

Executive Summary

DCMT Corporate Description: “Document Capture Technologies (OTC.BB:DCMT - News) is a worldwide leader in the design, development, manufacturing, and sale of USB powered mobile page-fed document capture solutions. DCMT provides more than 30 different products across five distinct categories, which are distributed globally through private label solutions to leading Tier 1 OEMs, VARs and other system integrators, including Burroughs, NCR, Qualcomm, and Brother.”

NEW DocketPORT 488

The best and fastest USB powered Double Sided Scanner on the market!



NCR Corp. (NYSE: NCR) Investment in DCMT: As discussed in more detail later in the report, the recent investment by NCR in DCMT includes the following provisions:

- DCMT has sold 3,861,004 common shares to NCR at a price of \$1.036 per share, representing a \$4 million investment by NCR – a global technology company leading how the world connects, interacts and transacts with business.
- NCR has the option to invest up to an additional \$4 million in DCMT at \$1.036 per common share.
- DCMT will expand its board to include a member appointed by NCR, at NCR’s election.
- NCR and DCMT have agreed to strengthen their existing Strategic Supplier Master Procurement Agreement.

As illustrated later in the report, the implied valuation of DCMT is nearly \$40 million based on NCR’s initial \$4 million investment, made on 8/5/10 at \$1.036 per share on a day when trading for DCMT opened at \$0.60 per share. DCMT’s ability to negotiate an investment by NCR at such a premium to the then current stock price seems to imply the companies see significant value in NCR’s option to purchase an additional 3,861,004 shares at the same price of \$1.036 per share. Additionally, given NCR’s comments on the investment as well as NCR’s view of the financial services opportunity, it also seems clear that NCR values DCMT as a business partner and supplier.

Outlook for DCMT: As illustrated later in this report, Murphy Analytics (MA) expects that DCMT should be able to deliver \$0.10 in earnings per diluted share if the Company is able to double sales from the current annualized revenue run rate. While increasing revenue at this rate is a challenge for any company, DCMT was delivering significant revenue growth prior to the global economic crisis. More importantly for the future, however, it seems reasonable to assume that NCR’s straight equity investment into DCMT is a telling indicator of the potential opportunity before the two companies. Additionally, because the NCR investment was made at a significant premium to the then current DCMT price, and because of NCR’s responsibility to its own shareholders, it seems reasonable to assume that NCR sees significant value in the \$4 million \$1.036 / share option it holds on DCMT shares. As discussed later in the report, at the end of Q2 2010, DCMT had over \$3 million in working capital and the Company was again delivering revenue and EBITDA growth. With the NCR investment, not only does DCMT add \$4 million in working capital now, potentially increasing by another \$4 million should NCR exercise its option, but the relationship with NCR provides DCMT with a significant growth opportunity both in the U.S. and globally. MA believes it is reasonable to expect that DCMT revenue will double within the next 1 – 2 years, potentially delivering \$0.10 per share in earnings. Utilizing the roughly 20x price / earnings multiple derived from relevant ETF’s discussed later in the report, this translates into a share price of \$2.00 per share for DCMT. MA expects the magnitude of the growth opportunities before DCMT and NCR will develop over the coming quarters, and MA is updating coverage with a \$2.00 twelve-month price target on DCMT.

DCMT Recent Price	\$0.63	<p style="text-align: center;"><u>Please review the risk factors outlined later in this report and the important disclosures and disclaimers at the end of this report.</u></p>
Outstanding Common Shares	23,267,274	
DCMT - Market Cap Estimate	\$14.7 million	
MA 12-Month Price Target	\$2.00	

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DCMT Operational Recap

DCMT Introduction and Targeted Client Base: DCMT develops, designs and delivers various document capture technology solutions to all types and sizes of enterprises including governmental agencies, large corporations, small corporations, small office-home office (“SOHO”), professional practices as well as consumers (referred to herein collectively as “Enterprises”). DCMT is a market-leader in providing USB-powered scanning solutions to a wide variety of industries and market applications. The Company’s patented and proprietary page-image capture devices facilitate the way information is stored, shared and managed in both business and personal use. In the past ten years, DCMT has grown to be one of the largest manufacturers of page-fed scanning devices worldwide, and the Company sells to several major brand companies including Ambir Technology, Bridgeport Technologies, Brother International, Burroughs, NCR, Newell Rubbermaid /Dymo-Cardscan, Unisys, and Visioneer. DCMT’s vertically integrated design and manufacturing business model allows customers to introduce new products to the market quickly and efficiently.

