

# QUARTERLY UPDATE

## Second Quarter 2011 Financial Results and Business Update

### Snapshot

August 24, 2011

Over the past decade, information management has become increasingly important, particularly with regard to how information is stored and shared. Accordingly, Document Capture Technologies, Inc. ("DCT" or "the Company") provides demand-driven solutions for the paper-to-digital revolution that emphasize convenience, speed, and quality. The Company's flexible and mobile scanning solutions create usable electronic content suited for database, document, content, and other systems. In doing so, these solutions are intended to reduce organizations' operating costs, improve information accuracy and security, and speed-up processing time. DCT produces more than 30 document and image capture platforms, which are distributed globally. To date, the Company has shipped nearly four million scanning products. Customers include Tier 1 original equipment manufacturers (OEMs), value-added resellers (VARs), and other systems integrators. To DCT's knowledge, it is one of the largest manufacturers of USB-powered, page-fed, mobile scanners worldwide.



### Document Capture Technologies, Inc.

4255 Burton Drive  
Santa Clara, CA 95054  
Phone: (408) 436-9888  
Fax: (408) 436-6151  
[www.docucap.com](http://www.docucap.com)

### Recent Financial Data

Ticker (Exchange)	DCMT (OTC.BB)
Recent Price (08/24/2011)	\$0.29
52-week Range	\$0.26 to \$0.84
Shares Outstanding	~20.6 million
Market Capitalization	~\$6 million
Average 200-day Volume	61,537
Insider Owners	~5%
Institutional Owners + >5%	~73%
EPS (Qtr. ended 06/30/2011)	(\$0.02)
Employees	27



### Key Points

- DCT's USB-powered scanners include smart functionalities, software support, and innovative security features. The Company is also working to launch next-generation autonomous products that incorporate capabilities such as Wi-Fi and Bluetooth connectivity with the ability to upload scanned documents to mobile devices (e.g., smartphones) or cloud-based solutions. Accordingly, in May 2011, DCT integrated its DocketPORT<sup>®</sup> product line with a third-party software called ScanDrop, which allows consumers to scan directly to the cloud.
- In August 2011, DCT received its largest purchase order to date. The order, from a Fortune 500 global technology company, entails three products for anticipated sales through North American retail channels, including major office supply chains and electronic specialty retailers.
- DCT also received a key purchase order in May 2011, which entailed the delivery of thousands of units to a U.S.-based financial institution. This sale establishes the Company's products as viable solutions within the financial sector and is expected to lead to follow-on banking and finance orders.
- The second quarter 2011 was the seventh consecutive quarter for which DCT reported annual quarter-over-quarter sales growth. For the second quarter (ended June 30, 2011), DCT reported revenues of \$3.8 million, representing a 17% increase over the second quarter 2010. The number of units sold during the quarter was up 11% from the 2010 quarter. For the six months ended June 30, 2011, DCT had revenues of \$7.4 million, a 10% increase over the first half of 2010 that was largely due to organic growth from existing, recurring customers.
- DCT has finalized a bilateral partnership with Microtek International, Inc. (2305-Taiwan), a global supplier of scanner technology. DCT now serves as the exclusive North American distributor for several of Microtek's product lines, and Microtek is the exclusive partner in Asia for DCT's products. DCT expects this alliance to appeal to existing customers as well as create revenue opportunities with new clients, as it augments both companies' image capture offerings across a range of price points and functionalities.
- At June 30, 2011, DCT had a cash position of nearly \$1.3 million and working capital of \$4.6 million.

PLEASE REFER TO THE EXECUTIVE INFORMATIONAL OVERVIEW<sup>®</sup> (EIO<sup>®</sup>), 04/05/2011, FOR A FULL COMPANY REPORT.

## Financial Results and Recent Events

DCT believes that it is well positioned to capitalize on both domestic and global opportunities in the image capture market. Revenue during 2010 increased by 29% over 2009 concomitantly with year-over-year increases in earnings before interest, taxes, depreciation, and amortization (EBITDA) and working capital and a decrease in shares outstanding. As well, the Company reports that it is debt free. Future growth is expected to be driven by a number of factors, including DCT's cash position of nearly \$1.3 million at June 30, 2011, depth of management, and debt-free status.

