UNITED STATES
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 June 30, 1997

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.)
1016 S. 28th Street, Tacoma, Washington	98409
(Address of Principal Executive Offices)	(Zip Code)

(206) 383-9101

(Registrant's Telephone Number)

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 August 4, 1997 was $123,446,161.

As of August 4, 1997, the Registrant had 12,267,289 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

LABOR READY, INC.

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PART I. FINANCIAL INFORMATION

<TABLE>

</TABLE>

LABOR READY, INC.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 1997 AND DECEMBER 31, 1996

ASSETS

<TABLE>
<CAPTION>

<S>	JUNE 30, 1997 <C>	DECEMBER 31, 1996 <C>
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,145,115	$ 17,597,821
Accounts receivable, less allowance for doubtful accounts of $1,558,274 and $1,236,776	33,324,398	21,010,653
Workers' compensation deposits and credits (Note 2)	5,240,937	5,285,552
Prepaid expenses and other	1,838,085	1,983,961
Income taxes receivable	--	1,194,633
Deferred income taxes	3,486,970	1,668,474
Total current assets	48,035,505	48,741,094
PROPERTY AND EQUIPMENT:		
Buildings and land	4,031,214	3,733,202
Computers and software	8,105,288	5,522,934
	12,136,502	9,256,136
Less accumulated depreciation	(2,220,062)	(1,431,562)
Property and equipment, net	9,916,440	7,824,574
OTHER ASSETS:		
Intangible assets and other, less amortization of $2,273,990 and $979,572	4,449,802	3,071,933
Workers' compensation deposits and credits, less current portion (Note 2)	4,075,053	2,979,018
Restricted cash in captive insurance subsidiary (Note 2)	2,464,170	1,714,744
Total other assets	10,989,025	7,765,695
Total assets	$68,940,970	$64,331,363

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 1997 AND DECEMBER 31, 1996

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

<S>	JUNE 30, 1997 <C>	DECEMBER 31, 1996 <C>
CURRENT LIABILITIES:		
Checks issued against future deposits	$ 131,924	$ 1,139,555
Accounts payable	2,218,142	2,230,721
Accrued wages and benefits	3,083,091	3,046,084
Workers' compensation claims (Note 2)	8,983,717	5,076,686

Income taxes payable	1,562,930	--
Current maturities of long-term debt	12,491	11,905
Total current liabilities	15,992,295	11,504,951
LONG-TERM LIABILITIES:		
Long-term debt, less current maturities	82,950	90,352
Deferred income taxes	1,629,297	1,144,144
Total long-term liabilities	1,712,247	1,234,496
Total liabilities	17,704,542	12,739,447
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Preferred stock, $0.444 par value 5,000,000 shares authorized; issued and outstanding 1,921,687 shares	854,082	854,082
Common stock, no par value 25,000,000 shares authorized; issued and outstanding, 12,267,289 and 12,373,576 shares (Note 3)	49,214,863	49,516,834
Cumulative foreign currency translation adjustment	(56,443)	(50,126)
Retained earnings	1,223,926	1,271,126
Total shareholders' equity	51,236,428	51,591,916
Total liabilities and shareholders' equity	$68,940,970	$64,331,363

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS AND THE THREE MONTHS ENDED JUNE 30, 1997, AND 1996

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30,		THREE MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Revenues from services	$129,333,940	$62,124,854	$77,619,740	$36,030,930
Costs and expenses:				
Cost of services	109,530,314	51,417,371	64,887,458	29,209,913
Selling, general and administrative	19,082,054	9,784,610	10,455,994	5,284,291
Interest and other, net	(310,308)	762,053	(113,333)	326,582
Income before taxes on income	1,031,880	160,820	2,389,621	1,210,144
Taxes on income	446,377	60,000	1,011,243	424,000
Net income	$ 585,503	$ 100,820	$ 1,378,378	$ 786,144
Earnings per common share:				
Net income	$ 0.05	$ 0.01	$0.11	$ 0.08
Weighted average shares outstanding	12,376,231	9,731,778	12,314,120	10,078,452

