

NEWS RELEASE

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Auto-Graphics, Inc. Announces 2003 Earnings

Pomona, CA: Auto-Graphics, Inc. (OTCBB: AUGR) reported that operating income nearly tripled to \$370,000 for the year ended December 31, 2003 up from \$127,000 for 2002. This represents the eighth consecutive quarter and second consecutive year that the Company has delivered a positive operating income. EBITDA cash flow (Earnings Before Interest, Taxes, Depreciation and Amortization – see below) improved to \$1,578,000 in 2003 up from \$1,168,000 in 2002. Capital investment declined \$193,000 from \$754,000 in 2002 to \$561,000 in 2003.

Net income was \$305,000 in 2003 up from a net loss of \$228,000 in 2002. The year 2002 included several unusual non-cash charges associated with the merger of the subsidiaries and issuance of warrants totaling \$335,000. Excluding these non-recurring charges, net income nearly tripled in 2003. Basic and diluted income per share was \$0.06 and \$0.05, respectively, in 2003 compared to a basic and diluted loss per share of \$0.05 in 2002. The improvement was due primarily to a significant reduction in legal expenses.

Net sales decreased \$892,000 or 13% to \$5,772,000 in 2003 from \$6,664,000 in 2002 due primarily to lower revenues in the state of Texas as the source of funding was shifted by the legislature from the state to individual libraries and planned declines in publishing sales. The Company is focusing on its core library services business through Agent™ its newest software suite of products.

Reconciliation of Net Income to EBITDA:	<u>2003</u>	<u>2002</u>
Net Income(Loss)	\$ 305,462	\$ (228,235)
Add: Interest	71,785	97,196
Income Taxes	2,000	4,000
Depreciation & Amortization	<u>1,199,000</u>	<u>1,295,000</u>
EBITDA	<u>1,578,247</u>	<u>1,167,961</u>

Auto-Graphics provides applications software and Web hosting services to clients who create, manage, publish and access information using the Internet. Visit www.auto-graphics.com for additional information.

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