During 2011, DCT has been working to increase research and development (R&D) in order to drive the introduction of new products as well as to develop tailored software and innovative image capture solutions. DCT has also strived to focus on its cost efficiencies with the goal of reducing costs where possible, and to open new revenue streams through new or expanded business and global opportunities.

### Second Quarter and First Half 2011 Financial Results

On August 15, 2011, DCT reported financial results for the second quarter and first half of 2011, ended June 30, 2011. The Company reported revenues of \$3.8 million for the second quarter, which was a 17% increase over revenues of \$3.3 million in the second quarter 2010. For the first six months of 2011, revenues were \$7.4 million, a 10% increase over the year-ago period. The increase in revenues was due to a greater number of units sold, up 11% and 9% for the three and six months ended June 30, 2011, compared to the three and six months ended June 30, 2010, respectively. International sales represented approximately 5% of revenues for the six months ended June 30, 2011.

The majority of sales growth is attributable to organic expansion from existing, recurring customers. Importantly, the second quarter 2011 was the seventh consecutive quarter for which DCT reported annual quarter-over-quarter sales growth. In addition, DCT has recently received several significant purchase orders and entered into new agreements—including distribution agreements with Microtek International, Inc.—that are anticipated to positively impact revenues in the future and potentially open up new product offerings and new customers for the Company. Such developments are summarized in the Recent Events on pages 3-4 and described in greater detail on pages 5-6.

### *Operating Expenses*

Second quarter 2011 EBITDA was (\$35,000) versus \$306,000 for the second quarter 2010. As a result of strategic investments anticipated to drive growth and product expansion, DCT's operating expenses for the second quarter 2011 totaled \$1.7 million, which stayed relatively the same as in the first quarter of the year but represented an increase from operating expenses of \$1.3 million in the second quarter 2010.

Total operating expenses included approximately \$1.4 million in selling, general, and administrative (SG&A) expenses for the three months ended June 30, 2011, versus \$986,000 for the year-ago quarter. As well, DCT reported R&D expenses for the quarter of \$314,000 versus \$279,000 for the three months ended June 30, 2010.

For the current six-month period, operating expenses were nearly \$3.5 million versus \$2.5 million for the year-ago term. These were composed of SG&A of over \$2.8 million for the first half of 2011 versus approximately \$2 million for the first half of 2010, as well as R&D of \$631,000 for the term ended June 30, 2011, versus \$544,000 for the first six months of 2010.

The increases in SG&A during 2011 to date are primarily attributable to the following (continued onto page 3):

- Increased headcount and higher salaries to attract and retain talent required for business expansion;
- Increased stock-based compensation costs (a non-cash charge);

- 
- Increased consulting costs due to IT upgrades, market development, and personnel recruitment; and
  - Increased travel associated with DCT's efforts to expand its product offerings, customer base, sales to existing customers, and presence in international markets.

#### *Net (Loss)/Income*

DCT reported a net loss of \$312,000, or (\$0.02) per share, for the second quarter 2011. In contrast, the Company had a net income of \$67,000, or \$0.00 per share, for the second quarter 2010.

For the year-to-date, the Company reported a net loss of \$640,000, or (\$0.03) per share, versus a net income of \$123,000, or \$0.01 per share, for the first six months of 2010.

#### *Cash Position*

At June 30, 2011, DCT had cash and cash equivalents of \$1.27 million and working capital of \$4.6 million. In contrast, at June 30, 2010, the Company held cash and cash equivalents of only \$306,000.

As well, as of July 6, 2011, DCT had unused borrowing capacity of approximately \$1.18 million under a line of credit from a commercial bank. The Company believes that its cash and other sources of liquidity as of the end of the first half of 2011 were sufficient to fund normal operations and anticipated growth through the ensuing 12 months.

#### **Recent Events**

An overview of the Company's recent press releases is provided below, referring the reader to DCT's website for complete press releases ([www.docucap.com](http://www.docucap.com)).

- *On August 17, 2011*, DCT and Microtek International, Inc., a multinational designer, developer, and manufacturer of proprietary scanner technology, announced that Microtek was named the exclusive Asian distributor for DCT's products. This announcement advances the bilateral partnership between the companies, following DCT's earlier appointment as the exclusive agent in North America for Microtek's products (as summarized in the Company's June 9, 2011, press release below). Greater details of these agreements are presented on page 6.
- *On August 11, 2011*, DCT announced that it secured a substantial order from a global technology company for three separate and distinct products to be sold through North American retail sales channels, including major office supply chains and electronic specialty retailers.

