

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-QSB**

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended March 31, 2003.

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-4431

**AUTO-GRAPHICS, INC.**

(Exact name of small business issuer as specified in its charter)

**California**

(State or other jurisdiction of incorporation or organization)

**95-2105641**

(IRS Employer Identification No.)

**3201 Temple Avenue, Pomona, CA 91768**

(Address of principal executive offices)

**(909) 595 - 7204**

(Issuer's telephone number)

Total shares of Common Stock issued and outstanding as of May 15, 2003 was 4,904,234.

Transitional Small Business Disclosure Format (Check one): Yes  No

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March 31, 2003

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PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

Unaudited Consolidated Balance Sheet  
March 31, 2003

<u>ASSETS</u>	
Current assets:	
Cash	\$ 25,723
Accounts receivable, less allowance for doubtful accounts of \$25,000	260,626
Unbilled production costs	1,697
Other current assets	<u>188,179</u>
Total current assets	476,225
Software, net	3,114,733
Equipment, furniture and leasehold improvements, net	826,066
Other assets	<u>95,540</u>
	<u>\$ 4,512,564</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	
Current liabilities:	
Accounts payable	\$ 116,700
Deferred income	1,036,556
Other accrued liabilities	177,057
Accrued payroll and related liabilities	144,024
Current portion of long-term debt (Note 2)	<u>814,872</u>
Total current liabilities	2,289,209
Long-term debt, less current portion	29,228
Deferred taxes based on income	<u>73,000</u>
Total liabilities	2,391,437
Stockholders' equity:	
Common stock, 12,000,000 shares authorized, 4,904,234 shares issued and outstanding in 2003	4,262,169
Accumulated deficit	( 2,141,319)
Other comprehensive income/(loss)	<u>277</u>
Total stockholders' equity	<u>2,121,127</u>
	<u>\$ 4,512,564</u>

See Notes to Unaudited Consolidated Financial Statements.

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Unaudited Condensed Consolidated  
Statements of Operations and Comprehensive Income  
For the Three Months Ended March 31,

	<u>2003</u>	<u>2002</u>
Net sales (See Note 3)	\$1,518,044	\$1,636,006
Costs and expenses:		
Cost of sales	850,396	938,483
Selling, general & administrative	<u>552,029</u>	<u>656,791</u>
Total costs and expenses	<u>1,402,425</u>	<u>1,595,274</u>
Income from operations	115,619	40,732
Interest/other income/(expense)	<u>(11,289)</u>	<u>( 25,052)</u>
Income before taxes and minority interests	104,330	15,680
Provision for taxes based on income (See Note 4)	3,000	--
Minority Interests	<u>--</u>	<u>( 11,559)</u>
Net income and total comprehensive income	<u>\$ 101,330</u>	<u>\$ 27,239</u>
Basic earnings per share	\$ .02	\$ .01
Basic weighted average shares outstanding	4,904,234	4,997,234
Diluted earnings per share	\$ .02	\$ .01
Diluted weighted average shares outstanding	5,780,486	4,997,234

See Notes to Unaudited Consolidated Financial Statements.

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Unaudited Consolidated  
Statements of Cash Flows

For the Three Months Ended March 31,  
Increase (Decrease) in Cash

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net income	\$ 101,330	\$ 27,239
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	288,643	286,899
Minority Interests		( 11,559)
Changes in operating assets and liabilities:		
Accounts receivable	71,541	249,155
Unbilled production costs	1,701	( 16,066)
Other current assets	(13,032)	( 24,079)
Other assets	(16,093)	8,673
Accounts payable	(137,869)	32,986
Deferred income	(345,190)	( 185,649)
Other accrued liabilities	(208,171)	( 10,001)
Accrued payroll and related liabilities	<u>(92,774)</u>	<u>( 201,834)</u>
Net cash provided by operating activities	(349,914)	155,764
Cash flows from investing activities:		
Capital expenditures	(132,032)	( 129,674)
Cash flows from financing activities:		
Principal borrowings/(payments) under long-term debt agreements, net	475,792	( 43,511)
Receipts from notes receivable - stock	<u>--</u>	<u>2,067</u>
Cash used in financing activities	<u>475,792</u>	<u>( 41,444)</u>
Net decrease in cash	(6,154)	( 15,354)
Foreign currency effect on cash		13,947
Cash at beginning of period	<u>31,877</u>	<u>122,029</u>
Cash at end of period	<u>\$ 25,723</u>	<u>\$ 120,622</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 20,694	\$ 33,050
Income taxes	26,291	2,435

See Notes to Unaudited Consolidated Financial Statements.

