SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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AUTOLOGIC INFORMATION INTERNATIONAL INC

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934 (No Fee Required) For the quarter ended July 30, 1999

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No Fee Required) For the transition period from ______________________ to ______________________

Commission File No. 0-29396

AUTOLOGIC INFORMATION INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	13-3855697
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1050 Rancho Conejo Boulevard, Thousand Oaks, CA	91320
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (805) 498-9611

Not Applicable

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

The number of shares of common stock outstanding as of September 3, 1999 was 5,787,970.

PART I - FINANCIAL INFORMATION

ITEM 1--FINANCIAL STATEMENTS

AUTOLOGIC INFORMATION INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	July 30, 1999 (Unaudited)	October 30, 1998

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ASSETS	(Dollars in thousands)	
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	$ 11,001	$ 11,871
Accounts receivable less allowance for doubtful accounts of $1,336 (1999) and $1,844 (1998)	14,610	17,928
Inventories-See Note C	10,718	11,310
Deferred income tax benefit-See Note D	3,835	3,829
Prepaid expenses and other assets	1,612	1,354
Total current assets	41,776	46,292
PROPERTY AND EQUIPMENT, at cost net of accumulated depreciation and amortization of $7,698 (1999) and $6,086 (1998)	5,610	5,827
DEFERRED INCOME TAX BENEFIT-See Note D	2,823	2,823
EXCESS OF PURCHASE PRICE OVER NET ASSETS ACQUIRED, net of amortization of $1,930 (1999) and $1,516 (1998)-See Note B	823	1,237
OTHER ASSETS	485	75
	$ 51,517	$ 56,254
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 2,458	$ 4,877
Payable to Volt-See Notes E and F	147	202
Accrued payroll and related liabilities	3,078	3,914
Accrued expenses	1,852	1,458
Accrued restructuring costs	129	1,014
Customer advances	5,475	4,501
Income taxes payable	--	356
Total current liabilities	13,139	16,322
STOCKHOLDERS' EQUITY-See Notes B and G		
Preferred stock, par value $0.01 Authorized-1,000,000 shares; issued - none	--	--
Common stock, par value $0.01 Authorized - 12,000,000 shares; issued and outstanding 5,787,970 shares in 1999 and 1998	58	58
Paid-in capital	112,620	112,620
Accumulated deficit	(74,300)	(72,746)
	38,378	39,932
	$ 51,517	$ 56,254

</TABLE>

See accompanying notes.

AUTOLOGIC INFORMATION INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

<TABLE>
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	For the Three Months Ended	For the Nine Months Ended

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	July 30, 1999	July 31, 1998	July 30, 1999	July 31, 1998
	(Dollars in thousands, except per share amounts)			
<S>	<C>	<C>	<C>	<C>
REVENUES				
Systems and equipment	$ 10,349	$ 15,699	$ 36,088	$ 44,546
Customer service and support	6,231	6,567	18,856	18,310
	16,580	22,266	54,944	62,856
OPERATING COSTS AND EXPENSES				
Cost of systems and equipment	5,798	8,875	19,658	24,093
Cost of customer service and support	4,571	4,188	14,294	13,244
Gross margin	6,211	9,203	20,992	25,519
Operating expenses	7,807	7,593	22,470	21,970
Charges from Volt-See Note E and F				
Rent	194	194	582	589
General and administrative	9	9	27	27
OPERATING (LOSS) INCOME	(1,799)	1,407	(2,087)	2,933
OTHER INCOME (EXPENSE)				
Interest income	102	140	340	368
Foreign exchange loss	(123)	(132)	(202)	(702)
Other, net	15	(32)	(45)	(22)
	(6)	(24)	93	(356)
(LOSS) INCOME FROM OPERATIONS BEFORE INCOME TAXES	(1,805)	1,383	(1,994)	2,577
INCOME TAX BENEFIT (PROVISION)-See Note D	352	(673)	440	(1,164)
NET (LOSS) INCOME	$ (1,453)	$ 710	$ (1,554)	$ 1,413
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE-See Note G	$ (0.25)	$ 0.12	$ (0.27)	$ 0.24
Average number of shares outstanding - Basic	5,788	5,788	5,788	5,788
Average number of shares outstanding - Diluted	5,788	5,789	5,788	5,789