This order is the largest in DCT's history and also further expands the Company's relationship with this existing client. Delivery of the purchase order is scheduled for the fourth quarter 2011. As well, DCT expects the client to place further orders and expand the sale of DCT's products globally. This and future orders may significantly contribute to the Company's ongoing revenue growth.

DCT reports that this customer is a Fortune 500 company with over \$1 billion in annual revenues. It provides home, home office, and office imaging products.

- *On June 9, 2011*, the Company and Microtek announced that DCT would become the exclusive North American resource for four of Microtek's products.
- *On May 31, 2011*, DCT and Massachusetts-based OfficeDrop ([www.officedrop.com](http://www.officedrop.com)), a document scanning and management solution provider for small businesses, announced the certification of DCT's DocketPORT<sup>®</sup> family of scanners for use with ScanDrop, a free proprietary scan to cloud software technology.

- *On May 26, 2011*, the Company announced that it secured a significant purchase order from one of its newer original equipment manufacturer (OEM) customers, with the potential for follow-on orders of substantial size. The name of the client was not disclosed.
- *On May 16, 2011*, DCT reported first quarter 2011 revenues of \$3.6 million, an increase of 4.5% over the first quarter 2010. The Company also reported year-to-date EBITDA of (\$175,000) versus \$324,000 for the same period in 2010. Operating expenses were \$1.7 million for the first quarter 2011 versus \$1.2 million for the first quarter 2010, mainly due to strategic investment spending toward anticipated growth and product expansion.
- *On May 4, 2011*, the Company announced the appointment of Ms. Rene Varro as marketing manager. Ms. Varro brings extensive public relations, marketing, and technical expertise to DCT from her position as U.S. marketing specialist for Fuji Electric Holdings Co., Ltd. (6504-TYO). Her responsibilities also included creating the corporate website and managing multiple product launches. Under her leadership, product sales were reported to have increased 20%. As well, Ms. Varro has over 10 years of experience crafting marketing and public relations campaigns both in-house and as a freelance consultant. She holds a B.S. in marketing/business from Notre Dame de Namur University (Belmont, California).
- *On April 21, 2011*, DCT announced the results of its Annual Meeting of Stockholders. Stockholders elected directors Edward Straw, David Clark, Roseann Larson, Darwin Hu, and Jody Samuels; approved the Company's 2010 Stock Option Plan; and ratified the appointment of independent auditors Hein & Associates LLP.
- *On April 18, 2011*, the Company released a Letter to Shareholders from its chief executive officer (CEO), Mr. David Clark (biography on page 9 of the base Executive Informational Overview<sup>®</sup> [EIO<sup>®</sup>]). The base EIO<sup>®</sup>, written by Crystal Research Associates and dated April 5, 2011, is available for viewing at [www.crystalra.com](http://www.crystalra.com).

## Business Update

DCT emphasizes vertical markets and business-to-business sales, working with large branding companies to bring imaging solutions to market. At present, the Company offers over 30 proprietary scanners, which are distributed globally through private-label solutions to Tier 1 original equipment manufacturers (OEMs), value-added resellers (VARs), and other systems integrators.

DCT's products are applicable to traditional areas where scanners are typically used and also extend the reach of document capture platforms into new markets. The Company's devices and technologies can be used for remote deposit capture (RDC), bank note and check verification, document and information management, scanning barcodes, scanning IDs, passports, or other security measures, reading business cards, and as optical mark readers, such as for lottery terminals. As such, DCT supplies document capture systems for use by government agencies, large corporations, small office/home office (SOHO) setups, professional practices, consumers, and other enterprises. Customers include NCR Corp. (NCR-NYSE), Qualcomm, Inc. (QCOM-NASDAQ), Burroughs Payment Systems, Inc. (formerly part of Unisys Corp. [UIS-NYSE]), and Brother Industries, Ltd. (6448-TYO), among others.

A complete description of DCT's business and markets is provided in Crystal Research Associates' base report on DCT, the Executive Informational Overview<sup>®</sup> (EIO<sup>®</sup>), dated April 5, 2011. The EIO<sup>®</sup> is available at [www.crystalra.com](http://www.crystalra.com).