Patented Technology Creates Differentiation: Syscan, Inc., DCMT’s wholly-owned subsidiary, was incorporated in California in 1995 to develop and manufacture a new generation of contact image sensors (“CIS”) that are complementary metal-oxide-silicon (“CMOS”) imaging sensor devices. During the late 1990s, the Company achieved many technical milestones and was granted numerous patents for linear imaging technology. The Company’s patented CIS and mobile imaging scanner technology provides high quality images at extremely low power consumption levels, allowing DCMT to deliver compact scanners in a form that is simple to use with a computer and or integrate into new or existing systems where there is need for a small footprint, lightweight device to scan documents.

Key Applications: DCMT’s business model was developed and continues to evolve around intellectual property (“IP”) driven products sold primarily to original equipment manufacturers (“OEM”), private label brands and value added resellers (“VAR”). Our image scanning products can be found in a variety of applications, including but not limited to, the following:

- Bank note and check verification (remote capture deposit or “RDC”);
- Document and information management;
- Identification card scanners;
- Passport security scanners;
- Business card readers;
- Barcode scanning; and
- Optical mark readers used in lottery terminals.

The Growing Abundance of Information Drives the Market Opportunity: Confronted by exponentially increasing information through more and more channels, enterprises employ a variety of resources for managing information. DCMT document/image-capture products can help transform business-critical information from paper, faxed and electronic forms, documents and transactions into a manageable digital format. DCMT solutions can manage the processing of millions of forms, documents and transactions annually, converting their content into information that is usable in database, document, content and other information management systems. DCMT document/image-capture products are developed to enable organizations to reduce operating costs, obtain higher information accuracy rates and speed processing times.

NCR Investment in DCMT

NCR Overview: “NCR Corporation (NYSE: NCR - News) is a global technology company leading how the world connects, interacts and transacts with business. NCR’s assisted- and self-service solutions and comprehensive support services address the needs of retail, financial, travel, healthcare, hospitality, entertainment, gaming and public sector organizations in more than 100 countries.” With revenue of over \$4.6 billion and a market cap of over \$2 billion, DCMT benefits not only by having NCR as a strategic investor, but also as a business partner. Following are some of the key terms and possible implications of NCR’s investment in DCMT.

Private Placement of \$4 Million at \$1.036 Per Common Share and an Option to Purchase an Additional \$4 Million at \$1.036 Per Common Share: In connection with the purchase of the initial 3,861,004 common shares, NCR received the right, at its election, to designate one member to DCMT's board, and also was granted a two-year option to purchase up to an additional 3,861,004 common shares at \$1.036 per common share until 8/5/12. DCMT intends to use the net proceeds from the investment to support its operations and the marketing and promotion of its products, for product tooling and engineering, research and development and strategic investments and transactions, and to otherwise fund working capital for its operations.

Commenting on the investment, Michael O’Laughlin, NCR vice president and general manager, NCR Financial Services, noted:

"Since we began our relationship with DCMT a year ago, NCR has been impressed with the depth and quality of DCMT's proprietary products and technology solutions. We are committed to helping our financial services customers implement effective remote deposit capture solutions. We believe that DCMT's document capture technologies will help augment NCR's existing solutions portfolio and help our customers reduce costs, improve their consumer experiences and enhance their operational efficiencies."

DCMT Chief Executive Officer David P. Clark added:

"This strategic investment from NCR provides numerous benefits to DCMT and its shareholders. We are excited to have one of the world's premier technology companies as an equity investor and believe this financing and our continued relationship with NCR will provide DCMT access to significant global growth opportunities and expertise."

Additional Terms of the Investment: As noted in the 8-K filed 8/9/10, as part of the agreement with NCR, DCMT agreed that, subject to certain conditions, DCMT would not take the following actions without the prior written consent of NCR (the “Investor”) so long as NCR holds at least 5% of DCMT common shares:

- enter into any agreement or arrangement with any affiliate of the Company, any director or executive officer of the Company, or that would otherwise be required to be reported by the Company under Item 404 of Regulation S-K; or
- during the twelve month period beginning on the date of the Purchase Agreement:
 - o materially amend or modify the terms, covenants or provisions of its existing loan agreement with Bridge Bank (as amended in connection with the Purchase Agreement);
 - o increase, or cause to be increased, the total principal amount available to the Company under its loan agreement with Bridge Bank to an amount greater than \$2,000,000; or
 - o issue, grant or sell any shares of capital stock, or any warrants, options or other rights to purchase or acquire shares of capital stock, or any securities convertible into shares of capital stock.