</TABLE>

See accompanying notes

AUTOLOGIC INFORMATION INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

<TABLE>
<CAPTION>

	Common Stock $0.01 Par Value			
	Shares	Amount	Paid-In Capital	Accumulated Deficit

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	(Dollars in thousands)			
<S>	<C>	<C>	<C>	<C>
Balance at October 30, 1998	5,787,970	$ 58	$ 112,620	$ (72,746)
Net loss for the nine months (unaudited)	--	--	--	(1,554)
Balance at July 30, 1999 (unaudited)	5,787,970	$ 58	$ 112,620	$ (74,300)

</TABLE>

See accompanying notes

AUTOLOGIC INFORMATION INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

	For the Nine Months Ended	
	July 30, 1999	July 31, 1998
	(Dollars in thousands)	
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (1,554)	$ 1,413
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	1,684	1,649
Amortization	414	414
Provision for doubtful accounts	244	328
(Gain) loss on foreign currency translation	(251)	234
(Gain) loss on dispositions of property and equipment	(19)	101
Deferred income taxes	(6)	17
Changes in operating assets and liabilities:		
Decrease in accounts receivable	2,736	95
Decrease (increase) in inventories	592	(2,946)
(Increase) decrease in prepaid expenses and other assets	(669)	426
Decrease in accounts payable	(2,155)	(1,411)
Decrease in accrued expenses	(1,555)	(211)
Increase in customer advances	1,091	2,084
(Decrease) increase in income taxes payable	(356)	872
Decrease in payable to Volt	(55)	(81)
NET CASH PROVIDED BY OPERATING ACTIVITIES	141	2,984
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	--	145
Purchases of property and equipment	(1,448)	(1,326)
NET CASH APPLIED TO INVESTING ACTIVITIES	(1,448)	(1,181)
Effect of exchange rate changes on cash	437	10
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(870)	1,813
Cash and cash equivalents, beginning of period	11,871	9,452
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 11,001	$ 11,265

SUPPLEMENTAL CASH TRANSACTIONS

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Cash paid during the period:		
Interest expense	$ --	$ 11
Income tax	$ 482	$ 51

</TABLE>

See accompanying notes

AUTOLOGIC INFORMATION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. However, in the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position at July 30, 1999 and results of operations for the three months and nine months ended July 30, 1999 and July 31, 1998, and cash flows for the nine months ended July 30, 1999 and July 31, 1998. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full fiscal year.

These statements should be read in conjunction with the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended October 30, 1998. Except as described in Notes H and I below, the accounting policies used in preparing these financial statements are the same as those described in that Report. The Company's fiscal year ends on the Friday nearest October 31 and its fiscal quarters end on the Friday nearest the last day of January, April and July.

Certain reclassifications have been made to the condensed consolidated financial statements for the three-month and nine-month periods ended July 31, 1998 to conform to the presentation for the similar periods in 1999.

NOTE B--FORMATION OF THE COMPANY AND MERGER

The Company was incorporated in Delaware on September 5, 1995 as a wholly-owned subsidiary of Volt Information Sciences, Inc. ("Volt"). On January 29, 1996, pursuant to the terms of an Agreement and Plan of Merger dated October 5, 1995, as subsequently amended (the "Merger Agreement"), among the Company, Volt and Information International, Inc. ("Triple-I"), Volt contributed to the capital of Autologic, Incorporated ("Autologic") and certain foreign subsidiaries of Volt ("Volt Subsidiaries") the amounts Autologic or such subsidiaries owed to Volt and, subsequent thereto, caused Autologic to merge with and into the Company. Volt also assigned to the Company all of the issued and outstanding shares of the Volt Subsidiaries. In addition, pursuant to the Merger Agreement, on January 29, 1996, following approval by its stockholders, Triple-I merged with and into the Company.

