AUTO GRAPHICS INC
Form 10-Q
August 10, 2001

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended

June 30, 2001 Commission File Number 0-4431

AUTO-GRAPHICS, INC.
(exact name of registrant as specified in its charter)

California	95-2105641
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
3201 Temple Avenue, Pomona, California	91768-3200
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: (909) 595-7204

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Total shares of Common Stock issued and outstanding as of August 9, 2001 were 4,997,234.

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June 30, 2001

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PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements.

Unaudited Condensed Consolidated
Statements of Operations

For The Six Months Ended June 30

	2001	2000
Net sales (See Note 3)	$4,716,005	$4,379,337
Cost and expenses:		
Cost of sales	2,928,983	2,533,332
Selling, general & administrative	2,139,812	2,088,759

Total Costs and Expenses	5,068,795	4,622,091
Loss from operations	(352,790)	(242,754)
Interest/other Income/(Expense)	(64,334)	(107,573)
Loss before taxes	(417,124)	(350,327)
Provision for taxes based on income (See Note 4)	5,216	4,368
Minority interests	(184,907)	(125,180)
Net Loss and comprehensive Loss	($ 237,433)	($ 229,515)
Basic Loss per share	($ 0.05)	($ 0.05)
Weighted average shares outstanding	4,997,234	4,822,734
Diluted Loss per share	($ 0.05)	($ 0.05)
Weighted average shares outstanding	4,997,234	4,822,734

See Notes to Unaudited Condensed Consolidated Financial Statements.

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Unaudited Condensed Consolidated
Statement of Operations

For The Three Months Ended June 30

	2001	2000
Net sales (See Note 3)	$1,593,936	$2,269,456
Costs and expenses:		
Cost of sales	1,367,439	1,334,653
Selling, general & administrative	1,025,999	1,057,002
Total Costs and Expenses	2,393,438	2,391,655
Loss from operations	(799,502)	(122,199)
Interest/other Income/(Expense)	(29,446)	(44,126)
Loss before taxes	(828,948)	(166,325)
Benefit for taxes based on Loss (see Note 4)	(56,784)	-
Minority Interests	(83,033)	(59,028)

Net Loss and comprehensive Loss	($ 689,131)	($ 107,297)
Basic Loss per share	($ 0.14)	($ 0.02)
Weighted average shares outstanding	4,997,234	4,822,734
Diluted Loss per share	($ 0.14)	($ 0.02)
Weighted average shares outstanding	4,997,234	4,822,734

See Notes to Unaudited Condensed Consolidated Financial Statements.

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Unaudited Condensed Consolidated Balance Sheets

June 30, 2001 and December 31, 2000

ASSETS	2001	2000 (Audited)
Current assets:		
Cash	$ 1,156,906	$ 1,202,442
Accounts receivable, less allowance for doubtful accounts ($38,000 in 2001 and 2000)	567,459	1,280,977
Unbilled production costs	217,834	251,088
Other current assets	210,175	181,902
Total current assets	2,152,374	2,916,409
Software, equipment and leasehold improvements, net	5,478,722	5,121,592
Other assets	122,975	114,696
	$ 7,754,071	$ 8,152,697
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 119,519	$ 481,136
Deferred income	762,236	982,166
Accrued payroll and related liabilities	366,093	436,510
Other accrued liabilities	297,741	63,845
Current portion of long-term debt	222,108	77,257
Total current liabilities	1,767,697	2,040,914

Deferred taxes based on income	387,900	387,900
Long-term debt, less current portion	2,351,669	2,056,876
Total liabilities	4,507,266	4,485,690
Minority interests	63,208	248,114
Stockholders' equity:		
Notes Receivable - Stock	(75,364)	(77,500)
Common stock, 12,000,000 shares authorized, 4,997,234 shares issued and outstanding in 2001, and 2000	4,201,755	4,201,755
Accumulated Deficit	(931,813)	(694,381)
Accumulated Other Comprehensive Income	(10,981)	(10,981)
Total stockholders' equity	3,183,597	3,418,893
	$ 7,754,071	$ 8,152,697

See Notes to Unaudited Condensed Consolidated Financial Statements.