Amendment to Extend and Strengthen the Strategic Supplier Master Procurement Agreement between DCMT and NCR: Concurrent with the execution of the Purchase Agreement, the Company and Investor also amended their existing Strategic Supplier Master Procurement Agreement (the “Reseller Agreement”). The Reseller Agreement, dated July 17, 2009, covers the manufacture and sale by the Company to Investor, and the purchase and resale by Investor, of specified scanning products. The original Reseller Agreement had a three-year term, which automatically renewed unless either party gave at least 180 days’ prior written notice. The amendment extends the current term to August 6, 2014, and provides, subject to certain exceptions, that the Company will not sell, directly or indirectly, any products to any entity who engages in the business of:

- (i) operating or supplying remote deposit capture products, services or functionality or
- (ii) operating or supplying product that facilitate the scanning, transmitting, storage of electronic documents on a bank’s secure server.

New Share Count Estimate and Valuation Implied by a \$1.036 Conversion Price: The following table summarizes the potential impact on share count resulting from the NCR investment and option:

MA Estimate of Outstanding and Potential Diluted Share Count	
Outstanding common shares as of 8/11/10	23,267,274
Options Outstanding as of 6/30/10	13,744,498
Warrants outstanding as of 6/30/10	<u>1,013,027</u>
Total Current Fully Diluted Share Count	38,024,799
Shares Available at NCR Option at \$1.036 per Share until 8/5/12	<u>3,861,004</u>
Potential Fully Diluted Share Count	41,885,803

- 3,861,004 shares represents approximately 10.15% of a fully diluted share count estimate of 38,024,799 shares ($3,861,004 / 38,024,799 = 10.1539\%$).
- At a cost of \$4 million, the market cap implied by NCR’s investment is: \$39,394,000 ($\$4,000,000 / 0.101539\% = \$39,394,000$).
- If NCR were to exercise the \$4 million share purchase option, NCR would then own 7,722,008 DCMT common shares ($3,861,004 * 2 = 7,722,008$).
- This would represent approximately 18.44% of DCMT’s 41,885,803 fully diluted shares ($7,722,008 / 41,885,803 = 18.4359\%$).
- An \$8 million investment in exchange for 18.44% ownership implies a market cap of \$43,394,000 ($\$8,000,000 / 18.44\% = \$43,394,000$).

NCR and the Financial Services Opportunity

NCR Chairman and CEO Bill Nuti Discusses Significant Growth and Opportunity in the Financial Services Sector in the U.S. and Internationally¹: *“Customer activity is picking up both in retail and financial services sectors, as evidenced by strong order growth and an improved backlog. This building a backlog was driven by an 18% increase in orders including balanced double-digit order growth in financial and retail....Looking at our businesses in greater detail, the big headline is that both financial and retail sales volumes demonstrated overall improvement. In financial services, the upgrade cycle with several of our large US customers is reaching its conclusion in 2010. This is no surprise and it’s factored into our outlook for the year. The good news is that in Q1, we saw business begin to modestly pickup in the regional and mid-sized bank segment, an important sign of recovery for NCR. Our leading technology and service offerings places us on solid ground to capitalize as spending in this segment resumes. All in all, the large and mid-sized US banks as well as overseas banks recognize the value proposition of NCR’s leading solutions offer...Other advanced technologies beyond the traditional ATM space such as cash recycling continue to demonstrate notable growth overseas and we are making continued headway into key developing markets such as China and India. Overall, we are cautiously optimistic about the improving trends we are beginning to see in financial services and believe our best-in-class Self-Service ATM product family, emerging multi-channel solution offers, integrated services capabilities and improved manufacturing and sourcing infrastructure position us to capitalize in this industry as the market recovery accelerates.*

From NCR May 2010 Investor Presentation²:

Financial Industry Growth Opportunities

- Ongoing roll-out of advanced ATM technologies at large banks
 - Intelligent deposit & remittance are top apps
 - Customers building competitive advantage
 - NCR the global leader in multi-vendor software for self-service
- Other sectors of banking industry expected to narrow the technology gap over the next 12-36 months
- Strong adoption rate of our Self-Serv line of ATM’s – most successful launch in company history
- Continued business strength in emerging markets
 - Extending ATM leadership in China
 - Continued progress in India – secured largest ATM order in country’s history