As the Company, Autologic and the Volt Subsidiaries were under common control, the merger of Autologic and the transfer of the stock of the Volt Subsidiaries to the Company has been accounted for on a pooling of interest basis. The merger of Triple-I has been accounted for under the purchase method of accounting and, accordingly, the purchase price, which was based on the quoted market price of the Triple-I common stock at the time the general terms of the acquisition were agreed to and announced, plus the value of stock options issued in exchange for outstanding stock options of Triple-I, has been allocated to net assets based upon their estimated fair values. The $2,753,000 excess of the purchase price over the estimated fair value of Triple-I's identifiable assets, including the estimated future tax benefits of Triple-I's net operating loss carryforwards and deductible temporary differences, was recorded on the effective date of the merger and is being amortized over a five-year period.

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NOTE C--INVENTORIES

Inventories consist of:

	July 30, 1999	October 30, 1998
	(Dollars in thousands)	
Service parts	$ 1,176	$ 1,818
Materials	4,992	5,671
Work-in-process	2,886	2,713
Finished goods	1,664	1,108
	$10,718	$11,310

AUTOLOGIC INFORMATION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Continued
(Unaudited)

NOTE D--INCOME TAXES

Income taxes are provided using the liability method. Significant components of the income tax provision (benefit) attributable to operations are as follows:

	For the Three Months Ended		For the Nine Months Ended	
	July 30, 1999	July 31, 1998	July 30, 1999	July 31, 1998
	(Dollars in thousands)			
Current Taxes:				
Federal	$ (516)	$ 696	$ (446)	$ 1,160
State and local	(49)	87	3	167
Foreign	239	(224)	9	(180)
Total current	(326)	559	(434)	1,147
Deferred Taxes:				
Federal	(18)	106	28	29
State and local	(8)	8	(34)	(12)
Foreign	--	--	--	--
Total deferred	(26)	114	(6)	17
Total income tax (benefit) provision	$ (352)	$ 673	$ (440)	$ 1,164

Deferred income taxes reflect the net tax effects of changes in the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

As described in Note B, as of the date of the mergers, a deferred tax asset was established representing the estimated future tax benefit anticipated to be realized from the use of Triple-I's net operating loss carryforward and deductible temporary differences and the Company's deductible temporary differences existing at the date of mergers to reduce anticipated taxable income of the Company to be realized subsequent to the mergers. The Company believes that it is more likely than not that such tax benefits will be realized based on

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the combined companies' past and anticipated future results of operations and after considering provisions of the tax law, such as the change in ownership provisions, that restrict the future use of Triple-I's tax benefits.

NOTE E--CHARGES FROM VOLT

Volt incurs certain costs on behalf of the Company which are reflected in the results of operations. In addition, during the nine months ended July 30, 1999 and July 31, 1998, the Company incurred $27,000 in legal fees payable to Volt under a $3,000 per month retainer arrangement that provides the Company access to Volt's in-house legal staff.

AUTOLOGIC INFORMATION INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-Continued
(Unaudited)

NOTE F--RELATED PARTY TRANSACTIONS

A three-year lease, commencing on the effective date of the mergers, was entered into between the Company, as lessee, and a wholly-owned subsidiary of Volt, as lessor, for space previously occupied by Autologic as its headquarters and manufacturing facility in Thousand Oaks, California. Pursuant to the terms of the lease, as amended in December 1996, the Company's Board of Directors established a new rental rate based on prevailing rates in the general area, which resulted in a slight decrease in rent. The lease also provides for the Company to pay all real estate taxes, insurance, utilities and repairs related to the facility. The Company is currently negotiating a renewal of the lease, and the Company and the Landlord have continued to operate under the terms of the lease since its expiration on January 28, 1999. During the nine months ended July 30, 1999 and July 31, 1998, the Company paid rent to Volt of $582,000 and $589,000 respectively.

NOTE G--PER SHARE DATA

The Company calculates per share data in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share." (SFAS No. 128). Under SFAS No. 128 earnings per share data is calculated for basic and diluted earnings per share. Basic earnings per share excludes dilutive securities including stock options, and is calculated using the weighted average common shares outstanding for the period. Diluted earnings per share reflects the dilution to earnings that would occur if stock options and other dilutive securities resulted in the issuance of common stock. Substantially all common stock equivalent shares from stock options (331,500 and 187,000 in 1999 and 1998, respectively) have been excluded from the computation of diluted earnings per share because the effect would be antidilutive, since the option prices were greater than the average market prices of the Company's common stock during the quarters and, in the 1999 periods, due to the loss sustained.

