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TAG IT PACIFIC INC
Form 10-K/A
October 01, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM 10-K/A

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Annual Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For the fiscal year ended December 31, 2002

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 1-13669

TAG-IT PACIFIC, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

95-4654481
(I.R.S. Employer
Identification No.)

21900 BURBANK BLVD., SUITE 270
WOODLAND HILLS, CALIFORNIA
(Address of Principal Executive Offices)

91367
(Zip Code)

(818) 444-4100
(Registrant's Telephone Number, Including Area Code)

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

| Title of Each Class | Name of Each Exchange On Which Registered |
|--------------------------------|--|
| COMMON STOCK, \$.001 PAR VALUE | AMERICAN STOCK EXCHANGE |

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

NONE

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 past 90 days.

Yes 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

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amendment to this Form 10-K []

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2) Yes [] No [X]

The issuer's revenues for the fiscal year ended December 31, 2002 were \$60,073,170.

At June 30, 2002 the aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant was \$14,682,838. At March 28, 2003 the issuer had 9,619,909 shares of Common Stock, \$.001 par value, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

AMENDMENT NO. 1

TO THE ANNUAL REPORT ON FORM 10-K FILED BY
TAG-IT PACIFIC, INC. ON MARCH 28, 2003

The following amends the Annual Report on Form 10-K filed by Tag-It Pacific, Inc. on March 28, 2003, as permitted by the rules and regulations promulgated by the Securities and Exchange Commission. Item 15 of the Form 10-K is hereby amended in its entirety as set forth herein.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

- (a) (1) FINANCIAL STATEMENTS - See Item 8 of this Form 10-K annual report.
- (2) REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS -- See Item 8 of this Form 10-K annual report.
- (3) INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON SCHEDULE II -- See Item 8 of this Form 10-K annual report.
- (4) FINANCIAL STATEMENT SCHEDULE II - See Item 8 of this Form 10-K annual report.
- (5) EXHIBITS -- See Exhibit Index attached to this Form 10-K annual report.

(b) Reports on Form 8-K:

None

(c) Exhibits:

See Exhibit Index attached to this Form 10-K annual report.

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EXHIBIT INDEX

| EXHIBIT NUMBER ----- | EXHIBIT DESCRIPTION ----- |
|----------------------------|---|
| 2.1 | Exchange Agreement, dated October 17, 1997. Incorporated by reference to Exhibit 2.1 to Form SB-2 filed on October 21, 1997, and the amendments thereto. |
| 3.1 | Certificate of Incorporation of Registrant. Incorporated by reference to Exhibit 3.1 to Form SB-2 filed on October 21, 1997, and the amendments thereto. |
| 3.2 | Bylaws of Registrant. Incorporated by reference to Exhibit 3.2 to Form SB-2 filed on October 21, 1997, and the amendments thereto. |
| 3.3 | Certificate of Designation of Rights, Preferences and Privileges of Preferred Stock. Incorporated by reference to Exhibit A to the Rights Agreement filed as Exhibit 4.1 to Current Report on Form 8-K filed as of November 4, 1998. |
| 3.4 | Certificate of Amendment of Certificate of Incorporation of Registrant. Incorporated by reference to Exhibit 3.4 to Annual Report on Form 10-KSB, filed March 28, 2000. |
| 3.5 | Certificate of Designation of Series B Convertible Preferred Stock of Tag-It Pacific, Inc. Incorporated by reference to Exhibit 3.1 to Form 10-QSB filed on August 14, 2000. |
| 4.1 | Specimen Stock Certificate of Common Stock of Registrant. Incorporated by reference to Exhibit 4.1 to Form SB-2 filed on October 21, 1997, and the amendments thereto. |
| 4.2 | Rights Agreement, dated as of November 4, 1998, between Registrant and American Stock Transfer and Trust Company as Rights Agent. Incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed as of November 4, 1998. |
| 4.3 | Form of Rights Certificate. Incorporated by reference to Exhibit B to the Rights Agreement filed as Exhibit 4.1 to Current Report on Form 8-K filed as of November 4, 1998. |
| 10.1 | Form of Indemnification Agreement. Incorporated by reference to Exhibit 10.1 to Form SB-2 filed on October 21, 1997, and the amendments thereto. |
| 10.2 | Intentionally Left Blank. |
| 10.3 | Intentionally Left Blank. |
| 10.4 | Intentionally Left Blank. |
| 10.5 | Tax Indemnification Agreement between Pacific Trim & Belt, Inc. and Harold Dyne, Jonathan Burstein, Raymond Spiro and Stan Magnus. Incorporated by reference to Exhibit 10.12 to Form SB-2 filed on October 21, 1997, and the amendments thereto. |