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Notes to  
Unaudited Consolidated Financial Statements

March 31, 2003

**NOTE 1.** The unaudited consolidated financial statements included herein have been prepared by Registrant and include all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position at March 31, 2003, the results of operations and the statement of cash flows for the three months ended March 31, 2003 and 2002 pursuant to the rules and regulations of the Securities and Exchange Commission. The consolidated financial statements include the accounts of Auto-Graphics, Inc. and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated.

The results of operations for the subject periods are not necessarily indicative of the results for the entire year.

This Quarterly Report on Form 10-QSB is qualified in its entirety by the information included in the Company's Annual Report to the SEC on Form 10-K for the period ending December 31, 2002 including, without limitation, the financial statements and notes therein.

**NOTE 2.** The Company was in compliance with its financial loan covenants as of March 31, 2003 under its bank credit agreement. The outstanding loan balance of the line of credit was \$790,000 (\$285,000 available) out of a total commitment of \$1,075,000 at March 31, 2003. The interest rate on the line of credit is the bank prime rate plus four percentage points (8.25% at April 1, 2003) over the remaining loan term. The Company's bank line of credit facility matures each year in June (June 2, 2003) and is therefore reported as a current liability in the Company's balance sheet for quarter ended March 31, 2003. The credit line is secured by all of the assets of the Company and its subsidiaries. It also requires that the Company maintain certain minimum financial covenant ratios, restricts the payment of cash dividends, and limits the amount of certain types of equity investments, the repurchase of Company stock and loans to third parties and subsidiaries.

In February 2003, A-G Canada, Ltd. a wholly-owned Canadian subsidiary of the Company, pledged a Guaranteed Income Certificate in the amount of \$45,000 to Toronto Dominion Bank as collateral for a four-year Letter of Credit in the amount of \$45,000.

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**Note 3.** Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" establishes standards for reporting information about operating segments in interim and annual financial statements.

The following table summarizes sales based on the location of the customers and assets based on the location of the asset presented on the basis of generally accepted accounting principles for the three months ended March 31, 2003, and 2002:

	<u>2003</u>	<u>2002</u>
Geographic areas		
Net sales		
United States	\$ 1,289,191	\$ 1,403,258
Foreign - Canada/Other	228,854	232,748
Long-lived assets, net		
United States	3,931,261	4,464,884
Foreign - Canada	9,538	48,066

**Note 4.** Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been reported in the Company's financial statements or tax returns. At December 31, 2002, the Company had available net operating loss carryforwards for federal income tax purposes of \$3,151,000, \$1,115,000 for state income tax purposes and \$1,055,000 for foreign income tax purposes. A valuation allowance reflects the unrecognized U.S. and foreign tax loss carryforward. These net operating loss carryforwards may be used to offset federal income taxes through 2022, state income taxes through 2010 and foreign income taxes through 2007.

**Note 5.** Earnings Per Share

Statement of Financial Accounting Standards No. 128, "Earnings per Share" requires the presentation of basic earnings per share and diluted earnings per share. Basic and diluted earnings per share computations presented by the Company conform to the standard and are based on the weighted average number of shares of Common Stock outstanding during the year.

On May 3, 2002 and July 17, 2002, Company's Board of Directors granted stock options for a total of 255,000 shares of the Company's "restricted" Common Stock to directors and certain employees.

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In February, 2003, the Company issued 621,252 warrants (at an exercise price of \$0.01 per warrant) to two directors to purchase 621,252 shares of the Company's "restricted" common stock at an exercise price of \$0.01 per share.

