31,770)	(35,330)	(1
Total non-operating income (expense)	(74,034)	(700,047)	(1
Loss before provision for income taxes	(737,004)	(4,423,543)	(1,3
Provision for income taxes	--	--	
Net loss	(737,004)	(4,423,543)	(1,3
Dividend requirement for preferred stock	4,015	5,066	
Net loss applicable to common shareholders	(741,019)	(4,428,609)	(1,3
Other comprehensive (loss)/gain:			
Reclassification adjustment	--	--	
Unrealized gain for the period	(19,590)	--	
Comprehensive loss	$ (760,609)	$ (4,428,609)	$ (1,3
Basic and diluted net loss per share	$ (0.01)	$ (0.06)	$
Basic and diluted net loss per share for dividend for preferred stock	$ 0.00	$ 0.00	$
Basic and diluted net loss per share applicable to common shareholders	$ (0.01)	$ (0.06)	$
Basic and diluted weighted average shares outstanding	122,264,778	74,506,311	111,5

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

QUINTEK TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Six-month periods ended December 31, 2005	2004
OPERATING ACTIVITIES		
Net loss	$(1,336,941)	$(5,618,784)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	85,540	72,026
Discount on factor	4,796	--
Expenses paid by a note payable	36,478	--

Issuance of shares for consulting services	238,697	550,758
Loss on conversion of debt	--	667,570
Shares issued for compensation	--	170,000
Issuance of shares for officer compensation	--	427,500
Permanent decline on value of marketable securities	--	2,346,564
Gain on the sale of the investment	(113,700)	--
Beneficial conversion feature expense	96,966	--
Amortization of the Unamortized discount	77,489	--
Stock options granted	--	1,500
Warrants granted to consultant	206,798	589,602
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	49,522	(174,170)
(Increase) in other current assets	--	(37,849)
(Increase) in prepaid expenses	(3,192)	--
Increase in accounts payable	121,788	120,395
Increase in payroll taxes payables	116,696	--
(Decrease) in deferred revenue	(23,056)	--
Increase in dividends payable	--	7,879
Increase in other liablilities	--	51,823
Net cash used in operating activities	(442,120)	(825,185)
INVESTING ACTIVITIES		
Acquisition of equipment	(13,429)	(178,181)
Proceeds from sale of marketable securities	238,018	--
(Increase) in restricted cash	(2,666)	--
Net cash provided by investing activies	221,923	(178,181)
FINANCING ACTIVITIES		
Payments on factoring payable	(95,279)	(93,492)
Proceeds from factor	155,816	--
Proceeds from line of credit	--	250,000
Payments on leases	(60,620)	--
Proceeds from issuance of debentures	--	425,000
Proceeds from convertible notes	--	170,000
Cash received for shares to be issued	--	25,000
Proceeds from sale of stocks	80,000	--
Prepayments for exercise of warrants	125,000	--
Proceeds from issuance of common stock upon exercise of warrants	59,400	229,967
Payments of notes payable	(10,150)	(14,657)
Net cash provided by financing activities	254,167	991,818
Net increase (decrease) in cash and cash equivalents	33,970	(11,548)
Cash and cash equivalents, beginning balance	12,669	15,600
Cash and cash equivalents, ending balance	$ 46,639	$ 4,052

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

QUINTEK TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. DESCRIPTION OF BUSINESS

Quintek Technologies, Inc. and Subsidiaries (referred to herein as the "Company", "Quintek", "Our", or "We") is a California corporation.

Quintek Electronics, Inc., the predecessor company was founded in July 1991. On January 14, 1999, Quintek Electronics, Inc. was acquired in a merger by Pacific Diagnostics Technologies, Inc. and the surviving entity's name was changed to Quintek Technologies, Inc. On February 24, 2000, the Company acquired all of the outstanding shares of common stock of Juniper Acquisition Corporation ("Juniper"). Upon effectiveness of that acquisition, Quintek elected to become the successor issuer to Juniper for reporting purposes under the Securities Exchange Act of 1934.

Quintek provides back office services and solutions to improve efficiencies within organizations. The Company accomplishes this through out-sourcing/in-sourcing services, consulting services and solution sales. Quintek, through its wholly owned subsidiaries Quintek Services, Inc. (QSI), and Sapphire Consulting Services, Inc. provides services to enable Fortune 500 and Global 2000 corporations to reduce costs and maximize revenues.

2. BASIS OF PRESENTATION

The accompanying unaudited financial statements of Quintek have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission for the presentation of interim financial information, but do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying unaudited financial statements of the Company include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly its financial position as of December 31, 2005, the results of operations for the three months and six months ended December 31, 2005 and 2004, and cash flows for the six months ended December 31, 2005 and 2004. The operating results for the three month and six month period ended December 31, 2005 are not necessarily indicative of the results that may be expected for the year ending June 30, 2006. The audited financial statements for the year ended June 30, 2005 were filed on October 13, 2005 with the Securities and Exchange Commission and is hereby referenced. 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 2005 Form 10-KSB.

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.

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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 three

months and six months ended December 31, 2005 was $0 as compared to $73 and $327 for the same periods in 2004, respectively.