NOTE H--SOFTWARE REVENUE RECOGNITION

In October 1997, the American Institute of Certified Public Accountants issued SOP 97-2, "Software Revenue Recognition," as amended for SOP 98-4 and SOP 98-9, which provides guidance on applying generally accepted accounting principles in recognizing revenue on software transactions and has superseded SOP 91-1. The Company has adopted the provisions of SOP 97-2 to transactions entered into during fiscal 1999. The adoption of this guidance had no impact on the Company's financial condition or results of operations because the Company's revenue recognition policies complied with the provisions of SOP 97-2 prior to adoption.

NOTE I--EFFECTS OF RECENT ACCOUNTING PRONOUNCEMENTS

During 1999, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 establishes new rules for the reporting of comprehensive income and its components. The adoption of SFAS 130 had no impact on the Company's net income or stockholders' equity for any of the reported periods.

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ITEM 2--MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

In order to keep investors informed of the Company's future plans and objectives, this Report (and other reports and statements issued by the Company and its officers from time to time) contains certain statements concerning the Company's future results, future performance, intentions, objectives, plans and expectations that are or may be deemed to be "forward-looking statements". The Company's ability to do this has been fostered by the Private Securities Litigation Reform Act of 1995 which provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information so long as those statements are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those discussed in the statement. The Company believes it is in the best interests of investors to take advantage of the "safe harbor" provisions of that Act. Although the Company believes that its expectations are based on reasonable assumptions, these forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause the Company's actual results, performance, and achievements to differ materially from those described or implied in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, general economic and business conditions in the United States and in the overseas markets where the Company distributes products, including the impact of the major economic problems in Asia and Latin America; the impact of a strengthening dollar on international prices; the Company's ability to successfully expand its market base beyond its traditional newspaper market; potential changes in customer spending and purchasing policies and practices; the continuing availability of components, sub-assemblies, parts and end items, and dependence on third parties for some components; risks inherent in new product introductions, such as start-up delays and uncertainty of customer acceptance; the Company's ability to maintain superior technological capability; the Company's ability to foresee changes and to identify, develop and commercialize innovative and competitive products and systems in a timely and cost effective manner and achieve customer acceptance, in markets characterized by rapidly changing technology and frequent new product introductions; the Company's ability to meet competition in its highly competitive markets with minimal impact on prices and margins; the Company's ability to attract and retain certain classifications of technologically qualified personnel, particularly in the areas of research and development and customer service; the Company's ability, and the ability of certain of its customers and suppliers and others, to successfully and timely complete their Year 2000 compliance programs; and the impact of the introduction of the Euro currency.

Results of Operations

Three months ended July 30, 1999 compared to three months ended July 31, 1998

Revenues in the three months ended July 30, 1999 decreased by $5,686,000 or 25.5%, consisting of decreases of $5,350,000 or 34.1%, in sales of systems and equipment and $336,000, or 5.1%, in customer service and support sales. The decrease in systems and equipment sales was due to a decline in domestic and Latin American sales and lower sales of the Company's Laser Cinema Recorder (LCR). The decline in domestic sales is due primarily to the Year 2000. In fiscal year 1998 many customers increased their purchases of new systems in anticipation of the Year 2000. In fiscal 1999, customers who have replaced and tested their systems are deferring new purchases until after December 31, 1999. The lower sales in Latin America was the result of the economic problems which may continue to impact sales until the foreign currencies strengthen. The decline in LCR sales is due primarily to competition and a general softness in the market. Customer service and support sales decreased primarily domestically as older, proprietary, full service contracts have been replaced with new systems (due to the Year 2000) that require less maintenance and as a result generate lower service and support revenue.

Gross margins decreased 3.8 percentage points from 41.3% to 37.5% due primarily to lower customer service and support margins offset by a slight increase in margin on systems and equipment. Customer support and service margins decreased by 9.6 percentage points from 36.2% to 26.6% due primarily to lower sales and a

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higher level of warranty costs. Systems and equipment margins increased .5 percentage points from 43.5% to 44.0% due to slightly lower manufacturing costs.

