

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

Filing Date: **1998-07-22** | Period of Report: **1998-03-31**
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FILER

GRADCO SYSTEMS INC

CIK: **719597** | IRS No.: **953342977** | State of Incorpor.: **CA** | Fiscal Year End: **0331**
Type: **10-K/A** | Act: **34** | File No.: **000-12829** | Film No.: **98669813**
SIC: **3579** Office machines, nec

Mailing Address
3753 HOWARD HUGHES
PKWY
LAS VEGAS NV 89109

Business Address
3753 HOWARD HUGHES
PARKWAY SUITE 200
LAS VEGAS NV 89109
7028923714

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
--- SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year ended March 31, 1998

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 number 0-12829

GRADCO SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Nevada

95-3342977

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

3753 Howard Hughes Pkwy, Ste 200, Las Vegas, Nevada

89109

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (702) 892-3714

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange
on which registered

None

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, No par value

(Title of Class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405

of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of voting stock held by non-affiliates of the Registrant (based on the closing sales price of Gradco common stock on the NASDAQ National Market System on June 19, 1998) was \$54,000,361.

The number of outstanding shares of each class of the Registrant's common stock outstanding at June 19, 1998 was: common stock, no par value--7,854,598 shares.

Item 6. SELECTED FINANCIAL DATA.

The following selected financial data should be read in conjunction with the consolidated financial statements of Gradco and the notes thereto included elsewhere herein.

<TABLE>
<CAPTION>

	YEARS ENDED MARCH 31,				
	1998	1997	1996	1995	1994
	----	----	----	----	----
	(In thousands, except per share amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
Statement of income data:					
Operating revenues:	\$120,999	\$100,887	\$100,596	\$82,838	\$53,148
Costs and expenses:					
Cost of sales.....	95,019	79,271	77,497	64,919	41,163
Other operating expenses.....	14,274	14,770	15,785	14,186	11,677
Interest income, net.....	(160)	(183)	(226)	(55)	(32)
Investment (gains) losses.....	--	--	(53)	205	52
	109,133	93,858	93,003	79,255	52,860
Earnings before income taxes and minority interest.....	11,866	7,029	7,593	3,583	288
Income taxes.....	4,378	2,983	2,748	1,331	535
Minority interest.....	1,102	1,194	1,585	800	(241)
Net earnings (loss).....	\$ 6,386	\$ 2,852	\$ 3,260	\$ 1,452	\$ (6)
Basic earnings per common share.....	\$.82	\$.36	\$.42	\$.19	\$ --
Average shares outstanding, basic EPS.....	7,809	7,799	7,796	7,784	7,784
Diluted earnings per common share.....	\$.79	\$.36	\$.42	\$.19	\$ --
Average shares outstanding, diluted EPS.....	8,051	7,832	7,813	7,798	7,784
Balance sheet data:					
Working capital.....	\$ 17,240	\$ 19,418	\$ 18,979	\$16,727	\$10,208
Total assets.....	48,471	58,086	58,015	64,383	41,796
Long-term debt.....	2	15	25	35	--
Shareholders' equity.....	21,473	15,339	16,201	16,997	11,137

</TABLE>

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) See index to financial statements and financial statement schedules. See list of exhibits in paragraph (c) below.

(b) 8-K Reports - None.

(c) Exhibits:

- 2 Agreement and Plan of Merger dated July 25, 1991 regarding reincorporation of Gradco in Nevada, incorporated by reference from definitive Proxy Statement dated September 18, 1991, Exhibit C.
- 3.1 Articles of Incorporation of Gradco as reincorporated in Nevada, incorporated by reference from definitive Proxy Statement dated September 18, 1991, Exhibit D.
- 3.2 By-laws of Gradco as reincorporated in Nevada, incorporated by reference from Form 10-K for the fiscal year ended March 31, 1992, Exhibit 3.2.
- 10.1 Agreement between Gradco and Minolta Camera Co., Ltd. dated March 19, 1984, incorporated by reference from Form 10-K for the fiscal year ended April 7, 1984, Exhibit 10.16.
- 10.2 Amended and Restated License Agreement between Gradco (Japan) Ltd. and Minolta Camera Co., Ltd. dated July 1, 1991 (Japanese original and English Translation), incorporated by reference from Form 10-K for the fiscal year ended March 31, 1992, Exhibit 10.2.
- 10.3 General Agreement between Gradco and Ricoh Company, Ltd. dated July 1, 1984, incorporated by reference from Form 10-K for the fiscal year ended March 31, 1985, Exhibit 10.19.
- 10.4 Amended and Restated License Agreement between Gradco (Japan) Ltd. and Ricoh Company, Ltd. dated April 1, 1991 (Japanese original and English Translation), incorporated by reference from Form 10-K for the fiscal year ended March 31, 1992, Exhibit 10.4.
- 10.5 Agreement between Gradco Systems, Inc., and Canon, Inc., dated as of July 1, 1988, incorporated by reference from Form 8-K for July 1, 1988, Exhibit 10.62.
- 10.6 Agreement between Gradco/Dendoki Inc. and Canon Inc. dated February 25, 1983, incorporated by reference from Form 10-K for the fiscal year ended March 31, 1986, Exhibit 19.0.
- 10.7 Agreement between Gradco/Dendoki Inc. and Canon Inc. dated February 25, 1983, incorporated by reference from Form 10-K for the fiscal year ended March 31, 1986, Exhibit 19.3.
- 10.8 Agreement among Gradco, Gradco (Japan) Ltd. and Canon, Inc. dated April 1, 1991, incorporated by reference from Form 10-K for the fiscal year ended March 31, 1992, Exhibit 10.12.
- 10.9 Gradco 1988 Stock Option Plan, incorporated by reference from Form 8-K for July 1, 1988, Exhibit 19.3, and amendment thereto dated July 24, 1991, incorporated by reference from Form 10-Q for quarter ended June 30, 1991, Exhibit 19.2.
- 10.10 Gradco 1997 Stock Option Plan, incorporated by reference from its Registration Statement on Form S-8 filed February 3, 1998, Exhibit 4.
- 10.11 Amended Umbrella Agreement dated as of December 5, 1990 among Gradco, Gradco (Japan) Ltd. and Gradco (USA) Inc.,

incorporated by reference from Form 8-K for December 5, 1990, Exhibit 28.