### New Purchase Orders

During 2011, DCT has focused on expanding relationships with existing clients as well as obtaining new clients and new orders to increase its exposure in both domestic and global markets. To this extent, in August 2011, the Company received its largest purchase order to date. This order from a Fortune 500 global technology company exemplifies how DCT is executing on its strategy of emphasizing sales growth. The purchase entails three products for sales through North American retail channels, including major office supply chains and electronic specialty retailers. It is scheduled for delivery in the fourth quarter 2011. Importantly, the Company has and expects to continue receiving orders from this client going forward.

DCT also received a significant purchase order in May 2011 from one of its newer, large OEM customers. This order was for thousands of units delivered to a U.S. financial institution. The Company is currently in the process of shipping to this customer.

In addition to the magnitude of the August 2011 sale to the technology company, DCT considers the May 2011 order to the financial institution to also be a breakthrough in its business for the following reasons:

- It establishes the Company's products as viable solutions within the financial sector;
- It was received from one of DCT's newer partners; and, chiefly,
- It is expected to serve as a catalyst fueling the adoption of DCT's product and solutions by other OEMs and VARs that are looking at information management technologies.

This order from the financial and banking sector is hoped to lead to follow-on orders for the Company's current and new products as competitive pressures drive banks to provide state-of-the-art services and technologies to clients. With the introduction of lower cost, lightweight, easy to integrate, mobile scanners, such as those provided by DCT, banks may be able to renew programs where small and micro businesses are incentivized to open an account and remain a customer. For instance, a bank could offer a complimentary portable scanner with new accounts, which the customer could then use to remotely deposit checks into their new online business checking account. On a larger scale, banks may be able to implement a program using DCT's scanners where business accounts (or any other customer for whom this approach is employed) could scan and upload important documents via the secure banking relationship to a virtual safety deposit box.

## **Recent Exclusive Distribution Agreements with Microtek**

During the second quarter 2011, DCT announced several revenue-based initiatives, including an exclusive distribution agreement with Microtek International, Inc. ([www.microtek.com](http://www.microtek.com)). Under the three-year agreement, DCT is serving as the sole North American sales agent for four of Microtek's next-generation image capture technologies in the retail, medical, biotechnology, and industrial sectors. Some of the products for which DCT is responsible for marketing and selling come from Microtek's ArtixScan series, targeted to meet the needs of the professional art and design industry, among other current product lines. DCT anticipates that its distribution of Microtek products may appeal to existing customers as well as create revenue opportunities with new clients, as the agreement augments DCT's image capture offerings across a broad range of price points and functionalities.

Subsequently, in the third quarter 2011, DCT and Microtek entered into a second exclusive distribution agreement, under which Microtek was named the exclusive distributor in Asia of DCT's products. Microtek is a worldwide company with headquarters in Taiwan. It has been producing scanning solutions since 1980 and holds over 450 patents (Source: Microtek). The company is recognized as one of the top global scanner brands, and DCT reports that Microtek has held over a 40% market share in China for scanning and image capture technologies for the past 20 years. Microtek has approximately 1,500 sales locations and 90 service centers throughout China.

Accordingly, DCT believes that its partnership with Microtek is critical for the Company, as it provides access to the sizable Asian economies as well as Microtek's established network in this region. Both companies intend to share technologies and R&D to ensure that current and future products for each territory are focused on meeting customers' needs.

DCT continues to evaluate synergistic partnerships that combine skills from each company and that have the potential to speed the development process and cycle time for bringing new products to market.

## **Enhancing DCT's Product Portfolio**

In addition to serving as a distribution partner for Microtek, DCT is continuing to enhance its own next-generation image capture solutions through ongoing R&D initiatives. For example, in May 2011, DCT expanded the functionality of its proprietary DocketPORT<sup>®</sup> scanners by integrating these products with ScanDrop, a free scanning software that allows consumers to scan their documents directly to the cloud. ScanDrop connects information to Google Docs, Evernote<sup>®</sup>, and OfficeDrop Online. ScanDrop is provided by OfficeDrop, a Cambridge, Massachusetts-based company providing document management services for small businesses. OfficeDrop was founded in 2007, and has since been awarded the 2009 AlwaysOn Global 250 in Cloud Computing and the 2009 MITX Technology Awards in Cloud Computing.