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Unaudited Consolidated
Statements of Cash Flows

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

	2001	2000
Cash flows from operating activities:		
Net loss	($ 237,433)	($ 229,515)
Adjustments to reconcile net Loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	711,972	639,065
Minority interests	(184,907)	(125,180)
Changes in operating assets and liabilities:		
Accounts receivable	713,519	(114,006)
Unbilled production costs	33,254	(94,187)
Other current assets	(28,273)	(180,039)
Other assets	(9,122)	73,246
Accounts payable	(361,615)	(131,306)
Deferred income	(219,930)	(778,418)
Other accrued liabilities	233,896	325,734
Accrued payroll and related liabilities	22,613	15,464
Net cash provided by (used in) operating activities	673,974	(599,142)

Cash flows from investing activities:		
Capital expenditures	(1,068,244)	(765,933)
Cash flows from financing activities:		
Net borrowings (payments)under debt agreement	346,598	(634,714)
Sales of capital stock, net		677,041
Payments on notes receivable-stock	2,136	-
Repurchase of capital stock	-	(275,508)
Net cash provided by (used in) financing activities	348,734	(233,181)
Net decrease in cash	(45,536)	(1,598,256)
Cash at beginning of period	1,202,442	3,816,286
Cash at end of period	$1,156,906	$2,218,030
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 97,214	$ 158,594
Income taxes	5,216	4,368

See Notes to Unaudited Condensed Consolidated Financial Statements.

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Notes to Unaudited Condensed
Consolidated Financial Statements

June 30, 2001

NOTE 1.

The unaudited condensed consolidated financial statements included herein have been prepared by the 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, 2001, the results of operations for the three and six months ended June 30, 2001 and 2000 and the statement of cash flows for the six months ended June 30, 2001 and 2000 pursuant to the rules and regulations of the Securities and Exchange Commission("SEC"). The consolidated financial statements include the accounts of Auto-Graphics, Inc., its wholly-owned and its majority-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-Q 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, 2000 including, without limitation, the financial statements and notes included therein.

NOTE 2.

In May 1999, Robert S. Cope and the Cope Family Trust granted an option to Corey M. Patick to purchase 1,125,000 (or 22%) of the Company's Common Stock for $1.67 per share (adjusted for the 3-for-1 stock split effective February 28, 2000). Patick subsequently exercised the option in November of 2000 and the closing for the purchase of and payment for the option shares, originally scheduled for November 2000, has been extended several times by the parties; and such closing is currently scheduled to take place no later than August 31, 2001. Mr. Patick owns 91,980 or 2% of the shares of the Company's Common Stock (without taking the option shares into account). Purchase of the option shares by Mr. Patick would increase his stock ownership to 1,216,980 shares (or 24%) of the Company's issued and outstanding stock and would represent a "change of control" of the Company (under applicable securities law definitions).

On June 30, 2000 the Company's LibraryCard and Dataquad subsidiaries implemented a previously planned stock purchase/option plan whereby each of such subsidiaries sold and issued 700,000 shares of its capital stock representing 10% of total outstanding stock following such issuance by each such corporation. Such stock was sold and issued by the subsidiaries to Corey M. Patick as "trustee" for use in implementing such subsidiaries' employee and related party stock ownership/option plans. Patick purchased the stock using promissory notes totaling an aggregate of $280,500 representing the per share price paid by a third party investor in such subsidiaries in "arm's length" transactions at the time of the organization of the subsidiaries in December of 1999. (See Exhibit 10.40 to the Company's 10-K for the year ended December 31, 2000).