The following is a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations:

	<u>Net Income</u>	<u>Shares</u>	<u>Per Share</u>
<u>Three months ended March 31, 2003</u>			
Basic earnings per share			
Net income available to common stockholders	\$ 101,330	4,904,234	\$ 0.02
Effect of dilutive securities			
Stock options		255,000	
Warrants		621,252	
Diluted earnings per share			
Net income available to common stockholders	<u>\$ 101,330</u>	<u>5,780,486</u>	<u>\$ 0.02</u>
<u>Three months ended March 31, 2002</u>			
Basic earnings per share			
Net income available to common stockholders	\$ 27,239	4,997,234	\$ 0.01
Effect of dilutive securities			
None.		--	
Diluted earnings per share			
Net income available to common stockholders	<u>\$ 27,239</u>	<u>4,997,234</u>	<u>\$ 0.01</u>

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**Note 6.** Legal Proceedings

On May 9, 2001 the Company terminated the services of its long-time outside counsel, Robert H. Bretz. Mr. Bretz was also a director and shareholder of the Company. Following his termination, Mr. Bretz began to file multiple lawsuits (a total of eight) against the Company, its current and former officers, directors and counsel. On January 16, 2003 the Company settled the existing lawsuits with Mr. Bretz dismissing all of the lawsuits, including his lawsuit to recover approximately \$65,000 for previously billed services to the Company, in return for a payment of \$15,000.

**Note 7.** Recently Issued Accounting Pronouncements

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections, which rescinds FASB Statement No. 4, Reporting Gains and Losses from Extinguishment of Debt, and an amendment of that Statement, FASB Statement No. 64, Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements. This Statement amends FASB Statement No. 13, Accounting for Leases, to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. The Company believes the adoption of this Statement will have no material impact on its financial statements.

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, which addresses accounting for restructuring and similar costs. SFAS No. 146 supersedes previous accounting guidance, principally Emerging Issues Task Force (EITF) Issue No. 94-3. The Company will adopt the provisions of SFAS No. 146 for restructuring activities initiated after December 31, 2002. SFAS No. 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. Under EITF No. 94-3, a liability for an exit cost was recognized at the date of a company's commitment to an exit plan. SFAS No. 146 also establishes that the liability should initially be measured and recorded at fair value. Accordingly, SFAS No. 146 may affect the timing of recognizing future restructuring costs as well as the amount recognized. The Company believes the adoption of this Statement will have no material impact on its financial statements based on the Company's current plans.

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In November 2002, the Financial Accounting Standards Board issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," which interprets the guidance of FASB Statement No. 5. Specifically, Interpretation No. 45 requires that a guarantor recognize at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee and augments the disclosure in interim and annual financial statements. The Company believes the adoption of this Interpretation will have no material impact on its financial statements.

In December, 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure, which amends the transition and disclosure requirements of SFAS No. 123, Accounting for Stock-Based Compensation. The statement requires more frequent and prominent disclosure of stock-based compensation expense in annual and interim financial statements beginning in fiscal years ending after December 15, 2002. The Company has adopted the statement commencing with its fiscal year ended December 31, 2002 and the statement has not had a material adverse effect on the Company's financial statements.

In April, 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. The Statement further clarifies accounting for derivative instruments. The Company believes the adoption of this Statement will have no material impact on its financial statements.

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

**CRITICAL ACCOUNTING POLICIES**

The Company maintains its accounting books and records in accordance with accounting principles generally accepted in the United States of America. The preparation of the financial statements of the Company in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and sales and expenses during the reporting period. These estimates are based on information available as of the date of the financial statements. Actual results may materially differ from those estimated. The Company's critical accounting policies include the following:

- ◇ Capitalized software development costs
- ◇ Amortization of software development costs
- ◇ Revenue Recognition

The Company accounts for internally developed software in accordance with Statement of Financial Accounting Standard (SFAS) No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased or Otherwise Marketed." After technical feasibility has been established, the Company capitalizes the average cost per billable hour of its software development process including payroll and payroll benefits, training and recruiting costs. The Company collects and records the software development hours invested in software development projects. Annually, the Company evaluates these accumulated costs for recoverability against estimated future revenues and determines the amount, which will be capitalized. The Company generally capitalizes approximately two-thirds of the annual software development project costs eligible for capitalization and expenses the remainder. To the extent that more development costs are capitalized, the Company's current net income will improve, and, to the extent that more software development costs are expensed instead of capitalized, the Company's current net income will decline. Because of the effect on earnings, the Company endeavors to capitalize a relatively consistent amount year-to-year to minimize the fluctuation in earnings.