- 10.12 Agreement between Gradco and Gradco (Japan) Ltd. dated March 1, 1991, incorporated by reference from Form 8-K for March 1, 1991, Exhibit 28.
- 10.13 Letter Agreement dated March 29, 1991 between Gradco Systems, Inc. and Gradco (Japan) Ltd., incorporated by reference from Form 10-K for the fiscal year ended March 31, 1991, Exhibit 10.31.
- 10.14 Lease Agreement between Venture Engineering, Inc. and Aetna Life Insurance Company, Inc. (formerly Trammell Crow Company) dated October 1, 1988 and subsequent amendments dated July 1, 1989, August 1, 1989, February 1, 1990 and March 1, 1991, incorporated herein by reference from Form 10-K for fiscal year ended March 31, 1991, Exhibit 19.3.
- 10.15 Basic Agreement between Gradco (Japan) Ltd. and Ikegami Tsushinki Co. Ltd. dated as of January 1, 1996 (English Translation of Japanese original), incorporated by

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reference from Form 10-K for fiscal year ended March 31, 1996, Exhibit 10.16.

- 10.16 Agreement between Gradco (Japan) Ltd. and Lexmark International, Inc. dated September 1, 1992, incorporated by reference from Form 10-K for the fiscal year ended March 31, 1993, Exhibit 10.22.
- 10.17 Regulations of Retirement Allowance for Board of Directors and Auditors of Gradco Japan, adopted June 3, 1994 (English translation of Japanese original), incorporated by reference from Form 10-K for the fiscal year ended March 31, 1995, Exhibit 10.22.
- 10.18 Agreement among Gradco (Japan) Ltd., Gradco (USA) Inc., and Xerox Canada Ltd. dated as of August 17, 1995, incorporated by reference from Form 10-K for fiscal year ended March 31, 1996, Exhibit 10.19.
- 21 List of Significant Subsidiaries
- (i) Gradco (Japan) Ltd. (Japan)
 - (ii) Venture Engineering, Inc. (Texas)
 - (iii) Gradco (USA) Inc. (California)
- 23 Consent of Price Waterhouse LLP, previously filed
- 27 Financial Data Schedule, previously filed

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: July 21, 1998

GRADCO SYSTEMS, INC.

By: /s/ Martin E. Tash

Martin E. Tash
Chairman of the Board, President and

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE ----
/s/ Martin E. Tash ----- Martin E. Tash	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	July 21, 1998
/s/ Harland L. Mischler ----- Harland L. Mischler	Executive Vice President, Chief Financial Officer (Principal Financial and Accounting Officer) and Director	July 21, 1998
/s/ Bernard Bressler ----- Bernard Bressler	Secretary, Treasurer and Director	July 21, 1998
/s/ Robert J. Stillwell ----- Robert J. Stillwell	Director	July 21, 1998
/s/ Thomas J. Burger ----- Thomas J. Burger	Director	July 21, 1998

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/s/ Mark Takeuchi ----- Mark Takeuchi	Director	July 21, 1998
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GRADCO SYSTEMS, INC.

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

<TABLE>
<CAPTION>

	March 31,	
	1998 ----	1997 ----
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,691	\$18,335
Accounts receivable, less allowance for doubtful accounts of \$108 and \$59	29,930	24,583
Inventories	1,608	1,759
Deferred income taxes	552	252
Other current assets	166	327
	-----	-----
Total current assets	40,947	45,256
Furniture, fixtures and equipment, net	1,290	2,054
License repurchase, net of accumulated amortization of \$10,700 and \$10,994	130	4,069
Excess of cost over acquired net assets, net		

of accumulated amortization of \$495 and \$451	1,234	1,278
Deferred income taxes	1,571	--
Other assets	3,299	5,429
	-----	-----
	\$48,471	\$58,086
	-----	-----
	-----	-----

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 10,241	\$ 10,939
Notes payable to suppliers	9,849	12,608
Accrued expenses	1,077	684
Income taxes payable	2,527	1,596
Current installments of long-term debt	13	11
	-----	-----
Total current liabilities	23,707	25,838
Long-term debt, excluding current installments	2	15
Non-current liabilities	1,024	889
Deferred income taxes	--	1,833
Excess of fair value of net assets acquired over cost, net of accumulated amortization of \$200	1,600	--
Minority interest	665	14,172
Commitments and contingencies (Note 7)		
Shareholders' equity:		
Preferred stock, no par value; authorized 7,500,000 shares, none issued		
Common stock, no par value; authorized 30,000,000 shares, issued 7,854,598 and 7,798,909	45,325	44,618
Accumulated deficit	(23,972)	(30,358)
Currency translation adjustments	120	1,079
	-----	-----
Total shareholders' equity	21,473	15,339
	-----	-----
	\$ 48,471	\$ 58,086
	-----	-----
	-----	-----

</TABLE>

See accompanying notes to consolidated financial statements.