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND
THE YEARS ENDED DECEMBER 31, 1996 AND 1995

<TABLE>
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	COMMON STOCK		PREFERRED STOCK		RETAINED EARNINGS (ACCUMULATED DEFICIT)	CUMULATIVE FOREIGN CURRENCY TRANSLATION ADJUSTMENT
	SHARES	AMOUNT	SHARES	AMOUNT		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE, January 1, 1995	7,458,290	$3,540,187	1,921,687	$854,082	$(1,429,556)	$(2,853)
Net income for the year.	--	--	--	--	2,061,807	--
Common stock issued on conversion of debt.	224,103	382,364	--	--	--	--
Common stock issued for 401(k) Plan. . .	1,795	7,679	--	--	--	--
Common stock issued from private placement.	21,000	69,998	--	--	--	--
Common stock issued on warrants exercised.	1,068,660	1,781,100	--	--	--	--
Common stock issued on the exercise of options.	45,000	45,000	--	--	--	--
Detachable stock warrants issued	--	1,290,094	--	--	--	--
Preferred stock dividend	--	--	--	--	(42,704)	--
Foreign currency translation	--	--	--	--	--	(25,854)
BALANCE, December 31, 1995	8,818,848	7,116,422	1,921,687	854,082	589,547	(28,707)
Net income for the year.	--	--	--	--	724,283	--
Common stock issued for 401(k) Plan. . .	5,138	48,250	--	--	--	--
Common stock issued from public stock offering, net.	2,242,500	33,586,259	--	--	--	--
Common stock issued on debt extinguishment and warrants exercised.	1,023,552	7,961,074	--	--	--	--
Common stock issued on the exercise of options	283,538	804,829	--	--	--	--
Preferred stock dividend	--	--	--	--	(42,704)	--
Foreign currency translation	--	--	--	--	--	(21,419)
BALANCE, December 31, 1996.	12,373,576	49,516,834	1,921,687	854,082	1,271,126	(50,126)
Net income for the year to date.	--	--	--	--	585,503	--
Common stock issued for 401(k) Plan. . .	6,036	81,485	--	--	--	--
Common stock issued for Employee Stock Purchase Plan.	19,626	144,992	--	--	--	--
Common stock issued on exercise of options	4,051	15,675	--	--	--	--
Common stock purchased and retired . . .	(136,000)	(544,123)	--	--	(611,351)	--

Preferred stock dividend	--	--	--	--	(21,352)	--
Foreign currency translation	--	--	--	--	--	(6,317)
BALANCE, June 30, 1997	12,267,289	$49,214,863	1,921,687	$854,082	$1,223,926	$(56,443)

</TABLE>

See accompanying notes to consolidated financial statements.

LABOR READY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND 1996

<TABLE>
<CAPTION>

	SIX MONTHS ENDED	
	1997	1996
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTVITIES:		
Net Income.	$ 585,503	$ 100,820
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,082,918	395,766
Provision for doubtful accounts	1,555,666	435,245
Deferred income taxes	(1,333,343)	(413,593)
Gain on restricted fund investments	(22,107)	--
Changes in assets and liabilities		
Accounts receivable	(13,869,411)	(4,912,988)
Workers' compensation deposits and credits.	(1,051,420)	(3,735,143)
Prepaid expenses and other.	173,589	(280,367)
Accounts payable.	68,906	529,233
Accrued wages and benefits	37,007	750,723
Workers' compensation claims	3,907,031	1,478,010
Income taxes payable (receivable)	2,757,563	(1,078,828)
Net cash used in operating activities	(5,108,098)	(6,731,122)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures.	(2,880,366)	(1,743,299)
Captive insurance subsidiary deposits	(727,319)	--
Additions to intangible assets and other.	(2,700,000)	--
Net cash used in investing activities	(6,307,685)	(1,743,299)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments on note payable.	--	(1,591,206)
Checks issued against future deposits	(1,007,631)	616,092
Proceeds from options exercised	15,675	373,213
Purchases for Employee Stock Purchase Plan.	144,992	--
Purchase and retirement of Treasury Stock	(1,155,474)	--
Payments on long-term debt.	(6,816)	(19,376)
Dividends paid.	(21,352)	(21,352)
Proceeds from issuance of common stock.	--	33,713,478
Proceeds from warrants exercised.	--	420,120
Debt issue costs.	--	31,641
Net cash (used in) provided by financing activities.	(2,030,606)	33,522,610
Effect of exchange rates.	(6,317)	183
Net (decrease) increase in cash and cash equivalents	(13,452,706)	25,048,372
CASH AND CASH EQUIVALENTS, beginning of year.	17,597,821	5,359,113
CASH AND CASH EQUIVALENTS, end of the six month period	4,145,115	30,407,485