Operating expenses increased by $214,000 from $7,593,000 in the third quarter of 1998 to $7,807,000 in the third quarter of 1999 due primarily to development costs associated with the Company's new Computer-to-Plate (CTP) product. Operating expense expressed as a percentage of sales increased by 13.0 percentage points (from 34.1% to 47.1%) due to lower sales and higher development costs due to the CTP and wide versions of the CTP and film imager.

The decrease in interest income is due to a lower average (over the three-month period) cash balance in the third quarter of 1999 than in the comparable period in the prior year.

A foreign exchange loss of $123,000 was realized in the third quarter of 1999 compared to a loss in the same period in 1998 of $132,000. The loss in both periods was due to unfavorable currency movements in the European currency markets. To reduce the potential impact from foreign currency changes on the Company's foreign currency receivables and firm commitments, foreign currency options are purchased.

The Company's effective benefit tax rate was 19.5% for the three months ended July 30, 1999 compared to a tax provision rate of 48.7% for the comparable period. The benefit rate in fiscal 1999 is lower than the tax provision rate in fiscal 1998 due to foreign tax expenses, which partially offset the domestic tax benefit.

Nine months ended July 30, 1999 compared to nine months ended July 31, 1998

Revenues in the nine months ended July 30, 1999 decreased by $7,912,000 or 12.6%, consisting of a decrease of $8,458,000, or 19.0%, in sales of systems and equipment offset by an increase of $546,000, or 3.0% in customer service and support sales. The decrease in sales of systems and equipment was due to a decline in demand domestically and internationally and lower sales of the Company's Laser Cinema Recorder (LCR). The decline domestically was due principally to the Year 2000, as customers who have replaced their systems are deferring purchases until after December 31, 1999. International sales (shipments to customers located outside the United States) were 40.4% of total net sales for the nine-month period ended July 30, 1999, compared to 43.7% for the comparable period in the prior year. The lower sales in Latin America and the Pacific Rim were the result of the economic problems, which may continue to impact sales in these regions until Latin America and Pacific Rim currencies strengthen. Lower sales in Europe were the result of customers purchasing the Company's new Computer-to-Plate (CTP) product line at a slower pace than purchases of the 3850 film imager last year. The decline in LCR sales is due primarily to competition and a general softness in the market. Customer service and support sales increased primarily due to an increase in software support contracts and spare parts sales.

Gross margins decreased 2.4 percentage points (from 40.6% to 38.2%) due lower gross margins on systems and equipment and service and support revenue. Systems and equipment gross margins decreased by .4 percentage points (from 45.9% to 45.5%) due primarily to the sale of a greater proportion of lower margins products and competitive pricing pressures primarily during the first quarter of fiscal 1999. Customer service and support gross margins decreased by 3.5 percentage points (from 27.7% to 24.2%) due to higher warranty costs.

Operating expenses increased by $500,000 from $21,970,000 in fiscal 1998 to $22,470,000 in fiscal 1999 due primarily to the development costs associated with the Company's new CTP product. Operating expenses as a percentage of sales increased by 5.9 percentage points (from 35.0% to 40.9%) due to lower sales and the higher costs due to the CTP development.

The $28,000 decrease in interest income is due to a lower average (over the nine-month period) cash balance in the fiscal 1999 period than in the comparable period in the prior year.

A foreign exchange loss of $202,000 was realized in the nine months ended July 30, 1999 compared to a loss in the same period in 1998 of $702,000. The loss in

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both periods was due to unfavorable currency movements in the European currency markets. To reduce the potential impact from foreign currency changes on the Company's foreign currency receivables and firm commitments, foreign currency options are purchased.

The Company's effective tax benefit rate was 22.1% for the nine months ended July 30, 1999 compared to a tax provision rate of 45.2% for the comparable period in the prior year. The benefit rate in fiscal 1999 is lower than the tax provision rate in fiscal 1998 due to foreign tax expenses, which partially offset the domestic tax benefit.

ITEM 2--MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Liquidity and Capital Resources

During the nine months of fiscal 1999, operating activities provided $141,000 of cash resulting primarily from non-cash charges of $2,066,000, partially offset by the net loss for the period of $1,554,000 and changes in operating assets and liabilities of ($371,000).