*1 Source: RBR
NCR Confidential
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¹ <http://seekingalpha.com/article/200324-ncr-corp-q1-2010-earnings-call-transcript>

² <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDY2MTN8Q2hpbGRJRD0tMXxUeXBIPtM=&t=1>

NCR Q2 2010 Financial Results: Following are highlights from NCR's earnings results³ for Q2 2010:

- Q2 2010 operational results above expectations; GAAP EPS from continuing operations of \$0.12 per diluted share; non-GAAP EPS(1) from continuing operations of \$0.35 per diluted share
- Orders increased 9% year over year
- Cash provided by operating activities of \$87 million; free cash flow(3) of \$42 million, inclusive of the continuing investment in the entertainment industry
- Company announces Intelligent Deposit ATM rollout at large U.S. regional bank
- NCR reaffirms full year 2010 revenue and non-GAAP guidance

		Schedule A			
NCR CORPORATION					
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS					
(Unaudited)					
(in millions, except per share amounts)		For the Periods Ended June 30			
		Three Months		Six Months	
		2010	2009	2010	2009
Revenue					
Products		\$ 587	\$ 540	\$ 1,055	\$ 998
Services		590	584	1,151	1,134
Total revenue		1,177	1,124	2,206	2,132
Cost of products		463	423	846	793
Cost of services		473	472	928	926
Total gross margin		241	229	432	413
% of Revenue		20.5%	20.4%	19.6%	19.4%
Selling, general and administrative expenses		171	156	341	315
Research and development expenses		39	34	78	69
Income from operations		31	39	13	29
% of Revenue		2.6%	3.5%	0.6%	1.4%

NCR Comments on the Financial Services and Deposit Opportunity:

While DCMT continues to highlight opportunity across its various target markets, the investment by and agreement with NCR provides telling insight into the prospects for DCMT. As presented earlier in this report, NCR sees significant opportunity across the financial services sector both in the U.S and abroad. The Company's focus on deposits as a key to building an enduring client relationship was mentioned multiple times during the Q2 earnings call⁴, captured in the transcript provided by SeekingAlpha.com:

- Chairman and CEO Bill Nuti: *“Performance was laid by our overseas markets particularly in Europe and the Asia pacific where intelligent deposit continues to capture gains in China. We’re seeing good trends in Europe despite the financial crises, which to this point does not appear to have had a meaningful impact on bank spending. And in Latin America orders were up significantly versus last year and we continued shipping from our recently opened Brazil plant during the quarter and supportive several wins in that country including a key win at (inaudible). This is an early but critical milestone as we look to capitalize on our investments and build on our position in this emerging market over the next several years. In the US the intelligent deposit upgrade cycle with several of our large US customers is reaching it’s conclusion in 2010. But we are beginning to see early signs and movement from the mid major and regional banks. Many of these customers remain conservative in those spending plans as issues like financial reform play out, but we are beginning to see several firms on large highlights and we had a breakthrough late in the quarter when we won a large order for intelligent deposits from a large US with regional bank.... This offerings extend our market leading solutions to our global customers under the same value proposition of reducing costs, growing productivity and deepening relationships with depositors.”*

³ <http://investor.ncr.com/phoenix.zhtml?c=83840&p=irol-newsArticle&id=1450991>

⁴ <http://seekingalpha.com/article/216037-ncr-corp-q2-2010-earnings-call-transcript?source=yahoo>

Review of DCMT Q2 10 Unaudited Financial Statements

Unaudited Proforma Financial Condition as of 6/30/10	
Current Assets	\$3.7 million, including \$2 million in trade receivables and \$306,000 in cash.
Current Liabilities	\$719,000
Working Capital	\$3.7 million, a current ratio of 5.2x.
Total Assets	\$3.9 million in total assets.
Total Liabilities	No reported long-term liabilities.
Stockholders' Equity	\$3.2 million or approximately \$0.15 per common share outstanding as of 8/11/10. Stockholders' equity as of 12/31/09 was \$2.6 million.

