

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-QA

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 1995

Commission File number 0-23828

Labor Ready, Inc.
(Exact Name of Registrant as specified in its charter)

Washington 91-1287341
(State of Incorporation) (Federal I.R.S. No.)

2156 Pacific Avenue, Tacoma, Washington 98402
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number 206-383-9101

Securities registered pursuant to Section 12(b) or 12(g) of the Act:
Common Stock, No Par Value

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-Q or any
amendment to this Form 10-Q. (X)

The aggregate market value of the voting stock held by nonaffiliates of the
registrant, on June 30, 1995 was 43,912,836.

As of June 30, 1995, the Registrant had 3,870,415 shares of Common Stock
and 854,082 shares of Preferred Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

Page 1

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

LABOR READY INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

June 30, 1995

INDEX

Consolidated Statements of Financial Position at June 30, 1995 and December 31, 1994	4-5
Consolidated Statement of Operations for the Six Months and the Three Months Ended June 30, 1995 and 1994	6
Consolidated Statement of Changes in Stockholders' Equity for the Year Ended December 31, 1994 and the Six Months Ended June 30, 1995	7

LABOR READY, INC. Consolidated Statement of Financial Position at
June 30, 1995 and December 31, 1994 (Unaudited)

ASSETS

	1995	1994
CURRENT ASSETS:		
Cash and equivalents	\$ 106,551	\$ 603,977
Workers' compensation deposits		1,130,575
Workers' compensation rent-a-captive insurance assets	1,389,000	
Accounts receivable, net of allowance for doubtful accounts of \$587,512 and \$365,927, respectively	9,149,100	5,162,830
Workers' compensation credits receivable	262,600	206,794
Prepaid expenses and other	478,196	348,814
Notes receivable	567,755	
Deferred income tax	99,369	118,590
Total Current Assets	12,052,571	7,571,580
DEPRECIABLE ASSETS AND LAND:		
Cost	2,841,198	1,071,070
Accumulated depreciation	385,545	244,497
Total Property and equipment	2,455,653	826,573
OTHER ASSETS:		
Intangible assets, less amortization of \$94,010 and \$69,020	166,441	191,431
Workers' compensation credits receivable, less current portion	644,644	105,832
Deferred income tax	94,366	94,366
Other	160,065	122,194
Total Other Assets	1,065,516	513,823
TOTAL ASSETS	\$15,573,740	\$8,911,976

	1995	1994
CURRENT LIABILITIES:		
Accounts payable	\$ 1,560,608	\$ 268,932
Accrued wages and benefits	1,201,973	390,607
Accrued taxes, other than income	652,134	430,880
Accrued interest	25,786	53,002
Accrued workers' compensation	334,186	708,869
Workers' compensation rent-a-captive insurance liabilities	437,000	
Income taxes payable	54,763	497,000
Note payable, accounts receivable financing	5,053,395	3,160,580
Dividends payable	21,352	42,705
Current portion of long-term debt	338,276	78,291
Total Current Liabilities	9,679,473	5,630,866
LONG-TERM LIABILITIES:		
Long-term debt, less current maturities	969,920	244,250
14% Convertible Debentures		75,000
	<u>969,920</u>	<u>319,250</u>
STOCKHOLDERS' EQUITY:		
Preferred stock, \$1 par value: 5,000,000 shares authorized; issued and outstanding: 854,082 and 854,082 shares	854,082	854,082
Common stock, no par value: 25,000,000 shares authorized; issued and outstanding: 3,870,415 and 3,314,729 shares	5,500,964	3,540,187
Cumulative foreign currency transaction adjustment	(17,103)	(2,853)
Accumulated (deficit)	(1,413,596)	(1,429,556)
Total Stockholders' Equity	4,924,347	2,961,860
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$15,573,740	\$8,911,976

Page 4

LABOR READY, INC.	Consolidated Statement of Operations For the Six Months and the Three Months Ended June 30, 1995 and 1994 (Unaudited)			
	Six Months Ended		Three Months Ended	
	1995	1994	1995	1994
REVENUES FROM SERVICES	\$32,367,336	\$13,535,778	\$19,749,584	\$8,318,364
COST OF SALES	26,376,625	10,889,478	15,882,286	6,682,149
	5,990,711	2,646,300	3,867,298	1,636,215
OPERATING EXPENSES	5,643,007	2,216,232	3,147,956	1,147,303
INCOME FROM OPERATIONS	347,704	430,068	719,342	488,912
OTHER INCOME (DEDUCTIONS)	(291,171)	(138,999)	(126,785)	(62,992)
INCOME BEFORE INCOME TAX	56,533	291,069	592,557	425,920
INCOME TAX PROVISION	19,221	98,591	201,469	98,591
NET INCOME (LOSS)	\$37,312	\$192,478	\$391,088	\$327,329
EARNINGS (LOSS) PER COMMON SHARE:				
Net Income	\$.01	\$.07	\$.10	\$.11
Weighted average shares outstanding	3,996,193	2,602,874	3,998,082	2,602,874