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10.6 Promissory Note, dated September 30, 1996, provided by Tag-It, Inc. to Harold Dyne. Incorporated by reference to Exhibit 10.21 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

EXHIBIT NUMBER

EXHIBIT DESCRIPTION

10.7 Promissory Note, dated June 30, 1991, provided by Tag-It, Inc. to Harold Dyne. Incorporated by reference to Exhibit 10.23 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

10.8 Promissory Note, dated January 31, 1997, provided by Tag-It Inc. to Mark Dyne. Incorporated by reference to Exhibit 10.24 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

10.9 Promissory Note, dated February 29, 1996, provided by A.G.S. Stationary, Inc. to Monto Holdings Pty. Ltd. Incorporated by reference to Exhibit 10.25o Form SB-2 filed on October 21, 1997, and the amendments thereto.

10.10 Promissory Note, dated January 19, 1995, provided by Pacific Trim & Belt, Inc. to Monto Holdings Pty. Ltd. Incorporated by reference to Exhibit 10.26 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

10.11 Intentionally Left Blank.

10.12 Registrant's 1997 Stock Incentive Plan. Incorporated by reference to Exhibit 10.29 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

10.13 Form of Non-statutory Stock Option Agreement. Incorporated by reference to Exhibit 10.30 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

10.14 Intentionally Left Blank.

10.15 Promissory Note, dated August 31, 1997, provided by Harold Dyne to Pacific Trim & Belt, Inc. Incorporated by reference to Exhibit 10.32 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

10.16 Intentionally Left Blank.

10.17 Promissory Note, dated October 15, 1997, provided by Harold Dyne to Pacific Trim & Belt, Inc. Incorporated by reference to Exhibit 10.34 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

10.18 Formation Agreement of AGS Holdings L.L.C., dated as of October 17, 1997. Incorporated by reference to Exhibit 10.35 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

10.19 Intentionally Left Blank.

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- 10.20 Warrant Agreement, dated June 1, 1994, between Jonathan Markiles and Tag-It, Inc. Incorporated by reference to Exhibit 10.39 to Form SB-2 filed on October 21, 1997, and the amendments thereto.
- 10.21 Form of Warrant Agreement between Registrant and Troop Meisinger Steuber & Pasich, LLP. Incorporated by reference to Exhibit 10.41 to Form SB-2 filed on October 21, 1997, and the amendments thereto.

| EXHIBIT NUMBER ----- | EXHIBIT DESCRIPTION ----- |
|----------------------------|---|
| 10.22 | Contract for Manufacturing Services between USA and Mexico, between Tag-It, Inc. and Tagit de Mexico, S.A. de C.V. Incorporated by reference to Exhibit 10.44 to Form SB-2 filed on October 21, 1997, and the amendments thereto. |
| 10.23 | Intentionally Left Blank. |
| 10.24 | Intentionally Left Blank. |
| 10.25 | Promissory Note, dated October 15, 1997, provided by A.G.S. Stationary Inc. to Monto Holdings Pty. Ltd. Incorporated by reference to Exhibit 10.48 to Form SB-2 filed on October 21, 1997, and the amendments thereto. |
| 10.26 | Promissory Note, dated November 4, 1997, provided by Pacific Trim & Belt, Inc. to Monto Holdings Pty. Ltd. Incorporated by reference to Exhibit 10.49 to Form SB-2 filed on October 21, 1997, and the amendments thereto. |
| 10.27 | Intentionally Left Blank. |
| 10.28 | Intentionally Left Blank. |
| 10.29 | Intentionally Left Blank. |
| 10.30 | Intentionally Left Blank. |
| 10.31 | Intentionally Left Blank. |
| 10.32 | Binding Letter of Understanding, dated October 14, 1998. Incorporated by reference to Exhibit 99.3 to Current Report on Form 8-K filed as of October 29, 1998. |
| 10.33 | Side Letter Agreement, dated October 14, 1998. Incorporated by reference to Exhibit 99.4 to Current Report Form 8-K filed as of October 29, 1998. |
| 10.34 | Series B Convertible Preferred Stock Agreement, dated as of April 3, 2000, between the Registrant and Grupo Industrial Cierres Ideal, S.A. de C.V. Incorporated by reference to Exhibit 10.1 to Form 10-QSB filed on August 14, 2000. |
| 10.35 | Talon License and Distribution Agreement, dated April 3, 2000, between the Registrant and Grupo Industrial Cierres Ideal, S.A. de C.V. Incorporated by reference to Exhibit 10.2 to Form 10-QSB |