Marketable securities and realized loss due to decline in market value

On July 29, 2004, the Company entered into an Agreement with Langley Park Investments Plc, a London Investment Company to issue 14,000,000 shares of the Company's common stock to Langley in return for 1,145,595 shares of Langley. Fifty percent of Langley shares issued to the Company under this agreement is to be held in escrow for two years. At the end of two years if the market price for the Company's common stock is at or greater than the Initial Closing Price, the escrow agent will release the full amount. In the event that the market price for the Company's common stock is less than the Initial Closing Price the amount released will be adjusted. At December 31, 2005, the Company recorded unrealized loss of $80,681 for the potential adjustment relating to the decline in the value of the Company's common stocks.

Langley attained listing with the United Kingdom Listing Authority. The Company's shares are to be held by Langley for a period of at least two years. Langley shares issued to the Company are to be free trading.

The Company's marketable securities (Langley's shares) are classified as available-for-sale and, as such, are carried at fair value. Securities classified as available-for-sale may be sold in response to changes in interest rates, liquidity needs, and for other purposes. The investment in marketable securities represents less than twenty percent (20%) of the outstanding common stock and stock equivalents of the investee. As such, the investment is accounted for in accordance with the provisions of SFAS No. 115.

Unrealized holding gains and losses for marketable securities are excluded from earnings and reported as a separate component of stockholder's equity. Realized gains and losses for securities classified as available-for-sale are reported in earnings based upon the adjusted cost of the specific security sold. On December 31, 2005, the investments have been recorded as shown below based upon the fair value of the marketable securities.

Marketable securities consisted of the following as of December 31, 2005:

Investee Name (Symbol)	Cost	Market Value at December 31, 2005	Accum. Unrealized Gain	Number Shares He December 3
Marketable securities:				
Langley Park Investments, PLC				
Investments held in escrow:				
Langley Park Investments, PLC	$ 1,330,000	$ 131,801	$ 940	572,7
Reserve for potential loss		(80,681)	(80,681)	
Totals	$ 1,330,000	$ 51,120	$ (79,741)	572,7

For the six months ended December 31, 2005, the Company sold 544,158 marketable securities in Langley Park investment for $147,017, realizing a gain of $24,300. The Company sold 1,750,000 shares held in PanaMed for $89,400, which had been impaired in a previous period for a realized gain of $89,400.

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 the Company adopted the new fair value method. The Company has chosen to account for stock-based compensation using Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and has 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 the Company's stock at the date of the grant over the amount an employee is required to pay for the stock.

The Company's board of directors authorized a stock award and long-term incentive plan which includes stock appreciation rights and certain stock incentive awards. The plan was approved by the shareholders as of June 30, 2004.

Basic and diluted net loss per share

Net loss per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128), "Earnings per share". SFAS No. 128 superseded Accounting Principles Board Opinion No.15 (APB 15). Net loss per share for all periods presented has been restated to reflect the adoption of SFAS No. 128. Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Deferred revenue

Deferred revenue represents amounts received from the customers against future sales of goods or services. Deferred revenue amounted to $2,021 as of December 31, 2005.

Issuance of shares for service

The Company accounts 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.

Reporting segments

Statement of financial accounting standards No. 131, Disclosures about segments of an enterprise and related information (SFAS No. 131), which superseded statement of financial accounting standards No. 14, Financial reporting for segments of a business enterprise, establishes standards for the way that public enterprises report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements regarding products and services,

geographic areas and major customers. SFAS No. 131 defines operating segments as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performances. Currently, SFAS 131 has no effect on the Company's financial statements as substantially all of the Company's operations are conducted in one industry segment.

Reclassifications

Certain comparative amounts have been reclassified to conform to the current period presentation.

Recent 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 the Companies' interim reporting period ending January 31, 2003.

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

Had the Company determined employee stock based compensation cost based on a fair value model at the grant date for its stock options under SFAS 123, the Company's net earnings per share would have been adjusted to the pro forma amounts for the six month period ended December 31, 2005 and 2004, as follows ($ in thousands, except per share amounts):

	Period ended December 31, 2005	2004
Net loss - as reported	$ (1,337)	$ (5,619)
Stock-Based employee compensation expense included in reported net income, net of tax	--	--
Total stock-based employee compensation expense determined under fair-value-based method for all rewards, net of tax	(13)	(362)
Pro forma net loss	$ (1,350)	$ (5,981)
(Loss) per share:		
Basic, as reported	$ (0.01)	$ (0.08)

Diluted, as reported	$ (0.01)	$ (0.08)
Basic, pro forma	$ (0.01)	$ (0.09)
Diluted, pro forma	$ (0.01)	$ (0.09)

In December 2004, the FASB issued FASB Statement No. 123R, "Share-Based Payment, an Amendment of FASB Statement No. 123" ("FAS No. 123R"). FAS No. 123R requires companies to recognize in the statement of operations the grant date fair value of stock options and other equity-based compensation issued to employees. FAS No. 123R is effective beginning in the Company's second quarter of fiscal 2006. The Company believes that the adoption of this standard will have no material impact on its financial statements.