Unaudited Operating Results for Fiscal Q2 Ended 6/30/10	
Net Sales	\$3.3 million, an increase of 10% versus Q2 09. Net sales for the 6 months ended 6/30/10 was \$6.7 million, an increase of 34% versus 2009. Five customers accounted for 69% of DCMT revenue in Q2 10 and \$1.6 million in trade receivables as of 6/30/10. 94% of Q2 10 revenue was generated in the U.S. with 6% from Europe and Asia.
Gross Profit	\$1.3 million, a gross margin of 38.8%. Gross profit for Q2 09 was \$1.2 million, a margin of 39.2%. Gross profit for the 6 months ended 6/30/10 was \$2.6 million, an increase of \$33% over 2009.
Operating Expenses	\$1.3 million compared to \$1.1 million for Q2 09. Selling / general / administrative expense rose 8.2% while research / development increased 38% to \$279,000. Operating expenses for Q2 2010 rose 14% relative to Q1 09 and operating expenses for the 6 months ended 6/30/10 fell approximately 1.5% relative to 2009.
Operating Income	\$15,000 operating income compared to \$65,000 operating income for Q2 09. Operating income for the 6 months ended 6/30/09 was \$109,000 versus an operating loss of \$577,000 for 2009.
EBITDA	\$306,000 compared to \$200,000 for Q2 09, an increase of 53%. For the 6 months ended 6/30/10, EBITDA was \$630,000 versus a loss of \$141,000 in the prior year. EBITDA, specifically defined by the Company, is operating earnings before interest, taxes, depreciation included in operating expenses and amortization.
Net Income Available to Common	\$67,000 income compared to \$66,000 income for Q2 09. \$123,000 for the 6 months ended 6/30/10 versus a loss of \$601,000 for 2009.
Cash Flow	Cash provided by operating activities was \$254,000 for 2010, enabling DCMT to repay \$225,000 on its bank line of credit.

Review of DCMT Q1 10 Unaudited Financial Statements

Unaudited Proforma Financial Condition as of 3/31/10

Current Assets	\$3.8 million, including \$2 million in trade receivables and \$165,000 in cash.
Current Liabilities	\$1.1 million
Working Capital	\$2.7 million, a current ratio of 3.4x.
Total Assets	\$4 million in total assets.
Total Liabilities	\$1.1 million with no term long-term liabilities.
Stockholders' Equity	\$2.9 million or approximately \$0.15 per common share outstanding as of 5/12/10. Stockholders' equity as of 12/31/09 was \$2.6 million.

Unaudited Operating Results for Fiscal Q1 Ended 3/31/10

Net Sales	\$3.4 million, an increase of 70% versus Q1 09. Three customers accounted for 62% of DCMT revenue in Q1 10 and \$1.1 million in trade receivables as of 3/31/10. 91% of Q1 revenue was generated in the U.S. with 8% from Europe and the balance from Asia. Net sales for 2009 was \$11.6 million.
Gross Profit	\$1.3 million, a gross margin of 38.7%. Gross profit for Q1 09 was \$778,000, a margin of 38.6%.
Operating Expenses	\$1.2 million compared to \$1.4 million for Q1 09. Selling / general / administrative expense fell 18% while research / development increased 15% to \$265,000.
Operating Income	\$94,000 operating income compared to \$642,000 operating loss for Q1 09.
EBITDA	\$323,000, an increase of 195% over Q1 09. EBITDA, specifically defined by the Company, is operating earnings before interest, taxes, depreciation included in operating expenses and amortization.
Net Income Available to Common	\$56,000 income compared to \$654,000 loss for Q1 09.

Potential DCMT Cash Flows and Valuation

DCMT Has Delivered Historical Revenue Growth: In considering what's reasonable to expect for potential future DCMT cash flows, it is useful to review the periods of revenue growth the Company was experiencing prior to the global recession. A chance to capture a compelling financial services market opportunity as well as the knowledge that DCMT has demonstrated significant revenue growth in the past would seem to drive NCR's investment in and partnership with DCMT. As illustrated below, after experiencing growth of nearly 60% and approximately 20% in 2006 and 2007, DCMT's revenue declines significantly in 2008 and then was flat for 2009. However, even before the NCR investment, DCMT revenue has begun climbing again in 2010. Annualizing the year to date results for 2010 produces a compound annual growth rate of approximately 11.40% for the last 5 years, even taking into account the recession impacted results in 2008 and 2009.

