

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

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

For the quarter ended September 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 checkmark 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 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 September 30, 1995 was \$51,407,874.

As of September 30, 1995, the Registrant had 3,878,415 shares of Common
Stock and 854,082 shares of Preferred Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

PART I - FINANCIAL INFORMATION

Item 1- Financial Statements

LABOR READY, INC.
CONSOLIDATED FINANCIAL STATEMENTS

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LABOR READY, INC.

Consolidated Statement of Financial Position
at September 30, 1995 and December 31, 1994

ASSETS

	1995	1994
CURRENT ASSETS:		
Cash and equivalents	\$ 848,524	\$ 603,977
Workmen's compensation deposits		1,130,575
Accounts receivable, net of allowance for doubtful accounts of \$558,059 and \$365,927	14,223,147	5,162,830
Workers, compensation credits receivable	262,600	206,794
Prepaid expenses and other	680,426	348,814
Notes receivable	228,800	
Deferred income tax	118,590	118,590
	-----	-----
Total Current Assets	16,362,087	7,571,580
	-----	-----
DEPRECIABLE ASSETS AND LAND:		
Cost	3,026,218	1,071,070
Accumulated depreciation	505,695	244,497
	-----	-----
Total Property and equipment	2,520,523	826,573
	-----	-----
WORKER'S COMPENSATION RENT-A-CAPTIVE ASSETS		
	1,769,648	

OTHER ASSETS:		
Intangible assets, less amortization of \$92,723 and \$69,020	182,846	191,431
Workers, compensation credits receivable, less current portion	382,044	105,832
Deferred income tax	175,145	94,366
Other	140,779	122,194
	-----	-----
Total Other Assets	880,813	513,823
	-----	-----
TOTAL ASSETS	\$21,533,071	\$8,911,976
	=====	=====

LABOR READY, INC. Consolidated Statement of Financial Position
at September 30, 1995 and December 31, 1994

LIABILITIES AND STOCKHOLDERS' EQUITY		1995	1994
CURRENT LIABILITIES:			
Accounts payable		\$ 645,349	\$ 268,932
Accrued wages and benefits		1,464,499	390,607
Accrued taxes, other than income		1,104,766	430,880
Accrued interest		75,234	53,002
Accrued workmens' compensation		625,926	708,869
Income taxes payable		936,027	497,000
Note payable, accounts receivable financing		7,731,789	3,160,580
Dividends payable		32,028	42,705
Current portion of long-term debt		339,071	78,291
		-----	-----
Total Current Liabilities		12,954,689	5,630,866
		-----	-----
LONG-TERM LIABILITIES:			
Long-term debt, less current maturities		959,754	244,250
14% Convertible debentures			75,000
		-----	-----
Total Long Term Liabilities		959,754	319,250
		-----	-----
WORKER'S COMPENSATION			
RENT-A-CAPTIVE LIABILITIES		1,204,316	

STOCKHOLDERS' EQUITY:			
Preferred stock, \$1 par value: 5,000,000 shares authorized; Issued and outstanding		854,082	854,082
Common stock, no par value: 25,000,000 shares authorized; Issued and outstanding: 3,878,415 and 3,314,729 shares		5,518,964	3,540,187
Cumulative foreign currency translation adjustment		(5,438)	(2,853)
Accumulated earnings (deficit)		46,705	(1,429,556)
		-----	-----
Total Stockholders' Equity		6,414,312	2,961,860
		-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$21,533,071	\$8,911,976
		=====	=====

LABOR READY, INC. Consolidated Statement of Operations for
the Nine Months and the Three Months
Ended September 30, 1995 and 1994

	Nine Months Ended		Three Months Ended	
	1995	1994	1995	1994
REVENUES	\$63,240,036	\$25,635,755	\$30,872,700	\$12,099,977
COST OF REVENUES	51,066,172	20,298,766	24,689,547	9,409,288
	-----	-----	-----	-----
	12,173,864	5,336,989	6,183,153	2,690,689
OPERATING EXPENSES	9,158,043	4,133,823	3,515,036	1,917,591
	-----	-----	-----	-----
INCOME FROM OPERATIONS	3,015,821	1,203,166	2,668,117	773,098
OTHER (DEDUCTIONS)	(659,121)	(272,018)	(367,950)	(133,019)
	-----	-----	-----	-----
INCOME BEFORE INCOME TAX	2,356,700	931,148	2,300,167	640,079
INCOME TAX PROVISION	848,412	316,590	829,191	217,989
	-----	-----	-----	-----
NET INCOME	\$1,508,288	\$ 614,558	\$1,470,976	\$ 422,090
	=====	=====	=====	=====

EARNINGS PER COMMON				
SHARE:Net Income	\$.37	\$.21	\$.36	\$.14
	=====	=====	=====	=====
Weighted average				
shares outstanding	4,014,182	2,715,771	4,054,215	2,944,074
	=====	=====	=====	=====

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LABOR READY, INC. Consolidated Statement of Cash Flows for the
Nine Months Ended September 30, 1995 and 1994