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filed on August 14, 2000. *

- 10.36 Consignment Inventory Purchase Agreement, dated September 30, 2000, between the Registrant and Grupo Industrial Cierres Ideal, S.A. de C.V. Incorporated by reference to Exhibit 10.1 to Form 10-QSB filed on November 14, 2000.
- 10.37 Guaranty, dated as of October 4, 2000, by A.G.S. Stationery, Inc. in favor of Mark I. Dyne. Incorporated by reference to Exhibit 10.40 to Form 10-K filed on April 4, 2001.
- 10.38 Guaranty, dated as of October 4, 2000, by Tag-It, Inc. in favor of Mark I. Dyne. Incorporated by reference to Exhibit 10.41 to Form 10-K filed on April 4, 2001.
- 10.39 Guaranty, dated as of October 4, 2000, by Talon International, Inc. in favor of Mark I. Dyne. Incorporated by reference to Exhibit 10.42 to Form 10-K filed on April 4, 2001.

EXHIBIT NUMBER

EXHIBIT DESCRIPTION

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- 10.40 Intercreditor Agreement, dated as of October 4, 2000, by and among Mark I. Dyne, Sanwa Bank California, the Registrant, Tag-It, Inc., Talon International, Inc. and A.G.S. Stationery, Inc. Incorporated by reference to Exhibit 10.43 to Form 10-K filed on April 4, 2001.
- 10.41 Security Agreement, dated as of October 4, 2000, between A.G.S. Stationery, Inc. and Mark I. Dyne. Incorporated by reference to Exhibit 10.44 to Form 10-K filed on April 4, 2001. Incorporated by reference to Exhibit 10.44 to Form 10-K filed on April 4, 2001.
- 10.42 Security Agreement, dated as of October 4, 2000, between Tag-It, Inc. and Mark I. Dyne. Incorporated by reference to Exhibit 10.45 to Form 10-K filed on April 4, 2001.
- 10.43 Security Agreement, dated as of October 4, 2000, between Talon International Inc. and Mark I. Dyne. Incorporated by reference to Exhibit 10.46 to Form 10-K filed on April 4, 2001.
- 10.44 Security Agreement, dated as of October 4, 2000, between Tag-It Pacific, Inc. and Mark I. Dyne. Incorporated by reference to Exhibit 10.47 to Form 10-K filed on April 4, 2001.
- 10.45 Convertible Secured Subordinated Promissory Note, dated October 4, 2000, provided by Mark I. Dyne to the Registrant. Incorporated by reference to Exhibit 10.48 to Form 10-K filed on April 4, 2001.
- 10.46 Intentionally Left Blank.
- 10.47 Intentionally Left Blank.
- 10.48 Trim Handling Agreement, dated as of December 29, 1999, among the Registrant, Tarrant Apparel Group, Inc. & Tagmex and Tag-It de

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Mexico S.A. Incorporated by reference to Exhibit 10.51 to Form 10-K filed on April 4, 2001.

- 10.49 Intentionally Left Blank.
- 10.50 Supply Agreement entered into on December 22, 2000, by and between the Company, Hubert Guez, Paul Guez and Azteca Production International, Inc., AZT International SA D RL, and Commerce Investment Group, LLC.* Incorporated by reference to Exhibit 10.53 to Form 10-K filed on April 4, 2001.
- 10.51 Investor Rights Agreement entered into on December 22, 2000, by and between the Company and Commerce Investment Group, LLC. Incorporated by reference to Exhibit 10.54 to Form 10-K filed on April 4, 2001.
- 10.52 Voting Agreement entered into on December 22, 2000, by and between the Company, Hubert Guez, Paul Guez and Azteca Production International, Inc., AZT International SA D RL, Commerce Investment Group, LLC, and Colin Dyne. Incorporated by reference to Exhibit 10.55 to Form 10-K filed on April 4, 2001.
- 10.53 Right of First Refusal and Sale Agreement entered into on December 22, 2000, by and between the Company, Hubert Guez, Paul Guez and Azteca Production International, Inc., AZT International SA D RL, Commerce Investment Group, LLC, and Colin Dyne. Incorporated by reference to Exhibit 10.56 to Form 10-K filed on April 4, 2001.