In May 2005, the FASB issued SFAS No. 154, entitled Accounting Changes and Error Corrections--a replacement of APB Opinion No. 20 and FASB Statement No. 3. This Statement replaces APB Opinion No. 20, Accounting Changes, and FASB Statement No. 3, Reporting Accounting Changes in Interim Financial Statements, and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. Opinion 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. This Statement requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. This Statement defines retrospective application as the application of a different accounting principle to prior accounting periods as if that principle had always been used or as the adjustment of previously issued financial statements to reflect a change in the reporting entity. This Statement also redefines restatement as the revising of previously issued financial statements to reflect the correction of an error. The adoption of SFAS 154 did not impact the consolidated financial statements.

In June 2005, the EITF reached consensus on Issue No. 05-6, Determining the Amortization Period for Leasehold Improvements ("EITF 05-6") EITF 05-6 provides guidance on determining the amortization period for leasehold improvements acquired in a business combination or acquired subsequent to lease inception. The guidance in EITF 05-6 will be applied prospectively and is effective for periods beginning after June 29, 2005. EITF 05-6 is not expected to have a material effect on its consolidated financial position or results of operations.

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2005 consists of the following:

Scanning Equipment	$ 461,836
Computer and office equipment	138,083
Other depreciable assets	102,881
Software	194,523
Furniture and fixture	40,653
	937,976
Accumulated depreciation	(424,656)
	$ 513,320

4. RESTRICTED CASH

The Company entered into a service agreement with GMAC under which they are required to provide at their own cost a performance bond. Such bond shall be solely for the protection of the client. The initial bond was drafted in the amount of $250,000 and will cover 12 months starting October 1, 2004 and renew annually.

The Company opened a certificate of deposit for $250,000 in October 2004. The Company has accrued interest income of $2,667 for the six months ended December 31, 2005. The Company has recorded $255,291 as restricted cash in the accompanying balance sheet as of December 31, 2005.

5. EMPLOYEE RECEIVABLES

Employee receivables as of December 31, 2005, consist of the following:

Notes receivable from employees, unsecured, due on June 30, 2019, interest at 4%	$ 261,454
Interest receivable in connection with above notes receivable	32,729
	294,183
Valuation allowance	(294,183)
	$ -

6. FACTORING PAYABLE

The Company has entered into an agreement with a factoring company ("the Factor") to factor purchase orders with recourse. The Factor funds 97% or 90% based upon the status of the purchase order. The Factor has agreed to purchase up to $4,800,000 of qualified purchase orders over the term of the agreement; however, the Factor does not have to purchase more than $200,000 in any given month. The agreement term is from June 2, 2003 to June 2, 2005. The Company will pay a late fee of 3% for payments not made within 30 days and 5% for those not made in 60 days. At the option of the Factor, the late fees may be paid with Company stock. If paid by Company stock, the stock bid price will be discounted 50% in computing the shares to be issued in payment of the late fee.

The Company issued the Factor 1,500,000 warrants purchasing the Company's stock as a fee for the factoring agreement. The stock issued under the warrants can be purchased at the average closing price of the Company's stock for the 90 days prior to the factoring agreement.

The Company will also issue the Factor bonus warrants. The Factor will receive two (2) bonus warrants for each dollar of purchase orders purchased. The bonus warrants will be exercisable at the average closing price of the Company's common stock for the 90 days prior to the purchase order transactions they represent or a 50% discount to the closing price of the Company's stock at the time exercised at the option of the Factor. Both warrants are for a five year period.

There were no purchases of purchase orders during the six months ended December 31, 2005. At December 31, 2005, the Company had a factoring payable balance of $136,721 associated with this factor. The Company accrued $72,328 for interest for late payments of factoring payables as of December 31, 2005.

During the six months ended December 31, 2005, the Company entered into an agreement to factor $160,612 of qualified invoices for a cash remittance $155,816. As of December 31, 2005, the Company had a factoring payable balance of $65,548 associated with this factor. The Company recorded $4,796 as interest expense in the accompanying financial statements as of December 31, 2005.

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7. PAYROLL TAXES-ASSUMED IN MERGER

The Company assumed $205,618 of payroll tax liabilities in the merger with Pacific Diagnostic Technologies, Inc. The balance was $96,661 at December 31, 2005. The Company is delinquent on payments of these payroll tax liabilities.

8. LONG TERM DEBT

Loans payable, interest at 7.9% to 20%, due various dates in 2005 to 2008 (the company is in default for these loans)	$ 321,437
Loan payable, interest at 17.8%, due 2007	24,172
Notes payable, non-interest bearing (the company is in default on this note)	55,000
Note payable, interest at 5.75%, due July 30, 2006 (the company is in default and the default interest is 12%)	33,438
Note payable, interest at 15.99%, due June & July 2006	622
Notes payable, interest at 8%, due 2006 (the company is in default on this note)	31,080
Note payable, monthly installments $404, due July 2005 (the company is in default on this note and classified it as current liability)	1,618
	$ 467,367

9. ADVANCES FROM LENDER

On August 2, 2004, the Company signed a convertible debenture agreement with an accredited investor whereby the Company has received an advance totaling $855,000 for prepayment of warrants to be exercised as of December 31, 2005. The agreement expires on August 2, 2006. The accredited investor has exercised 699,581 warrants into common shares valued at $699,581 as of December 31, 2005. The remaining balance of $155,419 is recorded as advances from lender in the accompanying financial statements as of December 31, 2005. In addition, the holders exercised warrants to purchase 25,000 shares for cash at an exercise price of $1.00 per share.

