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 March 31, 1996

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 ( )

The aggregate market value of the voting stock held by non-affiliates of the registrant, on May 1, 1996 was $113,007,504.

As of May 1, 1996, the Registrant had 6,066,633 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

LABOR READY INC.

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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LABOR READY, INC. Consolidated Balance Sheets at March 31, 1996 and December 31, 1995 (Unaudited)

ASSETS

	March 31, 1996	December 31, 1995
CURRENT ASSETS:		
Cash and equivalents	$ 2,959,779	$ 5,359,113
Workers' compensation deposits and credits	2,206,644	1,886,644

Accounts receivable, net of allowance for doubtful accounts of $587,512 and $365,927, respectively	11,636,043	12,182,806
Prepaid expenses and other	875,753	602,052
Deferred income tax	542,000	698,930
Total Current Assets	18,220,219	20,729,545
PROPERTY AND EQUIPMENT:		
Cost	4,394,241	3,542,071
Accumulated depreciation	839,018	690,648
Total Property and Equipment	3,555,223	2,851,423
OTHER ASSETS:		
Intangible assets, less amortization of $114,588 and $124,483	952,737	962,632
Workers' compensation deposits and credits, less current portion	2,091,000	1,427,905
Deferred income tax	99,000	16,477
Other	193,723	193,653
Total Other Assets	3,336,460	2,600,667
TOTAL ASSETS	$25,111,902	$26,181,635

LABOR READY, INC. Consolidated Balance Sheets at March 31, 1996 and December 31, 1995 (Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1996	December 31, 1995
CURRENT LIABILITIES:		
Checks issued against future deposits	886,833	514,842
Accounts payable	1,313,375	1,118,081
Accrued wages and related expenses	1,458,105	1,588,147
Workers' compensation claims	2,051,769	1,943,338
Income taxes payable	- -	1,161,000
Note payable	1,428,158	1,591,206
Current maturities of long-term debt	41,318	39,117
Total current liabilities	7,179,588	7,955,731
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	942,227	953,937
Subordinated debt, less unamortized discount of $1,213,303 and $1,259,377	8,786,697	8,740,623
Total long-term liabilities	9,728,924	9,694,560
Total liabilities	16,908,482	17,650,291
SHAREHOLDERS' EQUITY		
Preferred stock, $0.667 par value, 5,000,000 shares authorized ; issued and outstanding 1,281,123	854,082	854,082
Common stock, no par value, 25,000,000 shares authorized, issued and outstanding 6,030,633 and 5,879,133 shares	7,489,635	7,116,422
Cumulative foreign currency translation adjustment	(33,844)	(28,707)
Retained earnings (accumulated deficit)	(106,453)	589,547
Total shareholders' equity	8,203,420	8,531,344

Total liabilities and shareholders' equity	$25,111,902	$26,181,635
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LABOR READY, INC. Consolidated Statements of Operations for the Three Months Ended March 31, 1996 and 1995 (Unaudited)

	Three Months Ended March 31, 1996	1995
Revenues from services	$26,093,924	$12,617,752
Cost of services	22,207,458	10,494,339
Selling, general & administrative	4,500,319	2,495,051
Interest and other, net	435,471	164,386
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Income (loss) before taxes on income	(1,049,324)	(536,025)
Taxes on income	(364,000)	(182,249)
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Net income (loss)	$ (685,324)	$ (353,776)
	==========	==========
Earnings (loss) per common share:		
Net income (loss)	$ (.12)	$ (.07)
	==========	==========
Weighted average shares outstanding	5,948,628	5,097,358
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LABOR READY, INC. Consolidated Statements of Cash Flows for the Three Months Ended March 31, 1996 and 1995 (Unaudited)

	Three Months Ended March 31, 1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss:	$ (685,324)	$ (353,776)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation & amortization	204,329	80,424
Provision for doubtful accounts	1,020,544	258,541
Deferred income taxes	74,407	(100,000)
Changes in Assets & Liabilities:		
Accounts receivable	(473,781)	(869,908)
Worker compensation deposits and credits	(983,095)	(311,374)
Prepaid expenses and other	(273,771)	(281,264)
Accounts payable	195,294	705,236
Accrued wages and benefits	(130,042)	511,908
Accrued workers' compensation claims	108,431	231,182
Income taxes payable	(1,161,000)	(332,248)
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Net cash used in operating activities	(2,103,998)	(461,279)
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CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(852,170)	(396,744)
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Net cash used in investing activities	(852,170)	(396,744)
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CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings on note payable	(163,048)	(140,015)
Checks issued against future deposits	371,991	- -
Proceeds from warrants exercised	- -	514,295
Proceeds from options exercised	373,213	- -
Payments on long-term debt	(9,509)	(20,532)
Dividends	(10,676)	(10,676)
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Net cash provided by financing activities	561,971	343,072
Effect of exchange rates	(5,137)	(11,669)
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Net increase (decrease) in cash & equivalents:	(2,399,334)	(526,620)
Cash and cash equivalents, beginning of period	5,359,113	603,977

Cash and cash equivalents, end of period	$ 2,959,779	$ 77,357
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid	$ 506,436	$ 151,653
Income Taxes Paid	$ 983,315	$ 250,000
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of common stock for conversion of promissory notes	- -	$ 40,000

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

Three Months Ended March 31, 1996 Compared to Three Months Ended March 31, 1995.

Dispatch Offices. The Company opened 21 dispatch offices during the first quarter of 1996 compared to 17 dispatch offices during the first quarter of 1995.