| EXHIBIT NUMBER ----- | EXHIBIT DESCRIPTION ----- |
|----------------------------|---|
| 10.54 | Series C Preferred Stock Purchase Agreement, dated as of September 20, 2001, between Tag-it Pacific, Inc. and Coats North America Consolidated, Inc. Incorporated by reference to Exhibit 99.1 to Form 8-K filed on October 15, 2001. |
| 10.55 | Investor Rights Agreement, dated as of September 20, 2001, between Tag-it Pacific, Inc. and Coats North America Consolidated, Inc. Incorporated by reference to Exhibit 99.2 to Form 8-K filed on October 15, 2001. |
| 10.56 | Co-Marketing and Supply Agreement, dated as of September 20, 2001, between Tag-it Pacific, Inc. and Coats America, Inc. Incorporated by reference to Exhibit 99.3 to Form 8-K filed on October 15, 2001. |
| 10.57 | Purchase Money Security Agreement, dated as of September 20, 2001, between Tag-it Pacific, Inc. and Coats America, Inc. Incorporated by reference to Exhibit 99.4 to Form 8-K filed on October 15, 2001. |
| 10.58 | Certificate of Designation of Series C Convertible Redeemable Preferred Stock. Incorporated by reference to Exhibit 99.5 to Form 8-K filed on October 15, 2001. |
| 10.59 | Asset Purchase Agreement, dated as of December 21, 2001, among |

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Tag-it Pacific, Inc., Grupo Industrial Cierres Ideal, S. A. de C.V., Talon, Inc. and Industrias Unidas, S.A. de C.V. Incorporated by reference to Exhibit 99.1 to Form 8-K filed on January 7, 2002.

- 10.60 Promissory Note, dated as of December 21, 2001, by Tag-it Pacific, Inc. for the benefit of Talon, Inc. Incorporated by reference to Exhibit 99.2 to Form 8-K filed on January 7, 2002.
- 10.61 Stockholders Agreement, dated as of December 21, 2001, among Tag-it Pacific, Inc. and Talon, Inc. Incorporated by reference to Exhibit 99.3 to Form 8-K filed on January 7, 2002.
- 10.62 Mutual Release, dated as of December 21, 2001, among Tag-it Pacific, Inc., Etic Art S.A. de C.V. and Cierres Ideal de Mexico, S. A. de C.V. Incorporated by reference to Exhibit 99.4 to Form 8-K filed on January 7, 2002.
- 10.63 Escrow Agreement, dated as of December 21, 2001, among Tag-it Pacific, Inc., Talon, Inc. and Wells Fargo Bank, National Association. Incorporated by reference to Exhibit 99.5 to Form 8-K filed on January 7, 2002.
- 10.64 Form of Stock and Warrant Purchase Agreement dated December 28, 2001. Incorporated by reference to Exhibit 99.1 to Form 8-K filed on January 23, 2002.
- 10.65 Form of Warrant to Purchase Common Stock Agreements dated December 28, 2001. Incorporated by reference to Exhibit 99.2 to Form 8-K filed on January 23, 2002.
- 10.66 Form of Stockholders Agreements dated December 28, 2001. Incorporated by reference to Exhibit 99.3 to Form 8-K filed on January 23, 2002.
- 10.67 Form of Investor Rights Agreements dated December 28, 2001. Incorporated by reference to Exhibit 99.4 to Form 8-K filed on January 23, 2002.

EXHIBIT NUMBER

EXHIBIT DESCRIPTION

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- 10.68 Form of Exclusive Supply Agreement dated July 12, 2002, among Tag-it Pacific, Inc. and Levi Strauss & Co.* Incorporated by reference to Exhibit 10.68 to Form 10-Q filed on November 15, 2002.
- 10.69 Intellectual Property Rights Agreement, dated April 2, 2002, between the Company and Pro-Fit Holdings, Ltd.*
- 10.70 Amendment to Exclusive Supply Agreement, dated July 12, 2002, between Tag-it Pacific, Inc. and Levi Strauss & Co.*+
- 23.1 Consent of BDO Seidman, LLP.+
- 24.1 Power of Attorney.+

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- 31.1 Certificate of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934, as amended.
- 31.2 Certificate of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities and Exchange Act of 1934, as amended.
- 32.1 Certificate of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) under the Securities and Exchange Act of 1934, as amended.

* Certain portions of this agreement have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for an order granting confidential treatment pursuant to Rule 24b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

+ Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TAG-IT PACIFIC, INC.

/S/ RONDA SALLMEN

By: Ronda Sallmen
Its: Chief Financial Officer

SIGNATURES

In accordance with the Exchange Act, 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 ---- |
|---|---|-----------------|
| + ----- Mark Dyne | Chairman of the Board of Directors | October 1, 2003 |
| + ----- Colin Dyne | Chief Executive Officer and Director | October 1, 2003 |
| /S/ RONDA SALLMEN ----- Ronda Sallmen | Chief Financial Officer | October 1, 2003 |
| + ----- Kevin Bermeister | Director | October 1, 2003 |
| + ----- Michael Katz | Director and Vice President | October 1, 2003 |

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----- of Operations
Jonathan Burstein
+ Director October 1, 2003

Brent Cohen
+ Director October 1, 2003

Donna Armstrong

+ By: /S/ RONDA SALLMEN

Ronda Sallmen

Attorney-In-Fact