

**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 June 30, 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 August 14, 2003 is 5,525,486.

AUTO-GRAPHICS, INC.

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June 30, 2003

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PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

Unaudited Consolidated Balance Sheet  
June 30, 2003

<u>ASSETS</u>	
Current assets:	
Cash	\$ 44,402
Accounts receivable, less allowance for doubtful accounts of \$25,000	213,102
Unbilled production costs	732
Other current assets	<u>182,832</u>
Total current assets	441,068
Software, net	3,041,360
Equipment, furniture and leasehold improvements, net	752,451
Other assets	<u>95,540</u>
	<u>\$ 4,330,419</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>	
Current liabilities:	
Accounts payable	\$ 104,063
Deferred income	892,071
Other accrued liabilities	178,572
Accrued payroll and related liabilities	199,928
Note Payable (Note 2)	600,872
Current portion of long-term debt (Note 2)	<u>25,236</u>
Total current liabilities	2,000,742
Long-term debt, less current portion	22,485
Deferred taxes based on income	<u>73,000</u>
Total liabilities	2,096,227
Stockholders' equity:	
Common stock, 12,000,000 shares authorized, 5,525,486 shares issued and outstanding in 2003	4,274,594
Accumulated deficit	( 2,040,679)
Other comprehensive income/(loss)	<u>277</u>
Total stockholders' equity	<u>2,234,192</u>
	<u>\$ 4,330,419</u>

See Notes to Unaudited Consolidated Financial Statements.

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Unaudited Condensed Consolidated  
Statements of Operations and Comprehensive Income  
For the Six Months Ended June 30,

	<u>2003</u>	<u>2002</u>
Net sales (See Note 3)	\$2,993,156	\$3,232,260
Costs and expenses:		
Cost of sales	1,686,188	1,804,843
Selling, general & administrative	<u>1,069,067</u>	<u>1,353,498</u>
Total costs and expenses	<u>2,755,255</u>	<u>3,158,341</u>
Income from operations	237,901	73,919
Interest/other income/(expense)	<u>( 32,930)</u>	<u>( 30,894)</u>
Income before taxes and minority interests	204,971	43,025
Provision for taxes based on income (See Note 4)	3,000	3,000
Minority Interests	<u>--</u>	<u>( 14,164)</u>
Net income and total comprehensive income	<u>\$ 201,971</u>	<u>\$ 54,189</u>
Basic earnings per share	\$ .04	\$ .01
Basic weighted average shares outstanding	5,525,486	4,997,234
Diluted earnings per share	\$ .04	\$ .01
Diluted weighted average shares outstanding	5,673,819	5,070,567

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 June 30,

	<u>2003</u>	<u>2002</u>
Net sales (See Note 3)	\$1,475,111	\$1,596,254
Costs and expenses:		
Cost of sales	835,792	866,361
Selling, general & administrative	<u>526,442</u>	<u>682,771</u>
Total costs and expenses	<u>1,362,234</u>	<u>1,549,132</u>
Income from operations	112,877	47,122
Interest/other income/(expense)	<u>( 12,236)</u>	<u>( 19,781)</u>
Income before taxes and minority interests	100,641	27,341
Provision for taxes based on income (See Note 4)	--	3,000
Minority Interests	<u>--</u>	<u>( 2,605)</u>
Net income and total comprehensive income	<u>\$ 100,641</u>	<u>\$ 26,946</u>
Basic earnings per share	\$ .02	\$ .01
Basic weighted average shares outstanding	5,525,486	4,997,234
Diluted earnings per share	\$ .02	\$ .01
Diluted weighted average shares outstanding	5,822,153	5,143,900

See Notes to Unaudited Consolidated Financial Statements.

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Unaudited Consolidated  
Statements of Cash Flows