</TABLE>

See accompanying notes to consolidated financial statements.

ITEM 1. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's 1996 Form 10-K. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended June 30, 1997 are not necessarily indicative of the results that may be expected for the year ending December 31, 1997.

NOTE 2. WORKERS' COMPENSATION

In January 1997, the Company increased the capitalization of its wholly owned foreign subsidiary, Labor Ready Assurance Company, by $727,319, net of expenses. As of June 30, 1997, $2,464,170 net of expenses is on deposit and is recorded as restricted cash.

The Company deposited $1,692,767, in 1997, with a foreign off-shore company for the payment of workers' compensation claims and related expenses on claims originating in the non-monopolistic states. As of June 30, 1997, $9,315,990 remained on deposit for the payment of future non-monopolistic claims and related expenses and is recorded as workers' compensation deposits and credits. Estimated incurred losses and the related settlement and administration expenses to be paid from those deposits of $8,142,605 are recorded as current workers' compensation claims payable at June 30, 1997.

In the monopolistic states the Company has recorded a retro-payable of $74,851, which is included in the current workers' compensation claims payable. Additional workers' compensation liabilities for estimated amounts owed as of June 30, 1997, in the monopolistic states was $766,261.

Workers' compensation expense of $6,893,800 and $3,421,340 was recorded as a component of cost of services for the six month period ended June 30, 1997 and 1996, respectively.

NOTE 3. COMMON STOCK

In February 1997, the Company's Board of Directors approved a stock repurchase plan whereby the Company's management is authorized to purchase up to 200,000 shares of the outstanding common stock. In the first six months of June 30, 1997, the Company has purchased 136,000 shares, which became authorized but unissued shares, in accordance with the Washington State incorporation laws, at a cost of $1,155,474.

NOTE 4. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information for the six months ended June 30, 1997 and 1996 are summarized as follows:

For the Six Months Ended June 30,	1997	1996
Interest paid	$ 4,259	$965,097
Income taxes paid	174,468	552,420
Noncash investing and financing activities:		
Issuance of common stock as the Company's contribution to the 401(K) Plan	$ 81,485	$ 48,250

NOTE 5. PROPOSED STATEMENT OF POSITION

In April 1997, the Accounting Standards Executive Committee (the "AcSEC") issued an exposure draft of a Proposed Statement of Position, "Reporting on the Costs of Start-up Activities" (the "Proposed Statement"). The Proposed Statement would establish new rules for the financial reporting of start-up costs, and if the Proposed Statement is adopted, there could be significant changes in the way the Company records new office dispatch start-up costs. Among those changes, the costs of start-up activities would be expensed as incurred. The AcSEC expects to issue a final statement or a revised draft in 1997.

NOTE 6. EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board, (the "FASB"), issued Statement of Financial Accounting Standards No. 128 ("SFAS 128") Earnings Per Share. SFAS 128 establishes standards for computing and presenting earnings per share ("EPS") and has the effect of simplifying the standards for computing the EPS, and makes them comparable with international standards. SFAS 128 replaces presentation of primary EPS with a basic presentation of EPS. Basic EPS excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of shares outstanding. Further, this statement requires dual presentation for all entities with complex capital structures, which includes the effect of common stock equivalents such as options or warrants. SFAS 128 is effective for periods ending after December 15, 1997 (earlier adoption is not permitted) and requires restatement of all prior period EPS data presented. It is expected that the adoption of SFAS 128 will not have a significant, if any, effect on reported EPS data.