10. 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.	$ 21,354
Bonds payable with interest at 12%, due July 2002, convertible to shares of common stock in increments of $500 or more.	41,141
	$ 62,495

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Certain of the outstanding convertible bonds have matured as of July 2001 and October 2001. 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. The Company has recorded the $62,495 as convertible bonds as a current liability in the accompanying financial statements as of December 31, 2005.

11. CONVERTIBLE DEBENTURES

The Company raised $300,000 through the issuance of convertible debentures during the year ended June 30, 2005. The term of the convertible debentures are as follows: pursuant to the terms of conversion, debenture in the amount of $300,000 pays interest at 5 3/4% and includes 3,000,000 warrants to purchase common stock for a period of three years at the exercise price of $1.00. The "Conversion Price" shall be equal to the lesser of (i) $0.50, or (ii) 75% of the average of the 5 lowest Volume Weighted Average Prices during the 20 trading days prior to Holder's election to convert, or (iii) 75% of the Volume Weighted Average Price on the trading day prior to the Holders election to convert market price of the Company's common stock prior to conversion. Upon conversion of the debenture, the holder is obligated to simultaneously exercise the $1.00 warrants providing added funding to the Company. The warrant must be exercised concurrently with the conversion of this debenture in an amount equal to ten times the dollar amount of the Debenture conversion. Upon execution of the securities purchase agreement, $225,000 of the purchase price was due and paid to the Company. The remaining $75,000 was paid to the Company on February 7, 2005 upon effectiveness of the Securities and Exchange Commission's Registration Statement. As of December 31, 2005, the Holder of the debenture converted $72,522 of the debenture amount into 10,491,463 common shares of the Company and exercised 724,581 warrants.

The Company allocated the proceeds from the debenture between the warrant and the debt based on relative fair value of the warrant and the debt. The value of the warrant was calculated using the Black-Scholes model using the following assumptions: Discount rate of 3.4%, volatility of 100% and expected term of one year. The amount allocated to the warrant of $20,348 is being amortized over the term of the debt. The Company calculated a beneficial conversion feature of $279,652. The Company amortized the beneficial conversion feature in accordance with the conversion terms of the note. At December 31, 2005, the convertible debenture of $227,479 is presented in the accompanying financial statements net of the unamortized beneficial conversion feature of $13,959 and unamortized discount arising from the warrant of $2,985.

Pursuant to addendums to the securities purchase agreement dated February 3, 2005, March 30, 2005, and August 30, 2005, the Company delivered 12,500,000 common shares to an escrow agent in accordance to the terms of the agreement. Such shares may only be released by valid debenture conversion and warrant exercise notices submitted to the Company by the Holder. As of December 31, 2005, 3,000,000 common shares remain in the escrow account.

12. CONVERTIBLE NOTE

The Company raised capital through the issuance of a convertible note for $500,000 issued during the year ending June 30, 2004. The note plus any accrued interest is convertible to the Company common shares at $0.06 but limited to 10% of the outstanding shares at the time of conversion. Additionally, the holder will receive one bonus warrant for each conversion share. Each bonus warrant will be exercisable for a period of 5 years from the date of issuance into one

share of common shares at a price of $0.10. The Company has issued 6,804,164 common shares on the conversion of $408,250 of the convertible note. The convertible note balance as of December 31, 2005 is $91,750. The total accrued interest on the convertible note amounted to $56,884 as of December 31, 2005.

13. STOCKHOLDERS' DEFICIT

a. Common Stock and Warrants

The Company has authorized 200 million shares of common stock with a par value of $0.01 per share. 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.

During the six month period ended December 31, 2005, the Company issued 477,778 common shares upon exercise of warrants and received cash amounting to $34,400; 4,400,000 common shares to consultants for services to be rendered valued at $529,818 recorded as unamortized consulting; $238,697 of the unamortized consulting had been amortized and recognized as an expense; 50,000 common shares to consultant for services rendered valued at $8,000 recorded as shares to be issued in June 30, 2005, these warrants were recorded in previous year as shares to be issued.; 2,000,000 common shares to an accredited investor for a stock sale and collected $80,000 in cash; 16,500,000 common shares issued to an accredited investor for sale of stock valued at $776,250 pending receipt of cash recorded as a stock subscription receivable; 495,495 common shares pursuant to conversion of debentures and exercise of warrants to the escrow agent; 5,000,000 common shares pursuant to an addendum to a convertible debenture to a joint escrow agent upon which shares can only be released pursuant to valid debenture conversion and warrant exercise. During the six months ending December 31, 2005 $29,021 of the debenture were converted for 5,465,365 common shares and exercises of warrants to purchase 289,581 common shares at an exercise price of $1 per share; 250,000 common shares for conversion of Series A Preferred stock valued at $40,000; and 160,000 common shares for conversion of Series B Preferred stock valued at $30,400.