NOTE 2. Continued

If the subject stock is not subsequently sold or optioned to the intended recipients, the trustee has the right to return such stock to the subsidiaries in return for the cancellation of the balance due and owing on the purchaser's full recourse promissory note, and the subsidiaries have the right in December of 2002 to reacquire such stock from the trustee at the price paid to the subsidiaries for such stock. If the subsidiaries 10% stock purchase plan/option stock should be returned by the purchaser/trustee, a balance sheet reduction of Stockholders' equity, representing the principal balance of the purchase promissory notes used to purchase such stock, would be required ($280,500 at June 30, 2001). There were no transactions regarding the subsidiaries' stock purchase/option plans stock in 2000 and 2001. Effective January 1, 2001, Robert S. Cope replaced Patick as the owner/trustee of the subsidiaries stock purchase/option plans

stock and assumed the respective full recourse promissory notes.

In February of 2001, the Company completed the purchase of software and related assets of Maxcess Library Services, Inc. This purchase and resulting software product offering will afford the Company the opportunity to expand its current ASP (Application Service Provider) IMPACT/Online(TM) product/services in the library automation area to include a fully web-based integrated library system (ILS) which will be offered to libraries, including those who currently use the Company's SLiMS (Small Library Management System) product, for license for "in library" use or as an ASP service under the trade name IMPACT/Verso(TM). Acquisition of the Company's new ILS software on an ASP basis will provide libraries with a low capital investment alternative to their ILS needs, with no local software/hardware requirements (other than a web browser and a PC workstation), allowing the library and their patrons to access and utilize the library's bibliographic holdings information via the Internet/Web.

NOTE 2. Continued

In March 2001, the Company licensed the use of its REMARC(TM) bibliographic database of Library of Congress pre-1968 holdings to a Japanese Company for use exclusively in Japan for a one-time payment of U.S. $1.5 million. Such transaction has had a material affect on the results of operations reported by the Company for the first six ended June 30, 2001.

In June 2001, the Company purchased the rights to Wings, an Inter-Library Loan software program that was developed by Pigasus, Inc. Through this purchase the Company also acquired the existing customer contracts that Pigasus, Inc. had in conjunction with the software. Wings has been sold to existing customers of the Company over the last two years. In addition to continuing to sell Wings software to libraries as a stand-alone product, Wings will be integrated into the Company's existing IOL2 product line to allow the Company to offer both virtual and union database services to library consortia.

The Company's management intends to propose for approval by the Company's stockholders at the Company's 2001 Annual Meeting of Stockholders a qualified (incentive stock option) plan consisting of approximately 10% or, 490,000 shares of the Company's then issued and outstanding shares of Common Stock to be reserved for future issuance to key employees of the Company.

Note 3.

The following table summarizes sales based on the location of the customers and assets based on the location of the asset for the six months ending June 30, 2001 and 2000:

	2001	2000

Geographic areas		
Net sales		
United States	$ 2,587,632	$ 3,439,956
Foreign - Canada/Other	2,128,373	939,381
Long-lived assets, net		
United States	5,385,156	5,072,239
Foreign - Canada	93,566	166,580

Notes to Unaudited Condensed
Consolidated Financial Statements

June 30, 2001

Note 4.

Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been recognized in the Company's financial statements or tax returns. At December 31, 2000, the Company had available combined federal, state and Canadian net operating loss carry-forwards of approximately $2,454,000, $615,000 and $137,000, respectively, for income tax purposes. These net operating loss carry-forwards expire in 2020 for federal taxes and 2006 for state and 2005 for foreign taxes.

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

FINANCIAL CONDITION

December 31, 2000 to June 30, 2001

Liquidity and capital resources. Working capital decreased $490,000 as a result of a decrease in accounts receivable of $714,000 due to lower sales in the second quarter 2001 which was partially offset by a decrease in accounts payable of $362,000. Net cash provided by operations was $674,000 in the first six months of 2001. This was an increase of $1,273,000 from the $599,000 net cash used in the first six months of 2000. This significant change in net cash provided by operations was primarily a result of the licensing agreement the Company entered into in March 2001 wherein a Japanese company licensed use of the Company's REMARC(TM) bibliographic database of Library of Congress pre-1968 holdings for a one-time cash payment of $1,500,000. (See Note 2.)