NOTE 7. SUBSEQUENT EVENT

On July 25, 1997, the Company executed a Memorandum of Agreement with a Manufacturing Company to provide 450 automated teller machines for installation and use within the Company's dispatch office locations. The designated dispatch offices and the timing of the delivery of this equipment are stated as being upon the request and direction of the Company. The financing arrangement for this purchase commitment is currently in negotiation, with the only terms established and agreed upon as of the filing of this document, being the total purchase price of $5.5 million

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking statements, within the meaning of Section 21E of the Securities and Exchange Act of 1934, are made throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes", "anticipates", "plans", "expects", "estimates" and similar expressions are intended to identify forward-looking statements. There are a number of important factors that could cause the results of the Company to differ materially from those indicated herein. These factors include, but are not limited to, those set forth in Item 7 entitled Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Form 10-K for the year ended December 31, 1996.

OVERVIEW

Labor Ready is a leading, national provider of temporary workers for manual labor jobs. The Company's customers are primarily in construction, freight handling, warehousing, landscaping, light manufacturing, and other light industrial businesses. The Company has rapidly grown from eight dispatch offices in 1991 to 300 dispatch offices at June 30, 1997. Substantially all of the growth in dispatch offices was achieved by opening Company-owned locations rather than through acquisitions. The Company's annual revenues grew from approximately $6.0 million to $163.5 million from 1991 to 1996. This revenue growth has been generated both by opening new dispatch offices and by continuing to increase sales at existing dispatch offices. In 1996, the average annual revenue per dispatch office open for more than a full year was $1.3 million.

In 1996, the Company incurred costs of approximately $5.6 million to open 94 new dispatch offices (an average of approximately $60,000 per dispatch office). The Company has opened 100 dispatch offices to date and expects to open at least 100 additional dispatch offices in 1998. The Company expects the average cost of opening new dispatch offices to continue to increase due to more extensive management training and the installation of more sophisticated computer and other office systems. Further, once open the Company invests significant amounts of additional cash into the operations of new dispatch offices until they begin to generate sufficient revenue to cover their operating costs, generally in two to six months. The Company pays its temporary workers on a daily basis, and bills its customers on a weekly basis. Consequently, the Company experiences significant negative cash flow from operations and investment activities during periods of high growth, which also adversely impacts the Company's overall profitability. The Company expects to continue to experience periods of negative cash flow from operations and investment activities while it rapidly opens dispatch offices and expects to require additional sources of working capital in order to continue to grow.

Many of the Company's customers are construction and landscaping businesses, which are significantly affected by the weather. Construction and landscaping businesses and, to a lesser degree, other customer businesses typically increase activity in spring, summer and early fall months and decrease activity in late fall and winter months. Inclement weather can slow construction and landscaping activities in such periods. As a result, the Company has generally experienced a significant increase in temporary labor demand in the spring, summer and early fall months, and lower demand in the late fall and winter months.

Depending upon location, new dispatch offices initially target the construction industry for potential customers. As dispatch offices mature, the customer base broadens and the mix of work diversifies. The Company discounts its rates when it enters a new market to attract customers. From time to time during peak periods, the Company experiences shortages of available temporary workers.

Cost of services primarily includes wages and related payroll expenses of temporary workers and dispatch office employees, general managers, district managers and area directors, including workers' compensation, unemployment compensation insurance, Medicare and Social Security taxes, but does not include dispatch offices lease expenses. The Company's cost of services as a percentage of revenues has fluctuated significantly in recent periods and it expects significant fluctuations to continue in future periods as the Company continues its rapid growth. Cost of services as a percentage of revenues is affected by numerous factors, including salaries of new supervisory personnel hired under new management organizational structures, the hiring of large numbers of general managers, the use of lower introductory rates to attract new customers at new dispatch offices, and the relatively lower revenues generated by new dispatch offices prior to reaching maturity.