As the DocketPORT<sup>®</sup> scanners are well suited for small business use, integrating ScanDrop and cloud-filling software with DCT's technology is expected to enable a seamless and cost-effective method for customers to simplify the management of critical online information. With the added ScanDrop functionality, customers can review scans, add labels and tags, pick target folders, rotate and delete pages, and upload PDFs without requiring a web browser.

## **Summary of Market Opportunities**

The global software as a service (SaaS) sector was valued at roughly \$13 billion in 2009, and is forecast to increase to over \$40 billion by 2014 (Source: International Data Corporation [IDC], July 26, 2010). A major component of this sector is scan-to-cloud technology, such as that enabled through DCT's ScanDrop certification. Going forward, the Company seeks to obtain greater market share and build revenues in this area.

A key advantage of DCT's USB-powered scanners is that they improve efficiencies, which may benefit a range of vertical markets, including healthcare, passport/ID cards, RDC and banking, security, and transport, among many others. Across these markets, global information management spending is valued in the trillions of dollars.

In particular, the mobile scanning sector has expanded over the past several years in response to the following factors: (1) the prevalence of broadband, which is nearly ubiquitous in the U.S. today; (2) legislation (such as the Check 21 Act and USA Patriot Act) that has aided the establishment of a digital marketplace; and (3) increasing demand for technology solutions to enhance efficiency and security. Additional trends driving adoption of document capture solutions, such as DCT's, include a proliferation of "green" initiatives intended to efficiently reduce waste and paper storage; requirements and legislation governing secure information processing (e.g., the Health Insurance Portability and Accountability Act [HIPPA]); and an increasing need for secure, efficient, and remotely performed financial transactions.

## **Corporate History**

Document Capture Technologies, Inc. ("DCT" or "the Company"), a Delaware corporation, formerly operated under the name Syscan Imaging, Inc. ("SII") and was a subsidiary of a Chinese company. Initially, SII created proprietary image-sensing technologies in chip form but transitioned to supplying an end-user product that encompasses the technology.

SII completed a reverse merger in 2004 to become a public company with shares traded on the Over-the-Counter Bulletin Board (OTC.BB) under the ticker "SYII." In June 2006, SII changed its name to Sysview Technology, Inc. and began trading under the ticker "SYVT." During this time, the Company pursued a crossover of its technology from mobile image-scanning devices to light-emitting diode (LED) display technology, with the objective of supplying the intellectual property and technological capabilities needed by large suppliers of monitors, flat-panel televisions, and other electronics. In 2008, management initiated a refocus on its core product line of document capture platforms, which were the Company's primary revenue generator. As part of the refocus toward core competencies, the display business was sold, Mr. David Clark (biography on page 9 of the base EIO<sup>®</sup>) became chief executive officer (CEO), and the Company was renamed Document Capture Technologies. The ticker was changed to "DCMT" in January 2008. Since 2008, DCT has worked to streamline its business and deliver new mobile scanning products.

In September 2010, DCT combined its corporate office and warehousing facilities, at which time the Company also expanded its domestic production capabilities. This move was anticipated to create significant operational efficiencies and better position DCT to capitalize on certain market opportunities, specifically those presented by U.S. government agencies that require products to be manufactured in the U.S. under the Trade Agreements Act.

### *Headquarters and Employees*

DCT is headquartered in Santa Clara, outside of San Jose, California, and employs 27 individuals in R&D, sales, operations, and administration. Of these employees, three are located in China, two are in Europe, and the remaining individuals are based in the U.S. To support growth (as described on pages 6-7 of the base EIO<sup>®</sup>), the Company is expanding offices in Europe and has plans to add sales personnel.

The Santa Clara location contains 32,000 square feet for corporate offices, product development, inventory management, and distribution. The Company also has field service/sales offices and inventory management and distribution facilities in the Netherlands (contact information below). As depicted in Figure 1 (page 8), the majority of DCT's manufacturing presently occurs in China and Taiwan. The Chinese factory that manufactures DCT's scanners was recently relocated from Shenzhen, China, to Wuhan, China. The move has been completed and the factory became fully operational on June 1, 2011. Logistics services, such as transportation, storage, and distribution, are provided by third parties.