On November 1, 2000 the Company entered into a revolving line of credit agreement with it's majority-owned subsidiary, LibraryCard, whereby

the Company agreed to loan LibraryCard up to $250,000 for use as working capital. Amounts loaned to LibraryCard under the line of credit bear interest at the rate of 10.0% (which was the then current rate applicable under the Company's line of credit with Wells Fargo Bank). The Company commenced advances to LibraryCard under the credit line in 2001 and has advanced approximately $300,000 in the first two quarters of 2001. Repayment of the credit line is unlikely by the October 31, 2001 due date unless LibraryCard is successful in finding outside funding or, one or more sponsors. Management believes that LibraryCard's ability to raise additional funds remain negatively affected by the existing unfavorable market conditions for Internet and related companies' stock offerings. The Company's ability to advance further monies to LibraryCard is limited by the Company's bank line of credit agreement that limits loans by the Company to its subsidiaries to a maximum aggregate total amount of $350,000. Until additional funds are obtained the Company has reduced the staff at LibraryCard and has curtailed program development in an effort to enable the Internet/Web site, www.librarycard.com to continue to operate within the financial limitations currently imposed by the Company's bank line of credit agreement.

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June 30, 2001

During the first six months of 2001 the Company 's wholly-owned and majority-owned subsidiaries have maintained staffing levels sufficient to retain experienced staff in expectation of receiving several large publishing services and content management contracts. In July 2001 the Company reduced staff by 12 employees. The reductions affected all facets of the Company. Management estimates that the savings attributable to the reductions will approximate $280,000 through the end of the fiscal year. If the Company does not secure sufficient publishing contracts in the near future substantial reductions in staff will be necessary to reduce the operating costs associated with the publishing business.

In July 2001 the Company filed a current report on Form 8-K with the SEC and identified under Item 5 events that may have a substantial impact on the operating results of the Company for 2001. The purpose of the Form 8-K was to inform investors that a series of lawsuits between and among the Company's former outside legal counsel, who is also a director of the Company, and the Company and three of its officers were filed in June and July 2001. A description of the litigation is presented in Part II Item 1 "Legal Proceedings" of this Form 10-Q.

Since the Form 8-K was filed management has assessed the litigation and its impact on the Company. Currently, management anticipates that if the legal matters now in process are not resolved in the next 30 to 60 days legal fees and related expenses which are attributable to the aforementioned litigation will approximate $250,000 for the year 2001. An unplanned legal expense for the year 2001 of that magnitude will result in a drain on the financial resources of the Company, result in an operating loss for the year and put in jeopardy the Company's ability to meet its financial loan covenants under its bank credit agreement.

The Company is in discussions with its bank and has identified alternative methods of financing the shortfall in cash that will arise as a result of the losses incurred in the first six months of the year as well as

anticipated litigation expenses. Management will identify and act upon the most appropriate method of meeting the financing needs of the Company to ensure the continuing of operations as currently planned.

RESULTS OF OPERATIONS

First Six Months of 2001 as Compared to First Six Months of 2000

Net sales increased $337,000 or 8% to $4,716,000 up from $4,379,000 in 2000. The net sales increase is due primarily to the one-time licensing agreement to a Japanese company in March 2001. The increase was partially offset as a result of the Company not benefiting from a large non-recurring publishing contract at one of the Company's majority-owned subsidiaries, which was completed in 2000. The remaining sales decrease affected all facets of the Company's business and was due in part to economic conditions.

Cost of sales increased $396,000 or 16% corresponding in part to the increase in net sales and also because the Company has maintained staffing at constant levels to retain experienced staff and ensure that the Company has the capacity and staff available to initiate and perform new contracts as they are received. However, the Company addressed staffing requirements in July 2001 and the result was a reduction in staff of 12 employees. Management estimates that the savings attributable to the reductions will approximate $280,000 through the end of the fiscal year.

Selling, general and administrative expenses increased $51,000 or 2% in 2001 over 2000 due primarily due to an increase in legal costs from $230,000 in 2000 to $283,000 in 2001.

Loss from operations increased $110,000 to a loss of $353,000 in 2001 due to the continuation of staff as noted in cost of sales above.