	Nine Months Ended	
	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET INCOME (LOSS):		
Consolidated operations	\$1,508,288	\$ 614,558
Adjustments to Reconcile Net Income to Net Cash Applied to Operating Activities:		
Depreciation & amortization	284,901	89,386
Provision for doubtful account	192,132	
Changes in Assets & Liabilities:		
Account receivable	(9,252,449)	(3,754,618)
Worker's compensation credits receivable	(332,018)	(112,774)
Prepaid income taxes		9,308
Other current assets		(472,659)
Restricted cash and worker's compensation deposits	1,130,575	
Prepaid expenses and other	(357,635)	
Accounts payable	376,417	193,069
Accrued wages and benefits	1,073,892	(51,105)
Accrued taxes, other than income	673,886	444,552
Accrued interest	22,232	59,026
Accrued workmens' compensation	(82,943)	454,704
Income taxes payable	439,027	298,160
Change in deferred income taxes	(80,779)	
	-----	-----
NET CASH USED IN OPERATING ACTIVITIES	(4,404,474)	(2,228,392)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net investment rent-a-captive	(565,332)	
Capital expenditures	(1,137,248)	(375,419)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(1,702,580)	(375,419)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings on note payable	4,571,209	2,567,634
Proceeds from issuance of common stock	114,998	473,350
Proceeds from stock subscriptions		51,708
Proceeds from warrants exercised	1,552,300	
Dividends paid	(42,705)	(50,154)
Borrowings on long-term debt	300,000	
Payments on long-term debt	(141,616)	(150,854)
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,354,186	2,891,684
	-----	-----
EFFECT OF EXCHANGE RATES	(2,585)	

NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	244,547	287,873
CASH AND EQUIVALENTS:		

BEGINNING OF PERIOD	603,977	229,259
	-----	-----
END OF PERIOD	\$ 848,524	\$ 517,132
	=====	=====

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LABOR READY, INC. Consolidated Statement of Cash Flows for the
Nine Months Ended September 30, 1995 and 1994

SUPPLEMENTAL DISCLOSURES:

Interest Paid	\$ 798,260	\$ 219,992
Income Taxes Paid	\$ 490,164	
Issuance of common stock for conversion of convertible debentures	\$ 75,000	
Issuance common stock for payment accounts payable	\$ 7,679	
Acquisition of Building and Land in exchange of debt	\$ 817,900	\$ 47,500

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

Results of Operations. The Company increased revenues from services to \$63,240,036 from \$25,635,755, for the nine months ended September 30, 1995 compared to the nine months ended September 30, 1994. This represents an increase of \$37,604,281 or 147%. The sales increase came from an increase in same store sales, and from opening new locations, as indicated below:

Same store sales increase	\$ 5,952,364
New locations	31,651,917

Total increase	\$37,604,281
	=====

The increase in revenues also resulted in an increase in net profit for the nine months ended September 30, 1995 of \$1,508,288 compared to a net profit of \$614,558 for the same period a year earlier. This represents an increase of \$893,730 or 145%. The increase in net profits is primarily the result of a high level of growth in revenues. The high levels of growth have required that

the Company continue to incur corresponding levels of operating expenses. Consequently, as a percentage of revenues, net profit has stayed relatively constant at 2.4% of revenues for the nine months ended September 30, 1995 and 1994. Management anticipates high levels of growth through 1996, and expects that net profits as a percentage of revenues will remain relatively constant during this period.

The Company grew from fifty-one operating dispatch locations at December 31, 1994 to one hundred operating locations at September 30, 1995, an increase of forty-nine operating dispatch locations for the nine 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. In the aggregate, a total of \$1,715,000 was expended on new location openings for the nine months ended September 30, 1995, compared to \$625,000 for the nine months ended September 30, 1994. The Company estimates that two thirds of these new location opening costs are included in cost of sales and one third of these new location opening costs are classified as operating expenses.

Cost of revenues increased to \$51,066,172 for the nine months ended September 30, 1995 from \$20,298,766 for the same period in 1994, an increase of \$30,767,406 or 152%. Cost of revenues as a percentage of revenues increased to 80.7% for the nine months ended September 30, 1995, from 79.2% for the nine months ended September 30, 1994, an increase of 1.5%. This increase is primarily the result of an increase in labor costs.

Operating expenses increased from \$4,133,823 to \$9,158,043, an increase of \$5,024,220 or 122%. As a percentage of revenues, operating expenses decreased to 14.5% for the nine months ended September 30, 1995, from 16.1% for the same period a year earlier. This percentage decrease in operating expenses partially offset the percentage increase on cost of revenues, and resulted primarily from more efficient administrative operations.

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Liquidity and Financial Condition. At September 30, 1995 the Company had \$3,407,398 of working capital to finance its operations.

Accounts receivable as a percentage of the previous quarters sales has remained relatively static as a result of the Company's ongoing accounts receivable collection practices. The Company continues to experience a low rate of uncollectible accounts and expects that accounts receivable as a percentage of sales will remain relatively steady in coming periods. A comparison of accounts receivable as a percentage of revenues for the nine month periods ending on September 30, 1995 and 1994, respectively, follows:

September 30	September 30		
		1995	1994
Comparable quarter sales		\$30,872,700	\$12,099,977
Accounts receivable, net		14,223,147	5,661,454
Percentage		46%	47%

Management intends to open an estimated one hundred new dispatch locations by the end of 1996. To finance these projected new locations and related increases in selling and overhead expenses, the Company recently completed a private placement financing of long-term subordinated debt in the amount of \$10,000,000.

A temporary increase in the accounts receivable operating line of credit to \$9,000,000 was completed in August 1995. In connection with the private placement debt financing, the accounts receivable operating line of credit was reduced to \$5,000,000, and the term was extended through June of 1996.

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 position 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.

LABOR READY, INC.
Registrant

By : /s/ Glenn Welstad 11/9/95

Glenn A. Welstad Date
President
Chief Executive Officer
Acting Chief Financial Officer

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S 1994 AUDITED FINANCIAL STATEMENTS AND ITS SEPTEMBER 30, 1995 UNAUDITED FINANCIAL STATEMENTS, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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