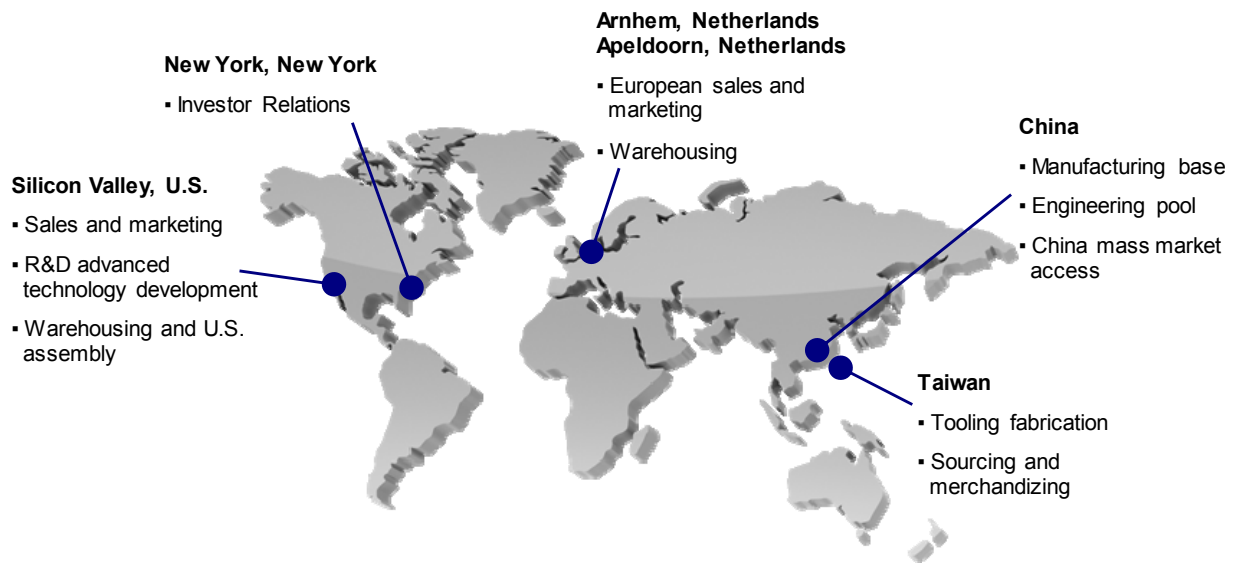
### **Document Capture Technologies, Inc.**

IJsselburcht 3, Suite 212  
6825BS Arnhem  
Netherlands  
Phone: (+31) 26-36 53 440  
Fax: (+31) 26-36 53 441

---

Figure 1  
Document Capture Technologies, Inc.  
GLOBAL PRESENCE

---



Source: Document Capture Technologies, Inc.

---

## Key Points to Consider

- Approximately 31% of all U.S. healthcare costs are related to paperwork, which is a leading contributor to rising costs within this industry. Providers and insurance companies alike face pressure to control costs and simplify complicated processes, and thus seek new, more efficient approaches.
- Compact devices, such as DCT's platforms, can function as stand-alone document and image scanners or as part of larger systems facilitating digital healthcare records.
- DCT's products transform business-critical paper information into a manageable digital format for a variety of enterprises, including government agencies, corporations, small offices and home offices (SOHO), professional practices, and consumers. Through efficient document management solutions, DCT enables reduced operating costs, more accurate information, and increased processing speeds.
- The Company is focused on delivering lightweight, cost-effective products that have a small footprint and are simple to integrate with other systems. Its patented scanners are designed to produce quality images at low power consumption levels.
- DCT offers customized document and image capture solutions equipped with proprietary software development kits (SDKs) for integration with new and existing third-party systems. SDKs support multiple applications, faster time to market, and ease of integration for partners/customers.
- Over the past decade, the Company's DocketPORT<sup>®</sup>, TravelScan<sup>®</sup>, SimpleScan<sup>®</sup>, and DocuPass<sup>®</sup> brands have been distributed through a global network of original equipment manufacturers (OEMs) and value-added resellers (VARs), including NCR Corp., Qualcomm, Inc., Burroughs Payment Systems, Inc., and Brother Industries, Ltd.
- Information and communications technology (ICT) helps businesses create cost efficiencies, boost labor productivity, and remain competitive. Vertical markets, such as financial services, tend to have the greatest level of ICT. DCT targets diversified, growing vertical markets, such as banking, healthcare, travel and hospitality (e.g., reading passports, ID cards), bulk freight transport, and an array of other industries benefitting from the secure digitization of paper forms and images.
- One of the fastest-growing trends in banking technology is remote deposit capture (RDC), fueled by banks and others seeking to differentiate their mobile and online services. RDC has become a key contributor to customer satisfaction and retention. DCT has previously entered into agreements with Bridgeport Technologies, Digital Check, Burroughs, and NCR to develop RDC services using USB-powered mobile terminals—which reduce the processing costs of deposits and related transactions and allow partners to customize RDC solutions for improved service and ongoing revenue growth.
- The Company is led by a management team with expertise in research and development (R&D), business development, corporate finance, sales, and marketing, among other fields. Corporate leadership is focused on identifying and pursuing the most beneficial global opportunities for DCT, and has recently strengthened its R&D team in order to enhance core competencies and create new scanning solutions for greater penetration of high-growth markets.
- DCT holds more than 20 patents, two pending patent applications, three patent applications in pre-submission status, and five trademarks.
- At June 30, 2011, DCT had cash and cash equivalents of \$1.3 million. DCT believes that its financial position is a result of serving diversified markets with products that are reliable, flexible, efficient, well supported, and delivered on time.
- The Company's progress during 2010 and the first half of 2011 was favorable, particularly with regard to having working capital of \$4.6 million at June 30, 2011, and no debt. Moreover, DCT reported revenue growth in the second quarter 2011 of 17% versus the second quarter 2010. Year-over-year revenue growth was 29% (2010 versus 2009). With increasing sales and strengthened leadership, DCT believes that it is poised to pursue business expansion and a greater global presence.