DCMT Annual Revenue							
Year Ended:	<u>2010</u> <u>Annualized</u>	<u>6 Months</u> <u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Gross Revenue	\$13,460,000	\$6,730,000	\$11,529,000	\$11,643,000	\$15,023,000	\$12,469,000	\$7,848,000
Annual % Increase	16.75%		-0.98%	-22.50%	20.48%	58.88%	
5 Year Increase	71.51%						
<u>Annualized</u>	<u>11.39%</u>						

NCR Investment Suggests Significant Upside for DCMT: The following table shows DCMT financial results for the 6-months ended 6/30/10. These results are then annualized and then three growth scenarios are presented in which DCMT revenue increases by 33%, 67% and 100%. While these may seem to be aggressive potential growth scenarios, DCMT has delivered 50%+ growth in the past. More importantly, however, it seems that NCR's investment, made at a significant premium DCMT's recent stock price, signals that the two companies see a very compelling market opportunity before them.

	Q1 - Q2 10 Actual	YTD 2010 Annualized	%	Potential CF		Potential CF		Potential CF	
				w/ Sales Inc.: 33.0%	% Sales	w/ Sales Inc.: 67%	% Sales	w/ Sales Inc.: 100%	% Sales
Sales	\$6,730,000	\$13,460,000		\$17,901,800		\$22,478,200		\$26,920,000	
Cost of Sales	\$4,125,000	\$8,250,000	61.3%	\$10,741,080	60.0%	\$12,924,965	57.5%	\$14,806,000	55.0%
Gross Profit	\$2,605,000	\$5,210,000	38.7%	\$7,160,720	40.0%	\$9,553,235	42.5%	\$12,114,000	45.0%
SGA	\$1,952,000	\$3,904,000	29.0%	\$4,475,450	25.0%	\$5,619,550	25.0%	\$6,057,000	22.5%
R&D	\$544,000	\$1,088,000	8.1%	\$1,074,108	6.0%	\$1,236,301	5.5%	\$1,346,000	5.0%
Operating Income	\$109,000	\$218,000	1.6%	\$1,611,162	9.0%	\$2,697,384	12.0%	\$4,711,000	17.5%
Other Income / Expense	\$16,000	\$32,000	0.2%	\$35,804	0.2%	\$44,956	0.2%	\$53,840	0.2%
Net income before tax	\$125,000	\$250,000	1.9%	\$1,646,966	9.2%	\$2,742,340	12.2%	\$4,764,840	17.7%
Income tax (benefit) expense	\$2,000	\$4,000	0.0%	\$164,697	10.0%	\$411,351	15.0%	\$952,968	20.0%
Net (loss) income	\$123,000	\$246,000	1.8%	\$1,482,269	8.3%	\$2,330,989	10.4%	\$3,811,872	14.2%
Diluted shares	24,285,000	24,285,000		30,000,000		35,000,000		40,000,000	
EPS	\$0.01	\$0.01		\$0.05		\$0.07		\$0.10	

Discussion of Cash Flow Model Assumptions:

- **Sales:** Driven by an assumed revenue increase relative to the annualized year to date DCMT revenue results.
- **Cost of Sales:** It is assumed that DCMT will enjoy some economy of scale as revenue increases.
- **Gross Profit:** Gross profit margin increases as cost of sales declines.
- **Selling / General / Administrative Expense (SGA):** Also assumed fall as a percentage of sales as sales increase.
- **Research and Development (R&D):** Annual dollar expense assumed to increase but fall as a percentage of sales.
- **Operating Income:** Margin expected to improve at higher revenue levels.
- **Other Income / Expense:** Assumed to have a nominal impact. Interest expense expected to remain low based on year to date results and DCMT's very strong working capital position.
- **Net Income before Tax:** Interest expense expected to remain low based on year to date results and DCMT's very strong working capital position.
- **Income Tax (Benefit) Expense:** Effective tax rate assumed to increase as pre-tax income increases.
- **Net Income:** High single digit / low double digit net income margin assumed to be achievable at higher revenue levels.
- **Diluted Shares:** There are 23.2 million shares outstanding currently. This is assumed to increase as revenue rises as DCMT's stock price presumably would rise as well.

DCMT Potential Valuation: As presented later in the report, the iShares S&P North American Technology Sector Index Fund (IGM) and iShares S&P Global Technology Sector Index Fund (IXN), both of which are assumed to be relevant valuation benchmarks for DCMT, currently are trading at a price / earnings multiple of approximately 21x.