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The Company amortizes its software development costs in accordance with the estimated economic life of the software, which generally is seven years. The Company's typical product lifecycle has been about 15 years, which was true for its prior film/fiche product line, CD-ROM product line and current Internet/Web product line, which has now been deployed for nine years and is still growing. To the extent the average actual useful life varies significantly from the estimated useful life, amortization expense may be understated or overstated. Generally, amortization expense averages less than 15% of the corresponding revenue stream.

Revenue recognition policies vary according to the nature of the revenue. The Company's primary revenue stream is outsourced web hosting services which are sold on a subscription basis. Services are billed in advance on an annual or quarterly basis. Revenue is recognized monthly on a pro-rata basis i.e., for a twelve month contract, one-twelfth of the revenue is recognized each month as services are rendered. Revenues which have been billed and collected in advance are booked as deferred income until the services are provided and revenues earned. Certain insignificant annual subscriptions for databases and software support typically are recognized as revenue in the month they are billed. Certain cost of sales and overhead costs for providing future software support services are accrued as expense in accordance with SOP 97-2, "Software Revenue Recognition," as amended by SOP 98-4 and 98-9, and thereby matching revenues and expenses. Certain contract job processing services are progress billed and revenues recognized as the processing services are performed on a monthly basis. Certain software and hardware sales are billed when the product is shipped and title passes to the customer.

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**LIQUIDITY AND CAPITAL RESOURCES**

The working capital deficit decreased by \$237,000 to a negative \$1,813,000 from \$2,050,000 in 2002, primarily as a result of a significant decrease in liabilities and deferred income of \$784,000 partially offset by an increase in borrowing on the bank line of credit of \$480,000. Working capital is being adversely affected by the requirement to report the \$790,000 bank line of credit as a current liability under generally accepted accounting principles since it matures in June of 2003 (see below). Net cash used by operating activities in 2003 was approximately \$350,000 down \$506,000 from \$156,000 in funds provided by operating activities in 2002, as a result of the decrease in liabilities and deferred income of \$784,000. The Company's primary ASP product lines are sold on an annual subscription basis with fees for services billed to the customer and paid annually or quarterly in advance. This cash is received and booked to customer advances (deferred income on the balance sheet) to be applied as the monthly sales revenues are earned and recognized on a pro-rata basis. As the actual cash is received, it is used to pay down the line of credit. A growing percentage of sales (currently over 65%) of the Company's sales revenues are now being paid through customer advances without flowing through accounts receivable. The average accounts receivable balance is therefore lower (approximately one-third) what it would otherwise historically be and there is a substantial deferred income balance in current liabilities representing revenues to be earned from future services to customers who have paid in advance.

At December 31, 2002, the Company's principal financial commitments, other than its bank line of credit, involved the lease of corporate facilities in Pomona, California and in Toronto, Canada. Total commitments over next five years total approximately \$1.0 million.

The Company's principal uses of cash for investing activities during 2003 and 2002 were directed primarily towards continuing development of the Company's Agent(TM), VERSO(TM) and Impact/ONLINE(TM) software. The amounts invested in software development were \$125,000 in both 2003 and 2002. The remainder of investing activities were to acquire hardware and software used to expand and enhance online services to the Company's current and prospective Internet/Web customers. Total capital expenditures were unchanged from \$132,000 in 2003 compared to \$130,000 in 2002.

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Management believes that liquidity and capital resources should be adequate to fund operations and expected reductions in bank debt in 2003. As of March 31, 2003, the Company was in compliance with all of its loan covenants. In 2002, the Company's primary bank, Wells Fargo Bank, renewed and extended the terms of its credit agreement for an additional year to June 2, 2003. The credit facility is a \$1.6 million revolving line of credit, which decreases by \$175,000 each quarter on September 30, 2002, December 31, 2002 and March 31, 2003 consistent with the Company's forecasted declining requirements for financing. The total commitment under the line of credit at March 31, 2003 is \$1,075,000 and total borrowing was \$790,000 with \$285,000 in additional credit availability. The Company has reached an agreement in principle on the terms of the renewal of the credit facility. The Company expects that the bank will continue to reduce the availability under the line of credit over any renewal period consistent with the Company's declining credit requirements and will increase the interest rates charged to the Company under the credit facility. Because the Company's bank line of credit facility matures in June 2003, it is reported as a current liability in the Company's balance sheet for the quarter ended March 31, 2003. The Company has no so-called special purpose entities, off-balance sheet or derivative financing of any kind. All entities have been consolidated and all material intercompany accounts and transactions have been eliminated.