For the Six Months Ended June 30,  
Increase (Decrease) in Cash

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net income	\$ 201,971	\$ 54,189
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	577,316	583,374
Minority Interests	--	( 14,163)
Changes in operating assets and liabilities:		
Accounts receivable	119,065	365,714
Unbilled production costs	2,666	( 6,155)
Other current assets	( 7,685)	( 36,399)
Other assets	( 16,093)	8,672
Accounts payable	( 150,506)	( 116,231)
Deferred income	( 489,674)	( 457,216)
Other accrued liabilities	( 206,657)	41,846
Accrued payroll and related liabilities	<u>( 36,870)</u>	<u>( 191,697)</u>
Net cash provided by (used in) operating activities	( 6,467)	231,934
Cash flows from investing activities:		
Capital expenditures	( 273,717)	( 258,492)
Cash flows from financing activities:		
Principal borrowings/(payments) under notes, net	280,284	13,095
Exercise of Warrants	12,425	--
Receipts from notes receivable - stock	<u>--</u>	<u>2,067</u>
Net Cash provided by financing activities	<u>292,709</u>	<u>15,162</u>
Net increase (decrease) in cash	12,525	( 11,396)
Foreign currency effect on cash	--	13,946
Cash at beginning of period	<u>31,877</u>	<u>122,029</u>
Cash at end of period	<u>\$ 44,402</u>	<u>\$ 124,579</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 39,618	\$ 55,873
Income taxes	1,983	2,435

See Notes to Unaudited Consolidated Financial Statements.

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Notes to  
Unaudited Consolidated Financial Statements

June 30, 2003

**NOTE 1. Basis of Presentation**

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 June 30, 2003, the results of operations and the statement of cash flows for the three months ended June 30, 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, 2003 including, without limitation, the financial statements and notes therein.

**NOTE 2. Notes Payable**

The Company was in compliance with its financial loan covenants as of June 30, 2003 under its bank credit agreement. The outstanding loan balance of the line of credit was \$601,000 (\$474,000 available) out of a total commitment of \$1,075,000 at June 30, 2003. The interest rate on the line of credit is the bank prime rate plus 4.5 percentage points (8.50% at June 3, 2003). The Company's bank line of credit facility matures each year in June (June 30, 2004) and is therefore reported as a current liability in the Company's balance sheet for quarter ended June 30, 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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Notes to  
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**Note 3. Operating Segments**

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 six months ended June 30, 2003, and 2002:

	<u>2003</u>	<u>2002</u>
Geographic areas		
Net sales		
United States	\$ 2,493,879	\$ 2,784,022
Foreign - Canada/Other	499,277	448,238
Long-lived assets, net		
United States	3,787,452	4,310,544
Foreign - Canada	6,359	34,746

**Note 4. Income Taxes**

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.

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Notes to  
Unaudited Consolidated Financial Statements

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**Note 5. Earnings Per Share(continued)**

On May 3, 2002, July 17, 2002 and June 18, 2003, Company's Board of Directors granted stock options for a total of 380,000 shares of the Company's "restricted" Common Stock to directors and certain employees.

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. In May and June 2003, all of these warrants were exercised and the stock was purchased and issued.

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>Six months ended June 30, 2003</u>			
Basic earnings per share			
Net income available to common stockholders	\$ 201,970	5,525,486	\$ 0.04
Effect of dilutive securities			
Stock options		<u>148,333</u>	
Diluted earnings per share			
Net income available to common stockholders	<u>\$ 201,970</u>	<u>5,673,819</u>	<u>\$ 0.04</u>
<u>Six months ended June 30, 2002</u>			
Basic earnings per share			
Net income available to common stockholders	\$ 54,189	4,997,234	\$ 0.01
Effect of dilutive securities			
Stock options		<u>73,333</u>	
Diluted earnings per share			
Net income available to common stockholders	<u>\$ 54,189</u>	<u>5,070,567</u>	<u>\$ 0.01</u>

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Notes to  
Unaudited Consolidated Financial Statements

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**Note 5. Earnings Per Share(continued)**

Three months ended June 30, 2003

Basic earnings per share			
Net income available to common stockholders	\$ 100,641	5,525,486	\$ 0.02
Effect of dilutive securities			
Stock options		<u>296,667</u>	
Diluted earnings per share			
Net income available to common stockholders	<u>\$ 100,641</u>	<u>5,822,153</u>	<u>\$ 0.02</u>

Three months ended June 30, 2002

Basic earnings per share			
Net income available to common stockholders	\$ 26,946	4,997,234	\$ 0.01
Effect of dilutive securities			
Stock options		<u>146,666</u>	
Diluted earnings per share			
Net income available to common stockholders	<u>\$ 26,946</u>	<u>5,143,900</u>	<u>\$ 0.01</u>