Temporary workers assigned to customers remain Labor Ready employees. Labor Ready is responsible for employee-related expenses of its temporary workers, including workers' compensation coverage, unemployment compensation insurance, Medicare and Social Security taxes and general payroll expenses. The Company does not provide health, dental, disability or life insurance to its temporary workers. Generally, the Company bills its customers for the hours worked by the temporary workers assigned to the customer. Because the Company pays its temporary workers only for the hours actually worked, wages for the Company's temporary workers are a variable cost that increases or decreases directly in proportion to revenue. The Company has one franchisee which operates five dispatch offices. The Company does not intend to grant additional franchises. Royalty revenues from the franchised dispatch offices are included in revenues from services and were not material during any period presented herein.

RESULTS OF OPERATIONS

The following table sets forth the percentage of revenues represented by certain items in the Company's Consolidated Statements of Income for the periods indicated:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30,		THREE MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Revenues from services	100.0%	100.0%	100.0%	100.0%
Cost of services	84.7	82.8	83.6	81.1
Selling, general and administrative expenses . . .	14.8	15.8	13.6	14.7
Interest and other, net.	(0.2)	1.2	(0.1)	0.9
Income before taxes on income.	0.7	0.2	2.9	3.3
Taxes on income.	0.3	0.1	1.3	1.2
Net income	0.4	0.1	1.6	2.1

</TABLE>

SIX MONTHS ENDED JUNE 30, 1997 COMPARED TO SIX MONTHS ENDED JUNE 30, 1996

DISPATCH OFFICES

The number of dispatch office grew to 300 at June 30, 1997 as compared to 169 dispatch office open as of June 30, 1996 an increase of 131 offices of 77.5%. The Company opened 100 dispatch offices in the six months ended June 30, 1997 as compared to 69 dispatch offices for the same period of the prior year and in the second quarter of 1997 and 1996, the Company opened 56 dispatch offices and 42 dispatch offices, respectively.

REVENUES FROM SERVICES

The Company's revenues from services increased to $129.3 million for the six months ended June 30, 1997, as compared to $62.1 million for the six months ended June 30, 1996, an increase of $67.2 million or 108%. This increase resulted primarily from those dispatch offices that have been open for a full year, and to a lesser extent from revenues from dispatch offices that have been open for less than year. This increase is also attributed to both the Company's continuing development of high volume national accounts, and the penetration into new markets through increased name brand awareness.

COST OF SERVICES

Cost of services increased to $109.5 million for the six months ended June 30, 1997 as compared to $51.4 million for the six months ended June 30, 1996, an increase of $58.1 million or 113%. This increase is directly related to the additional wages and salaries paid to temporary workers and the corresponding increase in revenues. Cost of services as a percentage of revenues increased to 84.7% for the six months ended June 30, 1997 from 82.8% for the six months ended June 30, 1996, which represents an increase of 1.9%. This increase in cost of services as a percentage of revenues is attributable to the salaries and wages paid to Company personnel operating the new dispatch offices opened during the period, for which initial break even revenues have not yet been achieved (historically, a new office achieves break even in two to six months) and the use of a special introductory rates by the Company to initially penetrate new markets. 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 $19.1 million as of the six month period ended June 30, 1997, as compared to $9.8 million for the six month period ended June 30, 1996, an increase of $9.3 million or 94.9%. As a percentage of revenues from services, selling, general and administrative expenses decreased to 14.8% from 15.8% for the same period in the prior year, representing a 1.0% decrease. This decrease was due to the economy of scale generated on administrative services as revenues from services increased at an accelerated rate and the capitalization of dispatch office start-up costs exceeding the associated amortization expense.

INTEREST AND OTHER EXPENSES

Interest and other expenses was a positive contribution to income of $310,000 for the six months ended June 30, 1997, as compared to an expense of $762,000 for the six months ended June 30, 1996, an increase of $1,072,000 or 140.7%. This reversal of expense to income was the result of the Company's completion of a public offering and subsequent prepayment of substantially all outstanding debt during the third and fourth quarters of 1996, which permitted surplus funds to be invested in interest bearing short-term debt obligations. Interest and other expenses as a percentage of revenue from services was a positive contribution of 0.2% for the six months ended June 30, 1997, as compared to an expense of 1.2% for the six months ended June 30, 1996. The Company expects interest and other, net, will become interest expense in the third quarter as the cash demands from operations and a continued aggressive growth strategy will necessitate the use of the Company's revolving line of credit.