Revenues from Services. The Company's revenues from services increased to $26.1 million for the three months ended March 31, 1996 compared to $12.6 million for the three months ended March 31, 1995, an increase of $13.5 million or 107%. This increase resulted from increases in revenues from dispatch offices open for the full period.

Cost of Services. Cost of services increased to $22.2 million for the three months ended March 31, 1996 compared to $10.5 million for the three months ended March 31, 1995, an increase of $11.7 million or 111.4%, reflecting the additional wages and salaries paid to temporary workers and additional management personnel and related payroll expenses. As a percentage of revenues, cost of services increased to 85.1% for the three months ended March 31, 1996 from 83.2% for the three months ended March 31, 1995, an increase of 1.9%. Cost of services increased due to several factors, including higher worker compensation costs, increased salary costs for branch managers in training, longer training periods for new management personnel and for additional supervisory personnel hired under new management organizational structures. The Company expects significant continuing fluctuations in cost of services as the Company pursues further aggressive growth.

Selling, General and Administrative Expenses. Selling, general, and administrative expenses increased to $4.5 million for the three months ended March 31, 1996 compared to $2.5 million for the year earlier period, an increase of $2.0 million or 80.0%. As a percentage of revenues from services, selling, general, and administrative expenses decreased to 17.2% for the three months ended March 31, 1996 from 19.8% for the three months ended March 31, 1995, a decrease of 2.6%. This decrease is primarily the result of selling, general and administrative expenses increasing at a slower rate than the increase in revenues from services.

Interest and Other Expenses. Interest and other expenses increased to approximately $435,000 for the three months ended March 31, 1996 compared to approximately $164,000 for the three month period ended March 31, 1995, an increase of approximately $271,000 or 165%, reflecting primarily higher borrowing amounts, the relatively higher interest costs of the $10 million principal amount of subordinated debt issued in October 1995 and certain prepayment penalties incurred in paying off the Company's prior lender. As a percentage of revenues, interest and other expenses increased to 1.7% for the three months ended March 31, 1996 from 1.3% for the three months ended March 31, 1995.

Taxes on Income. The Company recorded a tax benefit from its loss on operations of $364,000 for the three months ended March 31, 1996, compared to a tax benefit of approximately $182,000 for the three months ended March 31, 1995.

Net Loss. The Company incurred a net loss from operations of approximately $685,000 for the three months ended March 31, 1996 compared to approximately $354,000 for the three months ended March 31, 1995, an increase of approximately $332,000 or 93.7%.

As a percentage of revenues, the net loss remained relatively constant.

Liquidity and Capital Resources. During the first quarter of 1996, the Company utilized significant amounts of cash to open 21 dispatch offices during the first quarter and in advance of opening 19 dispatch offices in April. During the first quarter of 1995 and 1996, the Company used net cash in operating activities of approximately $461,000 and $2.1 million, respectively, an increase of 356%, reflecting primarily increases in workers compensation deposits and a reduction in accounts payable. Management anticipates that cash flow deficits from operating and investing activities will continue while the Company adds substantial numbers of new dispatch offices. Management expects to finance such cash flow deficits with the proceeds from equity or debt financings.

The Company financed its operations and growth in 1995 primarily through the sale of debt and equity securities. In early 1995, warrants to purchase 712,440 shares of the Company's Common Stock were exercised for aggregate consideration of approximately $1.8 million.

In October 1995, the Company completed a private financing of $10.0 million principal amount of 13.0% Senior Subordinated Notes (the "Notes"). Under the terms of the Notes, which require principal payments to begin in 1998 and which mature in 2002, the Company pledged its remaining assets as collateral and issued warrants (the "Financing Warrants") to the purchasers of the Notes. The Financing Warrants entitle the holders thereof to purchase 682,368 shares of Common Stock of the Company at an exercise price of $11.67 per share, and are exercisable at any time prior to their expiration on the earlier of the seventh anniversary of the Notes and six years from the date the Notes are paid in full. If the Notes are retired by the Company prior to November 1997 and before the Financing Warrants are exercised, the number of shares subject to purchase under the Financing Warrants is reduced to 546,374 shares.

In March 1996, the Company obtained a new revolving credit facility from U.S. Bank of Washington which provides for borrowing of up to $10.0 million secured by eligible accounts receivable. As of March 31, 1996, the Company had borrowed $4.4 million against this line. The U.S. Bank revolving credit facility bears interest at a rate of prime plus 1/4% (currently 8.5%).

In 1995, the Company incurred costs of $2.0 million to open 57 new dispatch offices (an average of approximately $35,000 per dispatch offices). Further, the Company invested significant amounts of additional cash into the operations of new offices until they begin to generate sufficient revenue to cover their operating costs, generally in two to six months. Further, the Company pays its temporary personnel on a daily basis, and bills its customers on a weekly basis. The average collection cycle for 1995 was approximately 37 days. Since the Company plans to open 94 dispatch offices in 1996, the Company expects to experience cash flow deficits from operations and investing activities in 1996. The Company intends to finance opening and operating costs of new dispatch offices with the proceeds from equity or debt financing. To the extent that the Company's resources are not sufficient to finance new dispatch offices, or are not sufficient to open all currently targeted dispatch offices, the Company would either seek additional capital through equity or debt financing or scale back its expansion plans.

PART II - OTHER INFORMATION: Not applicable.

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.

By: /s/ Glenn A. Welstad 5/10/96
Glenn A. Welstad Date
Principal Executive Officer

By:	/s/ Ralph Peterson	5/10/96
	Ralph Peterson	Date
	Principal Financial Officer	