**Note 6. Recently Issued Accounting Pronouncements**

In May, 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard (SFAS) No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. The Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. 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 one-half of the annual software development costs 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 98-9. 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 \$678,000 to a negative \$1,560,000 from \$2,238,000 in 2002, primarily as a result of a repayment of \$667,000 in borrowing on the bank line of credit and other term debt. Working capital is being adversely affected by the requirement to report the \$601,000 bank line of credit as a current liability under generally accepted accounting principles since it matures on June 30, 2004 (see below). Net cash used in operating activities was approximately \$6,000 in 2003 down from net cash provided by operating activities of \$232,000 in 2002 due to reductions in accounts receivable and accrued liabilities. 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 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 \$250,000 in both 2003 and 2002. The remainder of the 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 up to \$274,000 in 2003 compared to \$259,000 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 June 30, 2003, the Company was in compliance with all of its loan covenants. In May 2003, the Company's primary bank, Wells Fargo Bank, renewed and extended the terms of its credit agreement for an additional 13 months to June 30, 2004. The credit facility is a \$1.075 million revolving line of credit, which decreases by \$175,000 on October 1, 2003 and by \$500,000 on January 1, 2004. The total borrowing was \$601,000 at June 30, 2003 with \$474,000 in additional credit availability. Because the Company's bank line of credit facility matures on June 30, 2004, it is reported as a current liability in the Company's balance sheet for the quarter ended June 30, 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.

Management remains concerned about the effect that the current economic slump is having on state and local government budgets. Management expects that the reduced availability of government funding for existing and new library automation projects could reduce sales in 2003 by up to 10% from 2002 sales, although management expects the Company to be profitable for the year 2003.

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 Six Months of 2003 as Compared to First Six Months of 2002

Net sales decreased \$239,000 or 7% to \$2,993,000 in 2003 from \$3,232,000 in 2002 due primarily to declines in sales to publishing customers. The Company is focusing on its core business of library services and not soliciting new publishing customers.

Cost of sales decreased \$119,000 or 7% to \$1,686,000 in 2003 from \$1,805,000 in 2002 as a result of cost reductions in publishing production payroll and office rent. Gross margins were unchanged at 44% of sales in 2003 and 2002.

Selling, general and administrative expenses decreased \$284,000 or 21% to \$1,069,000 in 2003 from \$1,353,000 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 initiated by the Company's former general counsel, Robert H. Bretz. The Company settled with Mr. Bretz in January of 2003 ending the litigation.

Income from operations more than doubled to \$238,000 in 2003 up from \$74,000 in 2002 due to the above expense reductions.

Interest/other income/expense was essentially unchanged in 2003 from 2002.

Provision for taxes based on income in 2003 and 2002 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 \$14,000 reflects the 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 quadrupled to \$202,000 in 2003 compared to \$54,000 in 2002 due to the above expense reductions.

Both basic and diluted earnings per share were \$0.04 in 2003 compared to \$0.01 in 2002.

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Second Quarter of 2003 as Compared to Second Quarter of 2002

Net sales decreased \$121,000 or 8% to \$1,475,000 in 2003 from \$1,596,000 in 2002 due primarily to declines in sales to publishing customers. The Company is focusing on its core business of library services and not soliciting new publishing customers.

Cost of sales decreased \$30,000 or 3% to \$836,000 in 2003 from \$866,000 in 2002 as a result of cost reductions in publishing production payroll and office rent. Gross margins decreased from 46% in 2002 to 43% of sales in 2003.

Selling, general and administrative expenses decreased \$156,000 or 23% to \$526,000 in 2003 from \$683,000 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 initiated by the Company's former general counsel, Robert H. Bretz. The Company settled with Mr. Bretz in January of 2003 ending the litigation.

Income from operations more than doubled to \$113,000 in 2003 up \$66,000 from \$47,000 in 2002.

Interest/other income/expense was an expense of \$12,000 in 2003 down from an expense of \$20,000 in 2002 due to lower average borrowings and lower interest rates.

Provision for taxes based on income in 2003 and 2002 reflects the federal and state net operating loss carryforward and the minimum state income taxes in 2002 (See Note 4 of Notes to Unaudited Consolidated Financial Statements).

Minority interests of \$3,000 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 quadrupled 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 June 30, 2003, 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 June 30, 2003. No significant changes in internal controls or in other factors have occurred that could significantly affect controls subsequent to June 30, 2003.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings. None.

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. None.

Item 5. Other Information. None.

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

(a) Exhibits:

10.58 Third Amendment to Amended and Restated Credit Agreement dated May 14, 2003.

10.59 Reducing Revolving Note dated May 14, 2003.

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: August 14, 2003

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

Date: August 14, 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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CERTIFICATIONS

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: August 14, 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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CERTIFICATIONS

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: August 14, 2003

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