This Report includes forward-looking statements which reflect the Company's current views with respect to future events and financial performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**RESULTS OF OPERATIONS**

First Quarter 2003 as Compared to First Quarter 2002

Net sales decreased \$118,000 or 7% to \$1,518,000 in 2003 from \$1,636,000 in 2002 due primarily to declines in sales to publishing customers.

Cost of sales decreased \$88,000 or 9% to \$850,000 in 2003 from \$938,000 in 2002 as a result of cost reductions in publishing production payroll and office rent. Gross margins increased from \$698,000 or 43% of sales in 2002 to \$668,000 or 44% of sales in 2003 due to the above expense reductions.

Selling, general and administrative expenses decreased \$105,000 or 16% to \$552,000 in 2003 from \$657,000 in 2002 as a result of a substantial decrease in legal expenses in 2003 compared to 2002. The substantial legal fees in 2002 were due primarily to the lawsuits with the Company's former general counsel, Robert H. Bretz. The Company settled with Mr. Bretz in January of 2003 ending the litigation (See Part II, Item 1. "Legal Proceedings").

Income from operations improved to \$116,000 in 2003 up from \$41,000 in 2002 due to the above expense reductions.

Interest expense/other was \$11,000 in 2003 down \$14,000 from \$25,000 in 2002 due to lower average borrowings and lower interest rates and foreign exchange gains.

Provision for taxes based on income in 2003 reflects the minimum state income taxes and the federal and state net operating loss carryforward (See Note 4 of Notes to Unaudited Consolidated Financial Statements).

Minority interests of \$12,000 reflects the outside minority owners' share of the losses realized by the majority-owned Dataquad subsidiary in 2002. In December 2002, both majority-owned subsidiaries, Dataquad and LibraryCard were merged with Auto-Graphics, Inc.

Net income improved by \$74,000 to \$101,000 in 2003 compared to \$27,000 in 2002 due to the above expense reductions.

Both basic and diluted earnings per share were \$0.02 in 2003 compared to \$0.01 in 2002.

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ITEM 3. CONTROLS AND PROCEDURES

As of March 31, 2002, an evaluation was performed, under the supervision and with the participation of the President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the President and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of March 31, 2002. No significant changes in internal controls or in other factors have occurred that could significantly affect controls subsequent to March 31, 2002.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On May 9, 2001 the Company terminated the services of its long-time outside counsel, Robert H. Bretz. Mr. Bretz was also a director and shareholder of the Company. Following his termination, Mr. Bretz began to file multiple lawsuits (a total of eight) against the Company, its current and former officers, directors and counsel. On January 16, 2003 the Company settled the existing lawsuits with Mr. Bretz dismissing all of the lawsuits, including his lawsuit to recover approximately \$65,000 for previously billed services to the Company, in return for a payment of \$15,000.

Item 2. Changes in Securities and Use of Proceeds. None.

Item 3. Defaults upon Senior Securities. None.

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

The Company issued a definitive proxy statement on May 7, 2003 in preparation for an Annual Meeting of Shareholders on June 17, 2003.

Item 5. Other Information. None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

99.1 Certification by the Chief Executive Officer

99.2 Certification by the Chief Financial Officer

(b) None.

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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.

AUTO-GRAPHICS, INC.

Date: May 15, 2003

/s/ Robert S. Cope  
Robert S. Cope, President

Date: May 15, 2003

/s/ Daniel E. Luebben  
Daniel E. Luebben,  
Chief Financial Officer

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CERTIFICATIONS

I, Robert S, Cope, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Auto-Graphics, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Robert S. Cope  
Robert S. Cope  
Chairman of the Board and President

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CERTIFICATIONS

I, Daniel E. Luebben, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Auto-Graphics, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Daniel E. Luebben  
Daniel E. Luebben  
Chief Financial Officer  
and Secretary