During the six months ended December 31, 2005, the Company issued 1,292,180 warrants in connection with an investment banking agreement. The Company recorded $106,672 as expense for the cost of the issuance of such warrants during the six month period ended December 31, 2005. An additional expense of $38,607 as of December 31, 2005 was recorded for 305,573 warrants to be issued pursuant to the terms of the investment banking agreement referenced above. The fair value of the warrants is estimated on the grant date using the Black-Scholes Model. The following assumptions were made in estimating fair value.

Annual rate of quarterly dividends	0.00%
Discount rate - Bond Equivalent Yield	3.40%
Expected life	5 years
Expected volatility	90% to 100%

During the six months ended December 31, 2005, the Company recorded $61,519 for the warrants to be issued for the factor for the purchase of the purchase orders.

b. Common Stock Reserved

At December 31, 2005, the Company reserved Common Shares for the following reasons:

Outstanding convertible bonds	151,918 shares

Outstanding of warrants

Warrants	Number of Warrants
Outstanding June 30, 2005	15,206,857
Issued during the period	1,292,180
Expired	(1,055,000)
Exercised	(767,359)
Outstanding December 31, 2005	14,676,678
Warrants to be issued	8,218,501
Total outstanding	22,895,179

c. Stock Option Agreements

The number and weighted average exercise prices of options granted by the Company are as follows:

	Number of Options	Weighted average exercise price
Options		
Outstanding June 30, 2005	9,470,317	$0.93
Granted	312,000	0.10
Exercised	-	0.00
Expired/forfeited	(400,000)	0.15
Outstanding December 31, 2005	9,382,317	$ 0.93

The total outstanding options of 9,382,317 are exercisable as of December 31, 2005.

d. Stock transactions approved by the shareholders

At the Annual Meeting of the shareholders held on June 30, 2004, the shareholders approved by a majority vote to increase to 200,000,000 shares, $0.01 par value common stock, and 50,000,000 shares no par value, preferred stock which the corporation shall have authority to issue. The board of directors is authorized to divide the preferred stock into any number of classes or series, fix the designation and number of shares of each such series or class and alter or determine the rights, preferences, privileges and restrictions of each or series of preferred stock

Series A Preferred Stock

The general terms of the Series A Preferred Stock is as follows: No par value; Liquidation Preference - $0.25 per share plus any unpaid accumulated dividends; Dividends - cumulative annual rate of $0.005 per share when and as declared by the Board of Directors; Conversion Rights - convertible to common stock at a 1:1 ratio ; Redemption Rights - the Company has the right to redeem part or all of the stock upon 30 days written notice at a rate of $0.25 per share plus all accumulated and unpaid dividends thereon at the dividend rate of $0.005 annually per share; Voting Rights - one vote per share on all matters requiring shareholder vote. At December 31, 2005, the Company had 3,047,531 shares of Series A Preferred stock outstanding valued at $526,506. The Company has recorded a cumulative dividend of $24,447 for the Series A Preferred stockholders as of December 31, 2005 in the accompanying financial statements.

Series B Preferred Stock

The general terms of the Series B Preferred Stock is as follows: No par Value; Liquidation Preference - $0.25 per share plus any unpaid accumulated dividends; Dividends - cumulative annual rate of $0.0005 per share when and as declared by the Board of Directors; Conversion Rights - convertible to common stock at a 1:5 ratio (i.e. 1 share of Series B Preferred stock is convertible into 5 shares of common stock); Redemption Rights - the Company has the right to redeem part or all of the stock upon 30 days written notice at a rate of $0.25 per share plus all accumulated and unpaid dividends thereon at the dividend rate of $0.0005 annually per share; Voting Rights - one vote per share on all matters requiring shareholder vote. At December 31, 2005, the Company had 89,271 shares of Series B Preferred Stock outstanding valued at $86,888. The Company has recorded a cumulative dividend of $146 for the Series B Preferred Stockholders as of December 31, 2005 in the accompanying financial statements.

Series C Preferred Stock

The general terms of the Series C Preferred Stock is as follows: No par value; Liquidation Preference - $1.00 per share plus any unpaid accumulated dividends; Dividends - cumulative annual rate of $0.0005 per share when as declared by the Board of Directors; Conversion Rights - 1:20 ratio (i.e. 1 share of Preferred Series C stock is convertible into 20 shares of common stock); Redemption Rights - the Company has the right to redeem part or all of the stock upon 30 days written notice at the rate of $1.00 per share plus all accumulated and unpaid dividends thereon at the dividend rate of $0.0005 annually per share.; Voting Rights - one vote per share on all matters requiring shareholder vote. At December 31, 2005, the Company had 17,948 shares of Series C Preferred Stock outstanding valued at $68,211. The Company has recorded a cumulative dividend of $11 for the Series C Preferred Stockholders as of December 31, 2005 in the accompanying financial statements.