Interest expense/other decreased $43,000 or 40% due to lower average borrowings of approximately $800,000 and interest rate reductions averaging one percent during the period.

Provision for taxes based on income reflects minimum state income taxes payable. (See Note 4 of Notes to Unaudited Condensed Consolidated Financial Statements).

Minority Interests reflects the non-Company owners' share of the losses realized by the two majority-owned subsidiaries.

Net Loss increased to $237,000 in 2001 up from net loss of $230,000 in 2000 due to additional staff and other recurring and non-recurring expenses in cost of sales.

Basic and diluted loss per share remained unchanged at $0.05 per share in 2001 and 2000.

Second Quarter of 2001 as Compared to Second Quarter of 2000

Net sales decreased $676,000 or 30% to $1,594,000. The net sales decrease was due primarily to a large non-recurring publishing contract at one of the Company's majority-owned subsidiaries, which was completed in 2000. The remaining sales decrease affected all facets of the Company's business and was due in part to economic conditions.

Cost of sales increased $33,000 or 3% in 2001 due to additional payroll costs and other recurring and non-recurring expenses. The Company maintained staffing at constant levels in light of decreasing sales to insure that the Company has the capacity and experienced staff available to initiate and perform new contracts as they are received. However, the Company addressed staffing requirements in July 2001 and the result was a reduction in staff of 12 employees. Management estimates that the savings attributable to the reductions will approximate $280,000 through the end of the fiscal year.

Selling, general and administrative expenses decreased $31,000 or 3% due to a reduction in payroll and related expenses.

Loss from operations increased $678,000 to a loss of $800,000 in 2001 due primarily to the decrease in net sales for the period and the continuation of payroll and related expenses at a level sufficient to provide the Company with the ability to perform new contracts as received.

Interest expense/other was $29,000 in 2001 down from $44,000 in 2000 due to lower overall borrowings and a lower effective interest rate.

Minority Interests reflects the non-Company owners' share of the losses realized by the two majority-owned subsidiaries.

Net Loss increased to $689,000 in 2001, up from a net loss of $107,000 in 2000 due to the Company maintaining staffing levels as described above.

Basic and diluted loss per share decreased from $0.02 per share in 2000 to a loss of $0.14 per share in 2001 due to the same reason.

Net Loss in 2001

Management believes that 2001 sales will increase ten to fifteen percent over net sales in 2000. Sales of a recurring nature are expected to be similar to 2000 whereas the increase in sales for 2001 will be a result of the licensing agreement the Company entered into in March 2001 in which a Japanese company licensed use of the Company's REMARC(TM) bibliographic database for a one-time cash payment of $1,500,000. However, the shortfall in sales in the second quarter and the resultant loss incurred will be a substantial hurdle for the Company to overcome in the remainder of the year. In July, management took steps to reduce payroll and related costs by

approximately $280,000 for 2001 when 12 employees were terminated. Additional reductions in staffing will occur if the projected sales in the publishing area are not achieved.

Although management had targeted to at least break-even on an operating income basis for 2001 the extent to which the recent litigation will negatively impact the Company is unknown. Management estimates that the legal fees and expenses attributable to the aforementioned litigation could approximate $250,000 if the legal matters now in process are not resolved in an expeditious manner. A significant unanticipated expense of that magnitude will result in a drain on the financial resources of the Company and result in an operating loss for the year and put in jeopardy the Company's ability to meet its financial covenants under its bank credit agreement.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board finalized FASB Statements No. 141, Business Combinations (SFAS 141), and No. 142, Goodwill and Other Intangible Assets (SFAS 142). SFAS 141 requires the use of the purchase method of accounting and prohibits the use of the pooling-of-interests method of accounting for business combinations initiated after June 30, 2001. SFAS 141 also requires that the Company recognize acquired intangible assets apart from goodwill if the acquired intangible assets meet certain criteria. SFAS 141 applies to all business combinations initiated after June 30, 2001 and for purchase business combinations completed on or after July 1, 2001. It also requires, upon adoption of SFAS 142, that the Company reclassify the carrying amounts of intangible assets and goodwill based on the criteria in SFAS 141.