The non-cash charges consisted of depreciation of $1,684,000, amortization of $414,000, and a provision for doubtful accounts of $244,000, partially offset by a gain on foreign currency translation of $251,000, gains on dispositions of property and equipment of $19,000 and deferred income taxes of $6,000.

Changes in operating assets and liabilities used $371,000 in cash, net. Cash was provided by a decrease in receivables of $2,736,000 and inventories of $592,000 and an increase in customer advances of $1,091,000. Cash was used to increase prepaid expenses and other assets $669,000 and to decrease accounts payable by $2,155,000, accrued expenses by $1,555,000, income taxes payable by $356,000 and payable to Volt by $55,000.

Investing activities used cash of $1,448,000 for the purchase of property and equipment.

As a result of the foregoing, during the nine months ended July 30, 1999, cash and cash equivalents decreased by $870,000. The Company's working capital as of July 30, 1999 was $28,637,000, which includes $11,001,000 in cash and cash equivalents. These resources are anticipated to be sufficient to meet the Company's liquidity and capital needs in the normal course of business.

The Company has a liability for restructuring costs incurred prior to the mergers in the amount of $129,000 at July 30, 1999. The accrued amount provides for the estimated costs related to closing certain facilities of Triple-I. The liability is being funded through operating cash flows and is expected to be paid in its entirety in fiscal 1999.

Year 2000 Compliance

The Year 2000 problem is the result of computer programs being written using two digits rather than four to define the applicable year. Any computer programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a major system failure or miscalculations, causing disruptions in operations.

AII's STATE OF READINESS. The Company is affected in the processing of data relating to the Year 2000 and beyond by 1) its own internal computer information systems, 2) by third parties with which it has business relationships and 3) both its current and discontinued products, which are in production usage at customer sites. The Company has undertaken various initiatives intended to ensure that its computer equipment and software (both internally and throughout its produce line) will function properly with respect to dates in the Year 2000 and thereafter. For this purpose, the term "computer equipment and software" includes systems that are commonly thought of as information technology ("IT") systems. Non-IT systems refers to other miscellaneous systems, not thought of as IT systems, such as alarm systems, fax machines, etc. Both IT and non-IT systems may contain embedded technology, which

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complicates the Company's Year 2000 identification, assessment, remediation and testing efforts. The Company currently anticipates that its Year 2000 efforts, which began in January of 1997, will be completed by the end of the Company's fourth quarter. The following table sets forth the approximate percentage of completion of the Company's Year 2000 initiatives, as well as the Company's progress and anticipated completion dates, as of July 30, 1999:

<TABLE>
<CAPTION>

Year 2000 Initiatives	Time Table	Approximate Percent Complete
<S>	<C>	<C>
Internal Systems:		
Initial IT system identification	1/97 - 10/98	100%
Initial IT system assessment	1/97 - 10/98	100%
Remediation and testing central system	1/97 - 5/98	100%
Conversion of desktop PCs	1/97 - 10/99	90%
Identification regarding non-IT issues	1/97 - 5/98	100%
Assessment regarding non-IT issues	1/97 - 10/99	90%
Product Line:		
Initial IT system identification	1/97 - 1/98	100%
Initial IT system assessment	10/97 - 6/98	100%
Remediation and testing	1/97 - 5/99	100%

</TABLE>

INFORMATION TECHNOLOGY (IT). In a corporate-wide Year 2000 readiness analysis completed in 1997, individual business units were required to formally develop a plan to achieve Year 2000 compliance. Each plan consisted of an evaluation of the compliance status of internal IT systems and an identification of specific hardware and software compliance issues.

The readiness target date for all business units was December 31, 1998. All business units have completed their reviews and have replaced or modified applications found to be non-compliant.

AII has a number of network-connected desktop PCs which are not compliant. An upgrade program is in place and is expected to be completed by October 1999 at an estimated cost of $75,000 for testing and replacement.

NON-IT. With respect to non-IT issues, a project coordinator is working with the Company's facilities management to ensure premises issues are addressed in Company owned and leased properties in the United States. Outside of the U.S., local division managers have been addressing this issue.