## Risks

Some of the information in this Quarterly Update relates to future events or future business and financial performance. Such statements can only be predictions and the actual events or results may differ from those discussed due to the risks described in DCT's statements on its Forms 10-K, 10-Q, and 8-K, as well as other forms filed from time to time. The content of this report with respect to DCT has been compiled primarily from information available to the public released by the Company through news releases, Annual Reports, and U.S. Securities and Exchange Commission (SEC) filings. DCT is solely responsible for the accuracy of this information. Information as to other companies has been prepared from publicly available information and has not been independently verified by DCT. Certain summaries of activities have been condensed to aid the reader in gaining a general understanding. For more complete information about DCT, please refer to the Company's website at [www.docucap.com](http://www.docucap.com). Additionally, please refer to Crystal Research Associates' base report, the Executive Informational Overview<sup>®</sup> (EIO<sup>®</sup>) dated April 5, 2011, and located on Crystal Research Associates' website at [www.crystalra.com](http://www.crystalra.com) for more comprehensive details of DCT's risk factors.

Intentionally Blank.

# Crystal Research

a s s o c i a t e s

**Jeffrey J. Kraws or Karen B. Goldfarb**

**Phone: (609) 306-2274**

**Fax: (609) 395-9339**

**Email: [eio@crystalra.com](mailto:eio@crystalra.com)**

**Web: [www.crystalra.com](http://www.crystalra.com)**

**Legal Notes and Disclosures:** This Quarterly Update has been prepared by Document Capture Technologies, Inc. (“DCT” or “the Company”) with the assistance of Crystal Research Associates, LLC (“CRA”) based upon information provided by the Company. CRA has not independently verified such information. In addition, CRA has been compensated by the Company in cash of forty-three thousand, five hundred dollars and four hundred thousand warrants for its services in creating the base Executive Informational Overview<sup>®</sup> (EIO<sup>®</sup>), for updates, and for printing costs.

Some of the information in this report relates to future events or future business and financial performance. Such statements constitute forward-looking information within the meaning of the Private Securities Litigation Act of 1995. Such statements can be only predictions and the actual events or results may differ from those discussed due to, among other things, the risks described in DCT’s 10-K, 10-Q, press releases, and other forms filed from time to time. The content of this report with respect to DCT has been compiled primarily from information available to the public released by the Company. DCT is solely responsible for the accuracy of that information. Information as to other companies has been prepared from publicly available information and has not been independently verified by DCT or CRA. Certain summaries of activities and outcomes have been condensed to aid the reader in gaining a general understanding. For more complete information about DCT, the reader is directed to the Company’s website at [www.docucap.com](http://www.docucap.com). This report is published solely for information purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any state. Past performance does not guarantee future performance. Additional information about DCT and its public filings, as well as copies of this report, can be obtained in either a paper or electronic format by calling (408) 436-9888.