SFAS 142 requires, among other things, that companies no longer amortize goodwill, but instead test goodwill for impairment at least annually. In addition, SFAS 142 requires that the Company identify reporting units for the purposes of assessing potential future impairments of goodwill, reassess the useful lives of other existing recognized intangible assets, and cease amortization of intangible assets with an indefinite useful life. An intangible asset with an indefinite useful life should be tested for impairment in accordance with the guidance in SFAS 142. SFAS 142 is required to be applied in fiscal years beginning after December 15, 2001 to all goodwill and other intangible assets recognized at that date, regardless of when those assets were initially recognized. SFAS 142 requires the Company to complete a transitional goodwill impairment test six months from the date of adoption. The Company is also required to reassess the useful lives of other intangible assets within the first interim quarter after adoption of SFAS 142. The Company believes the adoption of SFAS 141 and SFAS 142 has not had a material effect on the financial position, results of operations or cash flows of the company for the six months ended June 30, 2001.

Information Relating To Forward-Looking Statements

This Report includes forward-looking statements that 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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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On May 9, 2001 the Company terminated the services of it long-time outside counsel, Mr. Robert H. Bretz. Mr. Bretz who was also the only outside Director for the Company has remained as a Director of the Company. Following Mr. Bretz' termination he began to file lawsuits for and on behalf of the Company that had not been approved by management or the Company's Board of Directors. On August 8, 2001 one such case filed by Mr. Bretz, Case No. BC252517, was dismissed by the Los Angeles California Superior Court holding that the Action by Unanimous Written Consent signed by Mr. Bretz was invalid because it failed to satisfy the requirements of California Corporation Code Section 307(b).

Mr. Bretz' actions left the Company with no alternative but to file a complaint against Mr. Bretz for damages and injunctive relief for breach of fiduciary duty. On June 29, 2001 the Company filed Case No. BC253322 in Los Angeles California Superior Court captioned Auto-Graphics, Inc. vs. Robert H Bretz et al., alleging that Mr. Bretz has become disruptive and harmful to the business operations of the Company and has damaged the Company by his various actions including his excessive billings to the Company.

As a response to the complaint filed by the Company, Mr. Bretz filed a derivative cross-complaint against three of the Company's officers, Robert S. Cope, Michael K. Skiles and Michael F. Ferguson for breach of fiduciary duty, fraud & deceit, misrepresentation, breach of contract/employment, removal for cause and other declaratory and injunctive relief. The cross-complaint was filed on July 16, 2001 in Los Angeles California Superior Court.

The Company's management believes that the derivative cross-complaint filed by Mr. Bretz does not have any merit and that it will eventually be dismissed. Until the above cases are resolved the Company will be required to expend substantial legal fees and related expenses. See "Net Loss in 2001" above for additional information about the impact to the financial statements for the year ended 2001.

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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.

On June 20, 2001, Mr. Robert S. Cope filed a Notice of Written Consent of Shareholders to Fill a Vacancy on the Board of Directors and a Proxy Statement to solicit the necessary shareholder written consents (Notice). The Notice identified that the record date for voting to fill the vacancy was June 14, 2001. Mr. Cope obtained the required number of votes through the use of written consent forms and Mr. James R. Yarter was elected to the Board of Directors to serve until a successor shall be duly elected and qualified.

Item 5. Other Information. None.

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

(a) Exhibits: None.

(b) The Company filed Form 8-K on July 23, 2001. The Form specified that a series of events had occurred under Item 5 Other Events. The Form 8-K reported the litigation that is discussed in Part II Item 1 above.

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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 9, 2001 — /s/ Robert S. Cope
Robert S. Cope, Chairman of the Board

Date August 9, 2001 — /s/ Michael K. Skiles
Michael K. Skiles, President

Date August 9, 2001 — /s/ Michael F. Ferguson
Michael F. Ferguson,
Chief Financial Officer