



*Technology*

*Coming to Life*

**NextGen**  
Healthcare Information Systems, Inc.

— 2003 —

**QUALITY SYSTEMS INC.**

ANNUAL REPORT

## PRESIDENT'S LETTER

### To Our Shareholders, Clients, Partners, and Associates:

It is typically difficult to find a single theme that sums up the activities of an entire year. FY 2003 stands as a pleasant exception to this general rule. Reflecting upon the Company's many achievements across multiple fronts, 2003 was a year that saw our "Technology Coming to Life."

Our technology came to life each day as our software products assisted growing numbers of healthcare providers in improving the lives of their patients. Increasing numbers of physicians used NextGen<sup>emr</sup> and NextGen<sup>epm</sup> to enhance patient outcomes and practice economics. The wide range of services provided by our EDI/Connectivity unit brought technology to the many interactions that form the day-to-day fabric of our nation's healthcare system. The QSI Division's dental practice management software and Clinical Product Suite are examples of technology that brightened the smiles of dental clients and their patients.

As our technology continued to come to life, NextGen Healthcare's flagship products were well recognized. At the 2003 HIMSS conference, NextGen<sup>emr</sup> was awarded first place by the Microsoft Healthcare Users Group (MS-HUG). NextGen<sup>epm</sup> followed suit in the practice management software arena. At the 2003 TEPR conference, NextGen<sup>emr</sup> was awarded first place among medical records packages serving our target market, and NextGen<sup>epm</sup> was similarly recognized in the practice management software arena.

The markets for our technology increasingly came to life in FY 2003 as our NextGen Healthcare Information Systems Division extended its track record of accomplishment and turned in its best year ever. Positively impacted by increasing market recognition and driven by the unbounded energy of our team, the division used revenue growth of 37% and operating income growth of 91% over the prior year to set records in each area. Our QSI Division positively impacted the Company's overall financial performance for the year as well with stability and a strong bottom line. These results drove record revenue and EPS performance for the Company as a whole.

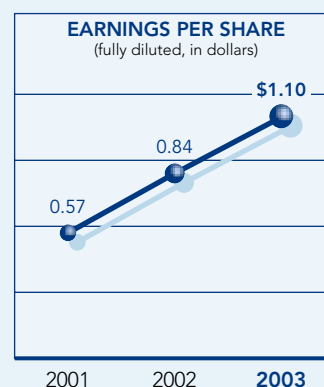
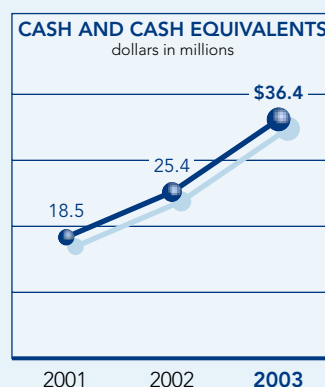
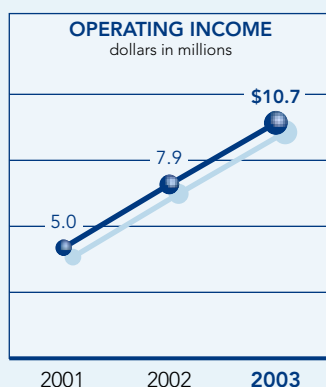
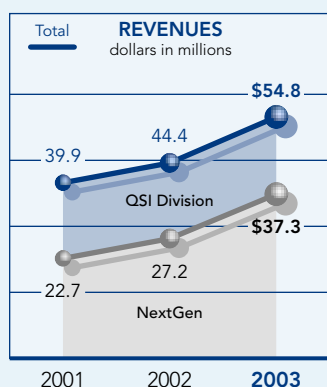
In reflecting on a year of "technology coming to life," it is also important to acknowledge the continued support we've received from shareholders, clients and partners as well as the dedication of the QSI and NextGen Healthcare teams. The Company thanks you and enters FY 2004 energized and committed to continuing our progress.

Sincerely,



Lou Silverman  
President &  
Chief Executive Officer

## FINANCIAL HIGHLIGHTS



## RECENT AWARDS

### Forbes

2002	77 of 200	Quality Systems, Inc.	200 Best Small Companies in America
2001	158 of 200	Quality Systems, Inc.	200 Best Small Companies in America

### The Medical Records Institute/TEPR

2003	First Place	NextGen <sup>EMR</sup>	Medical Records; Medium/Large Practices
2003	First Place	NextGen <sup>EPM</sup>	Practice Management Systems
2002	First Place	NextGen <sup>EMR</sup>	Medical Records; Comprehensive Ambulatory
2002	First Place	NextGen <sup>EMR</sup>	Medical Records; Specialty or Department
2002	Second Place	NextGen <sup>EPM</sup>	Practice Management; Comprehensive Ambulatory

### Microsoft Healthcare Users Group

2003	First Place	NextGen <sup>EPM</sup>	Ambulatory Care; Administrative/Financial Systems
2003	First Place	NextGen <sup>EMR</sup>	Ambulatory Care; Clinical/Patient Information Systems

### AC Group

2003	First Place	NextGen <sup>EMR</sup>	Top Overall EMR Application
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Note: EMR = Electronic Medical Records / EPM = Enterprise Practice Management

## COMPANY PROFILE

Quality Systems Inc. and its NextGen Healthcare Information Systems subsidiary develop and market computer-based practice management systems, electronic patient records systems, and connectivity applications for large medical and dental group practices. Products are marketed under the QSI and NextGen product names. Visit [www.qsii.com](http://www.qsii.com) and [www.nextgen.com](http://www.nextgen.com) for additional information.

## CORPORATE INFORMATION

### Officers of the Company

Louis Silverman  
President & Chief Executive Officer

Patrick Cline  
President  
NextGen Healthcare Information Systems Division

Greg Flynn  
Executive Vice President & General Manager  
QSI Division

Paul Holt  
Chief Financial Officer

### Directors of the Company

Sheldon Razin  
Chairman of the Board

Ahmed Hussein  
Director

Mohammed Tawfick El-Bardai  
CEO  
National Telecommunications Corporation

Dale Hanson  
CEO  
American Partners Consulting Group

Frank Meyer  
President  
Glenwood Holdings

William Small  
Independent Management Consultant

### Legal Counsel

Rutan & Tucker LLP  
Costa Mesa, California

### Independent Auditors

Grant Thornton LLP  
Irvine, California

### Registrar and Transfer Agent

U.S. Stock Transfer Corp.  
Glendale, California

### Investor Relations Consultants

Coffin Communications Group  
Sherman Oaks, California  
818.789.0100

### Form 10-K

A copy of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, is available on the Company's website at [www.qsii.com](http://www.qsii.com) or by contacting the Company at the address below.

**QUALITY SYSTEMS INC.**

### Corporate/QSI Division Headquarters

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Irvine, California 92612  
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[www.qsii.com](http://www.qsii.com)

**NextGen**  
Healthcare Information Systems, Inc.

### Division Locations

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Second Floor  
Horsham, Pennsylvania 19044  
215.657.7010  
3340 Peachtree Road  
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