TAXES ON INCOME

The Company's taxes on income were $446,000 for the six months ended June 30, 1997, as compared to $60,000 for the six months ended June 30, 1996, an increase of $386,000 or 643.3%. This increase was the direct result of both the increase in Company's income before the calculated tax effect, and the continued increase in the Company's effective tax rate related to the expansion of the Company into those states and cities which impose an income tax. The Company recorded a net deferred tax asset of approximately $3.5 million at June 30, 1997, resulting primarily from workers' compensation deposits for unpaid claims and the reserve for bad debts. The Company has not established a valuation allowance against this net deferred tax asset as management believes that it is more likely than not that the tax benefits will be realized in the future based on historical levels of pre-tax income and expected future taxable income.

NET INCOME

The Company recorded net income of $585,000 for the six months ended June 30, 1997, as compared to net income of $101,000, for the six months ended June 30, 1996, an increase of $484,000 or 479.2%. As a percentage of revenues from services, net income increased to 0.4% for the six months ended June 30, 1997, which compares to 0.1%, for the six months ended June 30, 1996, an increase of 0.3%. This increase in net income as a percentage of revenues is primarily the result of the economies of scale generated on selling, general and administrative services, as a result of increased revenues over the same infrastructure, the capitalization of new dispatch office start-up costs and the benefit of realizing interest income rather than interest expense offset in part by higher cost of services.

LIQUIDITY AND CAPITAL RESOURCES

The Company used net cash in operating activities of $5.1 million and $6.7 million during the six months ended June 30, 1997 and 1996, reflecting the significant growth in the Company's revenues, accounts receivable and the opening of new dispatch offices. The net cash used in investing activities through June 30, 1997 was $6.3 million as compared to $1.7 million for the same period in 1996, and was primarily associated with capital expenditures for the new dispatch offices opened and the capitalization of certain new dispatch office start-up costs. Management anticipates that cash flow deficits from operating and investing activities will continue while the Company continues to increase the number of dispatch office locations. This cash flow deficit will be funded through the balance of the funds obtained in the 1996 public offering and it is expected that the Company will begin use of the $20.0 million revolving line of credit with US Bank of Washington, N.A. in the third quarter.

In December 1996, the Company used $1.7 million in cash to finance the original capitalization of Labor Ready Assurance Company, a wholly owned foreign subsidiary. In January 1997, the Company used an additional $0.7 million in cash to further capitalize this subsidiary. These funds remain on deposit as restricted cash, and are expected to provide the Company a more cost efficient method of administering, paying and finally settling its workers' compensation claims and liabilities in the future.

As of June 30, 1997, the Company has used $1.2 million to purchase and retire 136,000 shares of the Company's common stock, under the stock repurchase plan approved by the Board of Directors in February, 1997.

PART II. OTHER INFORMATION -- NOT APPLICABLE

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.

REGISTRANT: LABOR READY, INC.

By:	/s/ Glenn A. Welstad Glenn A. Welstad Chairman of the Board, Chief Executive Officer and President	August 4, 1997 Date
By:	/s/ Ralph E. Peterson Ralph E. Peterson Executive Vice President, Chief Operating Officer and Chief Financial Officer	August 4, 1997 Date

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<PP&E>	12,136,502
<DEPRECIATION>	(2,220,062)
<TOTAL-ASSETS>	68,940,970
<CURRENT-LIABILITIES>	15,992,295
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<PREFERRED>	854,082
<COMMON>	49,214,863
<OTHER-SE>	1,167,483
<TOTAL-LIABILITY-AND-EQUITY>	68,940,970
<SALES>	0
<TOTAL-REVENUES>	129,333,940
<CGS>	0
<TOTAL-COSTS>	109,530,314
<OTHER-EXPENSES>	19,082,054
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	(310,308)
<INCOME-PRETAX>	1,031,880
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<INCOME-CONTINUING>	0
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	585,503
<EPS-PRIMARY>	0.05
<EPS-DILUTED>	0

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