The Company has recorded a dividend for preferred shareholders amounting to $8,029 for the six month period ended December 31, 2005, and a cumulative dividend of $24,604 for the preferred stockholders as of December 31, 2005 in the accompanying financial statements. The Company has entered into agreements with various vendors and employees to convert their liabilities into the preferred series of stock.

14. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS

The Company prepares its statements of cash flows using the indirect method as defined under the Financial Accounting Standard No. 95. The Company paid $0 for income tax during the six month period ended December 31, 2005. The Company paid

$28,731 interest during the six month period ended December 31, 2005.

The cash flow statements do not include the following non-cash investing and financing activities:

- The Company issued 5,465,365 common shares for a conversion of $29,021 of convertible debentures.
- The Company issued 4,400,000 common shares for consulting services to be provided over agreement period, the value of the shares was $529,818 and the unamortized portion of it is $294,242.
- The Company issued 264,581 common shares due to the exercise of warrants valued at $264,581 to be offset against the lender advance.
- The Company issued 410,000 common shares for the conversion of $70,400 of preferred stocks.

15. COMMITMENTS AND CONTINGENCIES

a. Operating Leases

The Company leases its executive offices to Huntington Beach, California and entered into a four year lease agreement on July 1, 2004. The agreement contains a base rent escalation clause. The Company leases its Idaho office facility under a month-to-month rental agreement at $675 per month. Rent expense for these operating leases totaled $54,819 for the six month period ended December 31, 2005.

The future minimum lease payments under non-cancelable leases are as follows for the twelve months ended December 31:

2006	$ 92,371
2007	94,066
2008	47,457
	$ 233,893

b. Litigation

On April 16, 2004, Decision One Corporation filed suit in the County of Bannock, Idaho against Quintek for $22,661.56 for goods provided. Since 2000, Decision One (formerly Imation) has been both a vendor to Quintek and a reseller of Quintek's Q4300 Printers. Quintek filed a counterclaim on August 1, 2004. Quintek asserts that Decision One used its authority as a dealer of our product to disparage us, in violation of its dealer agreement with us, and we seek relief for the hundreds of thousands of dollars in business lost because of it. On January 11, 2005, the Court granted Judgment for the sum of $21,000 in favor of the Decision One Corporation. The Court has ruled that Quintek would be allowed to file the counterclaim under this action, rather than a separate lawsuit. The Company can appeal the Court's decision and would have until February 18, 2005 to file the Notice of Appeal. In March 2005, a stipulation settlement was accepted by the Creditor where they agreed to accept $15,000 in full satisfaction of their debt. The Company agreed to pay $2,000 upon execution of the stipulation plus $1,000 for 13 months thereafter. Upon receipt of the final payment, a Satisfaction of Judgment will be entered in the matter. If the Company fails to meet the payment schedule, the Creditor, after giving credit for payments received, shall be allowed to proceed with the full judgment of $21,000 plus accumulated interest and costs. The amount of Judgment of $21,000

is included in accounts payable and accrued expenses in the accompanying financial statements as of December 31, 2005. The balance included in the Accounts payable and accrued expense as of December 31, 2005 is $19,827, the Company is in default on the payment and is liable for the balance after giving credit for the payments made.

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16. BASIC AND DILUTED NET LOSS PER SHARE

Net loss per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128), "Earnings per share." Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Weighted average number of shares used to compute basic and diluted loss per share for the three month and six month period ended December 31, 2005 and 2004 are the same since the effect of dilutive securities is anti-dilutive.

17. 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. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business. Through December 31, 2005, the Company had incurred cumulative losses of $31,840,298 including a net loss of $1,336,941 for the six month period ended December 31, 2005. In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management has taken the following steps to revise its operating and financial requirements, which it believes are sufficient to provide the Company with the ability to continue as a going concern. Management devoted considerable effort during the period ended December 31, 2005, towards (i) obtaining additional equity financing and (ii) evaluation of its distribution and marketing methods.

18. SUBSEQUENT EVENTS

On January 5, 2006, the Company received a short term loan of $20,000 from a shareholder bearing a simple interest rate of 8%. On January 13, 2006, an accredited investor exercised 3,500,000 warrants for common stock valued at $105,000, the Company received the funds but the shares remain unissued as of February 10, 2006. On January 23, 2006, the Company issued 1,259,260 shares of common stock valued at $113,333 to a media consultant for services. During January 2006, the Company sold 3,166,666 shares of common stock to accredited investors and received $80,000 for sale of such shares. 666,666 shares of common stock remain unissued as of February 10, 2006.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The Company's revenues totaled $535,521 and $1,228,880 for the three months and six months ended December 31, 2005 compared to $322,413 and $436,679 for the same periods in 2004, respectively. Increase in revenues resulted primarily due to changing the Company's sales focus to the services business.