LABOR READY, INC. Consolidated Statement of Changes in
Stockholders' Equity For the Year
Ended December 31, 1994 and the Six
Months Ended June 30, 1995 (Unaudited)

	Common Stock	Preferred	Accumulated	Cumulative
	Shares	Amount	Stock	Translation
			(Deficit)	Adjustment
Balance Dec. 31, 1993	2,602,874	2,135,764	1,003,088	(2,387,662)
Net income year ended Dec. 31, 1994			851,805	
Debentures converted	237,895	271,200		
Common Stock issued from private placement	474,960	1,130,223		
Preferred stock canceled			(149,006)	149,006
Common Stock canceled on lapsing subscriptions	(2,000)	(2,000)		
Common stock issued for services	1,000	5,000		
Foreign currency translation				\$ (2,853)
Preferred stock dividend			(42,705)	
Balance Dec. 31, 1994	3,314,729	3,540,187	854,082	(1,429,556)
Net income (loss) six months ended June 30, 1995			37,312	
Foreign currency translation				(14,250)
Debentures converted	58,595	75,000		
Options exercised	12,000	27,000		
Issued for debt	798	7,679		
Common stock issued for cash	9,333	69,998		
Preferred stock dividend			(21,352)	
Common stock issued from exercise warrants	474,960	1,781,100		
Balance June 30, 1995	3,870,415	\$5,500,964	854,082	\$ (1,413,596)

LABOR READY, INC. Consolidated Statement of Cash Flows for the
Six Months Ended June 30, 1995 and 1994 and the
Three Months Ended June 30, 1995 and 1994 (Unaudited)

	Six Months Ended	Three Months Ended
	1995	1994
	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME (LOSS):		
Consolidated operations	\$37,312	\$192,478
Adjustments to Reconcile Net Loss to Net Cash Applied to Operating Activities:	\$391,088	\$327,329

Depreciation & amortization	166,038	59,591	85,614	36,582
Provision for doubtful account	221,615		(36,926)	
Changes in Assets & Liabilities:				
Account receivable	(4,207,855)	(1,441,848)	(3,337,947)	(1,121,842)
Worker compensation credits receivable	(594,618)	(115,267)	(594,618)	(50,108)
Prepaid income taxes		16,469		16,469
Other current assets		(177,949)		(59,114)
Restricted cash and workers' compensation deposits	(258,425)		52,949	
Prepaid expenses and other	(167,253)		114,011	
Accounts payable	1,291,676	512,635	567,145	340,561
Accrued wages and benefits	811,366	81,594	535,575	62,925
Accrued taxes, other than income	221,254	177,612	(14,863)	125,548
Accrued interest	(27,216)	3,801	(39,949)	4,264
Accrued workers' compensation	62,317	18,038	(168,865)	95,251
Income taxes payable	(442,237)		(109,989)	
Change in deferred income taxes	19,221	80,022	119,221	80,022
Net cash used in operating activities	(2,866,805)	(592,824)	(2,437,554)	(142,113)

Page 7

LABOR READY, INC.	Consolidated Statement of Cash Flows for the Six Months Ended June 30, 1995 and 1994 and the Three Months Ended June 30, 1995 and 1994 (Unaudited)			
	Six Months Ended 1995	1994	Three Months Ended 1995	1994
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(952,258)	(325,182)	(555,514)	(239,166)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net borrowings on note payable	1,892,815	981,158	2,032,830	579,830
Proceeds from issuance of common stock	104,667		104,667	
Proceeds from stock subscriptions		5,050		3,439
Proceeds from warrants exercised	1,213,345		659,049	
Dividends paid	(42,705)	(50,154)		
Borrowings on long-term debt	300,000		300,000	
Payments on long-term debt	(132,245)	(25,657)	(71,713)	(6,065)
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,335,887	910,397	3,024,843	577,204
EFFECT OF EXCHANGE RATES	(14,250)		(2,581)	
NET INCREASE (DECREASE) IN CASH & EQUIVALENTS:	(497,426)	(7,609)	29,194	195,925
CASH AND EQUIVALENTS: BEGINNING OF PERIOD	603,977	229,259	77,357	25,725
END OF PERIOD	\$ 106,551	\$221,650	\$ 106,551	\$ 221,650
SUPPLEMENTAL DISCLOSURES:				
Interest Paid	\$ 440,959	\$135,198	\$ 289,306	\$ 58,728
Income Taxes Paid	\$ 442,237		\$ 192,237	
Issuance of common stock for conversion of convertible debentures	\$ 75,000	\$271,200		\$ 271,200
Issuance common stock for payment accounts payable	\$ 7,679		\$ 7,679	
Acquisition of Building and				

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

The Company increased revenues from services to \$32,367,336 from \$13,535,778, an increase of \$18,831,558 or 139%. The Company had a net profit for the six months ended June 30, 1995 of \$37,312 vs. a net profit of \$192,478 for the same period a year earlier; a decrease of \$155,166. The primary factor creating the net decrease in profits was the fact that management expanded operation in 1995 at a faster rate as compared to 1994.