The Company has some risk on a location by location basis related to the possible failure of government agencies, public utilities and providers of telecommunication and transportation services. Due to the Company's dispersion of facilities, the largest concentrated risks in this regard are in Thousand Oaks, California and Boston, Massachusetts.

COMPANY PRODUCTS. In 1997, the Company established a policy that all current products be Year 2000 compliant and that its quality assurance personnel test all new releases of software and hardware for Year 2000 compliance.

All current product from the Company has been successfully tested for Year 2000 compliance. The Company has published and periodically updated a product compliance list. Users of old, non-compliant equipment have been notified. Users operating older revision levels of current products have been notified of the requirement to upgrade, if required.

THIRD PARTIES. Third parties having a material relationship with the

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Company have Year 2000 issues to address and resolve. Such third parties include suppliers, financial institutions, governmental agencies, telecommunication and insurance carriers. An aspect of the Company's project has been to identify the third parties and contact them to seek written assurance as to the third parties' anticipation of being Year 2000 compliant. The nature of the Company's follow-up depends upon its assessment of the reason and the materiality of the effect of non-compliance by third parties on the Company.

During 1998 and 1999, compliance questionnaires were sent to all major suppliers and other third parties with whom the Company does business. Virtually all major domestic suppliers have responded with 93% responding they are compliant and 6% in the process of becoming Year 2000 complaint. Those that have not replied have been replaced with compliant sources. In addition, compliance questionnaires were also sent to other third parties with whom the Company does business, such as financial institutions, telecommunications and insurance companies. Of those third parties, a response rate of 100% has been achieved, with approximately 76% of respondents indicating they are Year 2000 complaint and the remaining indicating that they are in the process of becoming compliant with a deadline of no later than the third quarter of 1999. Outside of the United States, local division managers have been instructed to address major suppliers and other third parties. However, the Company has no means of ensuring that such third parties will be Year 2000 ready. The inability of third parties to complete their Year 2000 resolution process in a timely fashion could materially impact the Company. The effect of non-compliance by third parties is not determinable.

COSTS TO ADDRESS AII'S YEAR 2000 ISSUES. The Company's Year 2000 incurred and future remediation costs for all business units are projected to be approximately $824,400 in the aggregate. As of July 30, 1999, the Company's actual and estimated future costs for internal systems and its product lines were as follows:

<TABLE>
<CAPTION>

<S>	Costs incurred through 7/30/99 <C>	Estimated Future Costs <C>	Total Costs <C>
Internal Systems:			
Hardware	$113,400	$ 47,000	$160,400
Software	423,500	76,500	500,000
Total	536,900	123,500	660,400
Product Line:			
Hardware	$ 38,000	$ 4,000	$ 42,000
Software	105,000	17,000	122,000
Total	143,000	21,000	164,000
Total Company	$679,900	$144,500	$824,400

</TABLE>

Included in the actual costs through July 30, 1999 under Internal Systems - Software is the cost of a new corporate business system of $345,000 which was installed during fiscal years 1996 and 1997 and which has been capitalized. In addition to addressing Year 2000 issues, the business system was installed to streamline the Company's operations and provide better management information. Except for hardware costs, all other costs are being expensed as incurred.

RISKS OF THE COMPANY'S YEAR 2000 ISSUES. The Company believes it has an effective program in place to resolve the Year 2000 issue in a timely manner. As noted above, the Company has not yet completed all necessary phases of the Year 2000 program. In addition, disruption in the economy in general resulting from Year 2000 issues and the failure of third parties, over whom the Company has no control, to become timely Year

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2000 compliant could also materially adversely affect the Company. The amount of potential liability and lost revenue cannot be reasonably estimated at this time. All Company internal systems are currently Year 2000 compliant except for network-connected PCs previously mentioned. In addition, the Company has thoroughly reviewed its product line to assist its customers with the Year 2000 issue. The Company believes that its current products are Year 2000 compliant and no additional costs or expenses are anticipated under warranties or to service such products except for the development of certain testing hardware and computer software (which it presently estimates will cost approximately $164,000 to develop). The Company believes that a majority of its discontinued products are also Year 2000 compliant. However, certain of its older products, the sale for which were discontinued several years ago, may not be Year 2000 compliant. The Company believes such products are not under warranty and the Company has not been renewing its one-year service contracts as they relate to these older products or products of others that it services which are not Year 2000 compliant. In most cases, the Company offers a new, Year 2000 compliant product which can be purchased as a replacement for the older product that is not Year 2000 compliant, along with annual maintenance agreements.