Cost of sales for the three months and six months ended December 31, 2005 totaled $346,808 and $826,432 compared to $271,773 and $356,253 for the same periods in 2004, respectively. The increase of $470,179 for the six month comparative consisted primarily of labor, facility and equipment lease costs relating to the business outsourcing services, whereas cost of sales during fiscal 2004 consisted primarily of labor and production costs. The increase of $75,035 for the three month comparative consisted primarily of labor, equipment lease costs relating to the business outsourcing services, whereas cost of sales during fiscal 2004 consisted primarily of labor and production costs.

Operating expenses totaled $851,683 and $1,587,559 for the three months and six months ended December 31, 2005 compared to $3,774,136 and $4,976,245 for the same periods in 2004, respectively. The decrease of $3,388,686 for the six month comparative resulted from a decrease in sales related expenses, stock-based compensation for officers, directors, employees and consultants and expenses relating to marketable securities. The decrease of $2,922,453 for the three month comparative resulted from a decrease in sales related expenses, expenses relating to marketable securities.

Non-operating income totaled $2,959 and $9,631 for the three months and six months ended December 31, 2005 as compared to $2,853 and $6,178 for the same periods in 2004. The Company recorded a loss on conversion of debt amounting to $667,570 during the six month period ended December 31, 2004 as compared to $0 loss for the same period in 2005. Non-operating expense totaled $2,409 and $5,026 for the three months and six months ended December 31, 2005, compared to $0 for the same periods in 2004. The Company realized a gain of $113,700 on sale of investments and recorded a beneficial conversion feature expense of $44,159 and $96,966 during the three months and six months period ended December 31, 2005, respectively. Interest expense totaled $31,770 and $175,036 for the three months and six months ended December 31, 2005 compared to $35,330 and $60,773 for the same periods in 2004, respectively.

During the six months ended December 31, 2005, the Company billed on 10 contracts for document services, 13 maintenance contacts, and one network software renewal. The Company billed on three contracts for document services, 19 maintenance contracts, and one network upgrade during the six months ended December 31, 2004.

Liquidity and capital resources

The Company has historically financed operations from the issuance of debt, the sale of common stock and the conversion of common stock warrants. On December 31, 2005, the Company had cash on hand of $46,639 and a working capital deficit of $1,978,177.

Net cash used in operating activities totaled $442,120 for six months ended December 31, 2005. The net cash used in attributed primarily due to decrease in

accounts receivable, increase in accounts payable and payroll taxes, and decreases in deferred revenue.

Net cash provided by investing activities totaled $221,923 for the six months ended December 31, 2005 primarily due to net proceeds from the sale of marketable securities.

Net cash provided by financing activities totaled $254,167 for the six months ended December 31, 2005, primarily due to net proceeds from sale of shares, prepayments for exercise of warrants, offset by payments of leases, factoring payables and notes payable.

The Company believes that the receipt of net proceeds from the issuance of debt, 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, although we currently do not have any plans, contracts or commitments for financing and no assurances can be given that financing will be available on terms the Company deems favorable, or at all. If the Company is unable to raise sufficient capital, it may need to sell certain assets, enter into new strategic partnerships, reorganize or merge with another company to effectively maintain operations.

Item 3. Controls and Procedures

a) Evaluation of Disclosure Controls and Procedures. As of December 31, 2005, the Company's management carried out an evaluation, under the supervision of the Company's Chief Executive Officer and the Chief Financial Officer of the effectiveness of the design and operation of the Company's system of disclosure controls and procedures pursuant to the Securities and Exchange Act, Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective, as of the date of their evaluation, for the purposes of recording, processing, summarizing and timely reporting material information required to be disclosed in reports filed by the Company under the Securities Exchange Act of 1934.

b) Changes in internal controls. There were no changes in internal controls over financial reporting, known to the Chief Executive Officer or Chief Financial Officer that occurred during the period covered by this report that has materially affected, or is likely to materially effect, the Company's internal control over financial reporting.

PART II -- OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings that which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. Except as described below, we are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material

adverse affect on our business, financial condition or operating results.

On April 16, 2004, Decision One Corporation filed suit in the County of Bannock, Idaho against the Company for $22,662 for goods provided. Since 2000, Decision One (formerly Imation) has been both a vendor and a reseller of the Company's products. The Company filed a counterclaim on August 1, 2004 asserting that Decision One used its authority as a dealer to disparage the Company in violation of its dealer agreement. The Company sought relief for the hundreds of thousands of dollars in business lost. On January 11, 2005, the Court granted Judgment for the sum of $21,000 in favor of the Decision One Corporation. The Court ruled that the Company would be allowed to file the counterclaim under this action, rather than a separate lawsuit. In March 2005, a stipulation settlement was accepted by the Creditor where they agreed to accept $15,000 in full satisfaction of their debt. The Company agreed to pay $2,000 upon execution of the stipulation plus $1,000 for 13 months thereafter. Upon receipt of the final payment, a Satisfaction of Judgment will be entered in the matter. If the Company fails to meet the payment schedule, the Creditor, after giving credit for payments received, shall be allowed to proceed with the full judgment of $21,000 plus accumulated interest and costs. The amount of Judgment of $21,000 is included in accounts payable and accrued expenses in the accompanying financial statements as of June 30, 2005.