The Company grew from fifty-one operating dispatch locations at December 31, 1994 to ninety-six operating locations at June 30, 1995, an increase of forty-five operating dispatch locations for the six month period.

The Company grew from seventeen operating dispatch locations at December 31, 1993 to thirty operating locations at June 30, 1994, an increase of thirteen operating dispatch locations the six month period.

Opening costs for new dispatch locations; which are expensed, are estimated to have averaged \$35,000 per location in 1995 and \$25,000 in 1994 or a total of \$1,575,000 in 1995 and \$325,000 in 1994 for the six months ended June 30, 1995 and 1994 respectively. It is estimated that two thirds of these costs are attributed to cost of sales and one third to operating expenses.

Costs of sales increased as a percentage of sales from 80.4% in 1994 to 81.5% in 1995, an increase of 1.1%. The primary components of the change in cost of sales were from dispatch location management salaries and related expenses, which increased as a percentage of sales from 9.7% in 1994 to 14.5% in 1995, an increase of 4.8%; workers compensation, which decreased as a percentage of sales from 8.4% in 1994 to 3.9% in 1995, a decrease of 4.5%; and direct labor costs which increased as a percentage of sales from 53.5% in 1994 to 55.8% in 1995, an increase of 2.3%

Operating expenses increased from \$2,216,232 to \$5,643,007, an increase of \$3,426,775 or 155%. The largest increases came from contract and professional fees which increased from \$245,286 to \$646,840 or \$401,554 (164%) and auto and travel which increased from \$161,273 to \$454,472 or \$293,199 (182%). The professional fee increase was primarily due to permanent management employee screening costs. The auto and travel increase was primarily the result of new location openings and continued maintenance.

Sales increased for the comparable six months ended June 30 from \$13,535,778 in 1994 to \$32,367,336 in 1995, an increase of \$18,831,550. The sales increase came from two sources shown as follows:

Same dispatch location sales increase	\$ 3,406,554
New dispatch locations	15,424,996
Total increase	\$18,831,550

Liquidity and Financial Condition

At June 30, 1995 the Company has \$2,373,098 of working capital to finance its' operations.

Accounts receivable as a percentage of the comparable previous years quarter sales follow:

	June 30 1995	June 30 1994
Comparable quarter sales	\$19,749,584	\$8,318,364
Accounts receivable, net	9,149,100	3,348,684
Percentage	46%	40%

The Company is projecting, based on prior years quarterly sales trends, monthly sales from \$7,900,000 per month in July, 1995 to \$12,900,000 per month in September, 1995 and quarterly sales as follow:

Quarter Ended	1993	1994	1995
March 31	\$2,479,281	\$ 5,217,414	\$12,617,752
June 30	3,564,912	8,318,364	19,749,584
September 30	4,545,822	12,099,977	29,000,000

December 31* 5,068,808 10,411,938 31,000,000
*1995 amounts are projected.

Management believes that it has adequate working capital to finance the projected sales for the quarter ending September 30 and December 31, 1995.

Actual sales through the six months ended June 30, 1995, were \$632,939 or 3% below the Company's projected sales for that period. The projections for the quarters ended September 30 and December 31, 1995, have been reduced accordingly.

To finance projected increases in sales and related overhead expenses the Company is currently negotiating a private placement of long-term subordinated debt financing in the amount of \$10,000,000 of which approximately \$4,000,000 would be used as working capital to support current operations and finance expected 1995 new location growth. The balance of the funds would be used to finance self insurance and captive insurance workers' compensation programs. There is no assurance that the private placement will be completed.

A temporary increase in the accounts receivable operating line of credit to \$9,000,000 was completed in August 1995. The Company is in negotiations to obtain a permanent operating line of credit of \$10,000,000.

Page 10

PART II - OTHER INFORMATION

Item 1. Legal Proceedings. None

Item 2. Changes in Securities. None

Item 3. Defaults Upon Senior Securities. None

Item 4. Submission of matters to a vote of Security Holders. None

Item 5. Other information. None

Item 6. Exhibits and Reports on Form 8-K. None

SIGNATURES

The unaudited interim financial statements furnished by management reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of financial position and results of operation.

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.

REGISTRANT: LABOR READY, INC.

/s/ Glenn A. Welstad 8/10/95

By: _____
Glenn A. Welstad Date
President

/s/ Glenn A. Welstad 8/10/95

By: _____
Glenn A. Welstad Date
Principal Financial Officer

Page 11

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S JUNE 30, 1995 UNAUDITED FINANCIAL STATEMENTS, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH STATEMENTS.

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