The cash flow model developed by Murphy Analytics (MA) illustrates three potential growth scenarios in which DCMT delivers EPS of \$0.05 to \$0.10. Applying a multiple of 20x these potential earnings results in a potential DCMT stock price ranging from \$1.00 to \$2.00. However, a more important reference point for DCMT's potential stock price is the \$1.036 price just paid by NCR, and just as importantly, the \$4 million option negotiated by NCR at the same strike price. With a responsibility to deliver earnings growth to its own shareholders, it seems clear that NCR values DCMT at some price significantly higher than \$1.036 per share.

DCMT has not provided revenue or earnings guidance, but CEO David Clark's comments regarding the Q2 10 earnings results and NCR investment illustrate the Company's positive outlook:

"Undoubtedly, Q2 has been historic for the Company and our shareholders. Our outstanding 2010 YTD numbers, coupled with our recently announced \$4 million equity financing from NCR Corp at \$1.036 per share are testament to our progress, compelling growth prospects and significant revenue opportunities throughout the balance of 2010 and well beyond."

ETF Comparables for DCMT

iShares S&P North American Technology Sector Index Fund (IGM)⁵



The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost.

Recent Top Holdings:

APPLE INC 9.55%
INTL BUSINESS MACHINES CORP 8.37%
MICROSOFT CORP 7.85%
CISCO SYSTEMS INC 6.47%
INTEL CORP 5.72%
HEWLETT-PACKARD CO 4.72%
GOOGLE INC-CL A 4.30%
ORACLE CORP 3.61%
QUALCOMM INC 2.88%
EMC CORP/MASS 2.01%
Total 55.48%

Recent Fund Characteristics:

Price / Earnings Ratio: 21.3x

Price / Book Ratio: 4.2x

Methodology: The iShares S&P North American Technology Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of U.S.-traded technology companies, as represented by the S&P North American Technology Sector Index™. The index includes companies in: the production of sophisticated computer-related devices, electronics networking services, producers of software and consultants for information technology.

iShares S&P Global Technology Sector Index Fund (IXN)⁶



The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost.

Recent Top Holdings:

APPLE INC 9.47%
MICROSOFT CORP 7.50%
INTL BUSINESS MACHINES CORP 6.60%
CISCO SYSTEMS INC 5.10%
INTEL CORP 4.48%
GOOGLE INC-CL A 4.44%
HEWLETT-PACKARD CO 4.22%
SAMSUNG ELECTR-GDR REGS 144A 3.95%
ORACLE CORP 3.63%
TAIWAN SEMICONDUCTOR-SP ADR 2.43%
Total 51.83%

Recent Fund Characteristics:

Price / Earnings Ratio: 21.1x

Price / Book Ratio: 3.8x

Methodology: The iShares S&P Global Technology Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of companies that Standard & Poor's deems part of the information technology sector of the economy and important to global markets, as represented by the Standard & Poor's Global Information Technology Sector Index. The index is a subset of the Standard & Poor's Global 1200 Index.

⁵ http://us.ishares.com/product_info/fund/overview/IGM.htm

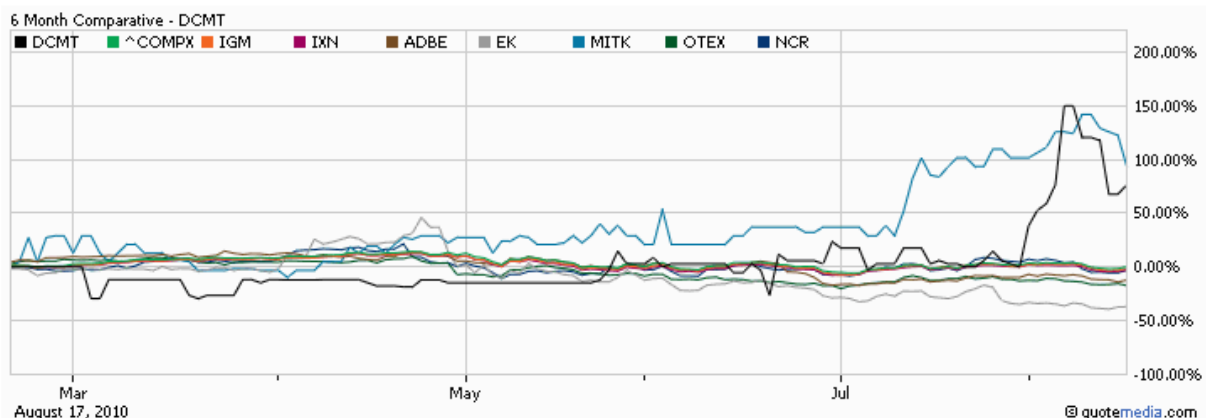
⁶ http://us.ishares.com/product_info/fund/overview/IXN.htm