THE COMPANY'S CONTINGENCY PLANS. Although the Company believes both its internal systems and product line are Year 2000 compliant, contingency plans have been made. Preparations are in process to have a team of technicians available to assist customers with software and hardware which may have Year 2000 "bugs" not revealed until after December 31, 1999 despite testing. The Company anticipates handling these situations with immediate program fixes, swapped backup hardware or process work around. The Company does not anticipate that problems of this nature will be significant due to thorough testing of its product line and advance notification to its customers.

Impact of the Euro

Several European countries have adopted, as of January 1, 1999, and others are expected to adopt, a Single European Currency (the "Euro") with a transition period continuing through January 1, 2002. The Company is reviewing the impact the Euro has had, and may continue to have, on its internal systems and on its competitive environment. The Company believes, based on testing and experience to date, that its internal systems are and will continue to be Euro compatible without material modification cost. Further, the Company has not experienced to date and does not expect the introduction of the Euro currency to have a material adverse impact on the Company's financial position or results of operations.

ITEM 3--QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk related to changes in interest rates, foreign currency exchange rates and derivative financial instruments. To reduce the potential impact from foreign currency changes on the Company's foreign currency receivables and firm commitments, foreign currency options are purchased.

AII maintains a portfolio of highly liquid cash equivalents maturing in three months or less from the date of purchase. Given the short-term nature of these investments, and that the Company has no borrowings outstanding, the Company is not subject to significant principal risk. However, the Company's yield return on future short-term investments could be affected at the time of reinvestment as a result of intervening events. The Company presently has no borrowings and, accordingly, does not purchase interest rate swaps or other instruments to hedge against interest rate fluctuations.

A significant portion of AII's operations consists of sales activities in foreign locations, as the Company sells its products worldwide. The Company's financial results, therefore, could be significantly impacted by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. Since all of AII's sales are denominated in U.S. dollars, the Company's foreign operations are net payers in currencies other than the U.S. dollar. As such, the Company's operating results may be adversely affected by the impacts of weaker foreign currencies relative to the U.S. dollar. To

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mitigate the short-term effect of changes in currency exchange rates on its foreign currency based expenses and receivables, the Company purchases foreign currency option contracts to hedge the adverse impact of currency fluctuations on its foreign currency receivables and firm commitments. Management believes that due to its currency option positions that changes in currency rates would not have a significant impact on the Company's results of operations.

PART II - OTHER INFORMATION

ITEM 6--EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

15 Independent Accountants' Report on Review of Interim Financial Information from Ernst & Young LLP

27 Financial Data Schedule

(b) Reports on Form 8-K:

No Reports on Form 8-K were filed during the quarter ended July 30, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AUTOLOGIC INFORMATION
INTERNATIONAL, INC.

Dated: Thousand Oaks, California
September 10, 1999

BY: /s/ Anthony F. Marrelli

Anthony F. Marrelli
Vice President and Chief
Financial Officer

Exhibit Index

<TABLE>
<CAPTION>

Exhibit	Description
<S>	<C>
15	Independent Accountants' Report on Review of Interim Financial Information from Ernst & Young LLP
27	Financial Data Schedule

</TABLE>

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT; ERNST & YOUNG LLP

The Board of Directors
Autologic Information International, Inc.

We have reviewed the accompanying condensed consolidated balance sheet of Autologic Information International, Inc. and subsidiaries as of July 30, 1999, and the related condensed consolidated statements of operations for the three-month and nine-month periods ended July 30, 1999 and July 31, 1998, the condensed consolidated statement of stockholders' equity for the nine-month period ended July 30, 1999, and the condensed consolidated statements of cash flows for the nine-month periods ended July 30, 1999 and July 31, 1998. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Autologic Information International, Inc. and subsidiaries as of October 30, 1998, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended, not presented herein; and in our report dated December 9, 1998, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of October 30, 1998, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

August 24, 1999
Woodland Hills, California

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