The Company is a party to an arbitration pending before the Judicial Arbitration and Mediation Services ("JAMS") at 707 Wilshire Blvd., 46th Floor, Los Angeles, CA 90017 entitled Brownell, Robert vs. Quintek Technologies, Inc., case no. 1200003614 Robert Brownell ("Brownell") and Quintek Technologies, Inc. ("Quintek") are the principal parties. Brownell was employed as President of Quintek from March 31, 2004 to until he resigned on March 31, 2005. On July 6, 2005, Brownell filed an Arbitration Complaint against Quintek for promissory fraud, breach of written contract, wrongful constructive termination based on public policy and invasion of privacy. On or about September 20, 2005, Quintek filed a Cross-Complaint against Brownell alleging causes of action for breach of contract, breach of the implied covenant of good faith and fair dealing, breach of fiduciary duty, breach of duty of loyalty, misappropriation of trade secrets, common law misappropriation of trade secrets, unfair competition, civil conspiracy to commit fraud, intentional interference with business relationships, and constructive trust. Both parties seek damages, punitive damages, costs of suit incurred and such other relief as the arbitrator deems proper. The Brownell Arbitration Complaint, the Quintek Arbitration Cross-Complaint and all pleadings, motions and documents filed with JAMS in connection therewith are collectively referred to herein as the "Brownell Arbitration".

The Company is also a party to a JAMS arbitration with Chris de Lapp ("De Lapp"). On March 15, 2004, De Lapp became employed by Quintek in the capacity of Senior Account Executive, and on April 4, 2005 was promoted to the position of Quintek's National Sales Manager, which position he served until he resigned from Quintek on June 4, 2005. On or about November 28, 2005, Quintek filed an Arbitration Complaint against De Lapp, JAMS case no. 1220034091, alleging causes of action for breach of contract, breach of the implied covenant of good faith and fair dealing, breach of fiduciary duty, breach of duty of loyalty, misappropriation of trade secrets, common law misappropriation of trade secrets,

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unfair competition, civil conspiracy to commit fraud, intentional interference with business relationships, and constructive trust. On or about December 8, 2005, De Lapp filed a Cross-Complaint against Quintek in response to the Quintek Arbitration Complaint, alleging causes of action for breach of contract, account stated, services rendered, open book account, fraudulent inducement, negligent misrepresentation and violations of Labor Codes. The Quintek Arbitration

Complaint, the De Lapp Arbitration Cross-Complaint and all pleadings, motions and documents filed with JAMS in connection therewith are collectively referred to herein as the "De Lapp Arbitration".

On or about November 29, 2005, Quintek filed a Complaint against Brownell, De Lapp and Data Imaging Technologies, Inc. ("DIT") in Orange County Superior Court, case no. 05CC12586, alleging causes of action for breach of contract, breach of the implied covenant of good faith and fair dealing, breach of fiduciary duty, breach of duty of loyalty, misappropriation of trade secrets, common law misappropriation of trade secrets, unfair competition, civil conspiracy to commit fraud, intentional interference with business relationships, and constructive trust (the "Superior Court Action").

After some discovery was conducted in the Brownell Arbitration, Quintek, Brownell, De Lapp and DIT entered into settlement discussions. After weeks of settlement negotiations, on Wednesday, February 1, 2006, the parties reached an agreement to resolve the Brownell Arbitration, De Lapp Arbitration and the Superior Court Action by way of a settlement agreement and stipulated injunction. The parties are presently in negotiations as to the final terms of the written settlement agreement and stipulated injunction, and it is expected that said agreement shall be signed by or before February 27, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On October 10, 2005, the Company issued 16,500,000 common shares to an institutional investor for sale of common stock in consideration of $776,250. This cash consideration has not been received by the Company as of December 31, 2005.

On November 17, 2005, the Company issued 500,000 common shares to a consultant in consideration of services valued at $40,000 pursuant to a consulting agreement.

On November 17, 2005, the Company issued 1,500,000 common shares to an investor relations firm in consideration of services valued at $120,000 pursuant to a marketing agreement.

On November 17, 2005, the Company issued 1.800,000 common shares to a consultant in consideration of services valued at $333,818 pursuant to a consulting agreement.

On December 1, 2005, the Company issued 250,000 common shares upon conversion of 250,000 shares of Series A Preferred stock.

On December 12, 2005, the Company issued 160,000 common shares upon conversion 32,000 shares of Series B Preferred stock.

On December 22, 2005, the Company issued 600,000 common shares to a consulting firm in consideration of services valued at $36,000 pursuant to a consulting and financial advising agreement.

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.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

31.1 - Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended

31.2 - Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d 14(a), promulgated under the Securities and Exchange Act of 1934, as amended

32.1 - Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer)

32.2 - Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer)

Signatures

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

QUINTEK TECHNOLOGIES, INC.

Date: February 14, 2006

/s/ ROBERT STEELE

Robert Steele, Chairman
and Chief Executive Officer
(Principal Executive Officer)

Date: February 14, 2006

/s/ ANDREW HAAG

Andrew Haag, Chief Financial Officer
(Principal Financial and Accounting Officer)