DCMT Risks

DCMT operations and share performance is subject to a number of risks and uncertainties, outlined in detail in Company filings with the Securities and Exchange Commission. These filings should be read in conjunction with this report. The following are summaries of some of the risk factors related to DCMT's business:

- A significant percentage of DCMT's revenue is derived from sales to a few large customers, and if DCMT is not able to retain these customers, or they reschedule, reduce or cancel orders, or delay or default on payments, DCMT's revenues would be reduced and financial condition and cash flows would suffer.
- The Company has experienced a history of recurring operating losses and may continue to incur losses for the foreseeable future.
- DCMT currently subcontract the manufacturing of our image-capture products to one company and this reliance on one company exposes DCMT to risk which could damage its reputation and adversely affect business.
- DCMT depends on a limited number of suppliers to provide the components and raw materials necessary to manufacture our products; any interruption in the availability of these components and raw materials used in DCMT's products could reduce revenues.
- DCMT's executive officers and key personnel are critical to its business and the loss of their services could adversely affect our business.
- Unauthorized use of DCMT's intellectual property and proprietary technology could adversely affect business and results of operations.

DCMT Historical Price Chart from quotemedia.com



DCMT: Document Capture Technologies, Inc.

^CompX: Nasdaq Composite

IGM: S&P North American Technology Sector Index Fund

IXN: S&P Global Technology Sector Index Fund

ADBE: Adobe Systems

EK: Eastman Kodak

MITK: Mitek Systems

OTEX: Open Text Corp

NCR: NCR: Corp

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Overview of the OTC Bulletin Board⁷

The OTC Bulletin Board[®] (OTCBB) is a regulated quotation service that displays real-time quotes, last-sale prices, and volume information in over-the-counter (OTC) equity securities. An OTC equity security generally is any equity that is not listed or traded on NASDAQ[®] or a national securities exchange. OTCBB securities include national, regional, and foreign equity issues, warrants, units, American Depositary Receipts (ADRs), and Direct Participation Programs (DPPs). The OTCBB is a quotation medium for subscribing members, not an issuer listing service, and should not be confused with The NASDAQ Stock MarketSM. There are no minimum quantitative standards which must be met by an issuer for its securities to be quoted on the OTCBB; however, the new Eligibility Rule limits quotations on the OTCBB to the securities of issuers that are current in their reports filed with the SEC or other regulatory authority. Issuers do not have any filing or reporting requirements with The NASDAQ Stock Market, Inc., or FINRA. Market Makers will be required to provide the periodic financial reports filed by OTCBB issuers with the SEC or other regulatory authorities pursuant to the Eligibility Rule. NASDAQ has no business relationship with the issuers of securities quoted on the OTCBB. Investors must contact a broker/dealer to trade OTCBB securities. Investors do not have direct access to the OTCBB service. The Securities and Exchange Commission's (SEC's) Order-Handling Rules which apply to NASDAQ-listed securities do not apply to OTCBB securities. It is important to note that FINRA has no regulatory authority over OTC Bulletin Board issuers. FINRA's responsibilities include establishing rules governing its broker/dealer members' business conduct; setting qualification standards for securities industry professionals; examining members for their financial and operational condition as well as their compliance with appropriate rules and regulations; investigating alleged violations of securities laws; disciplining violators of applicable rules and regulations; and responding to inquiries and complaints from investors and members. Due to the high level of risk involved in investing in Penny Stocks, the SEC created Rule 15g-2, which makes it "unlawful for a broker or dealer to effect a transaction in any penny stock for or with the account of a customer unless, prior to effecting such transaction, the broker or dealer has furnished to the customer a document containing the information set forth in Schedule 15G, Rule 15g-100, and has obtained from the customer a manually signed and dated written acknowledgement of receipt of the document." (SEC Rule 15g-2(a), Risk Disclosure Document Relating to the Penny Stock Market). If you believe that you have been defrauded by an OTC Bulletin Board issuer, you may file a complaint with your State Securities Regulator or contact the SEC's Office of Investor Education and Assistance.

⁷ <http://www.otcbb.com/investorinformation/investorinfo.stm>