

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For Quarter Ended June 30, 1995 Commission File Number 0-13611

SPARTAN MOTORS, INC.
(Exact name of registrant as specified in its charter)

Michigan
(State of incorporation)

38-2078923
(I.R.S. Employer
Identification no.)

1000 Reynolds Road, Charlotte, Michigan
(Address of principal executive offices)

48813
(Zip Code)

Registrant's telephone number, including area code (517) 543-6400

NONE
Former name, former address and former fiscal year,
if changed since last report.

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 NO
--- ---

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common shares outstanding at August 9, 1995 12,810,872

SPARTAN MOTORS, INC.
INDEX TO QUARTERLY REPORT ON FORM 10-Q
QUARTER ENDED JUNE 30, 1995

Page No.

Part I. Financial Information

Consolidated Balance Sheets - June 30, 1995
(Unaudited) and December 31, 1994 1

Consolidated Statements of Operations -
Three Months Ended June 30, 1995 and 1994
(Unaudited) 3

Consolidated Statements of Operations -
Six Months Ended June 30, 1995 and 1994
(Unaudited) 4

Consolidated Statements of Cash Flows - Six Months Ended June 30, 1995 and 1994 (Unaudited)	5
Notes to Consolidated Financial Statements	7
Management's Discussion and Analysis of Financial Condition and Results of Operations	9
Part II. Other Information	13
Signatures	14
3	

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

SPARTAN MOTORS, INC.
CONSOLIDATED BALANCE SHEETS

	JUNE 30, 1995 ----- (UNAUDITED)	DECEMBER 31, 1994 -----
ASSETS -----		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,045,601	\$ 2,930,270
Investment securities	12,192,778	11,294,216
Accounts receivable, less allowance for doubtful accounts of \$675,000 and \$540,000 in 1995 and 1994, respectively	17,860,790	23,316,271
Inventories	26,684,330	23,444,234
Deferred tax benefit	1,117,000	1,450,000
Federal taxes receivable	1,085,781	1,446,781
Other current assets	1,597,238	1,661,639
	-----	-----
TOTAL CURRENT ASSETS	61,583,518	65,543,411
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of \$5,322,533 and \$4,732,590 in 1995 and 1994, respectively	12,820,917	12,886,838
DEFERRED TAX BENEFIT	981,000	751,000
OTHER ASSETS	1,698,117	1,885,720
	-----	-----

TOTAL	\$77,083,552	\$81,066,969
	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

1

4

SPARTAN MOTORS, INC.
CONSOLIDATED BALANCE SHEETS - (CONTINUED)

	JUNE 30, 1995	DECEMBER 31, 1994
	-----	-----
	(UNAUDITED)	
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Accounts payable	\$ 5,185,438	\$ 7,143,728
Other current liabilities and accrued expenses	1,542,523	1,164,794
Accrued warranty expense	1,348,543	1,856,358
Accrued customer rebates	1,124,569	952,742
Accrued compensation and related taxes	1,498,693	1,689,966
Current portion of long-term debt	420,000	420,000
TOTAL CURRENT LIABILITIES	11,119,766	13,227,588
LONG-TERM DEBT, less current portion	5,974,839	6,211,357
COMMITMENTS AND CONTINGENT LIABILITIES		
STOCKHOLDERS' EQUITY:		
Common stock, no par value; authorized 23,900,000 shares, issued 12,810,872 shares in 1995 and 13,060,872 shares in 1994	21,708,178	22,131,928
Retained earnings	40,189,196	41,324,916
Valuation allowance (for unrealized losses on investments)	(3,946)	(370,715)
Cumulative translation adjustment	(1,904,481)	(1,458,105)
TOTAL STOCKHOLDER'S EQUITY	59,988,947	61,628,024
TOTAL	\$77,083,552	\$81,066,969
	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

2

5

SPARTAN MOTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	THREE MONTHS ENDED JUNE 30	
	1995	1994
	-----	-----
REVENUES:		
Net sales	\$28,426,318	\$45,994,124
Other income	365,919	370,260
	-----	-----
TOTAL	28,792,237	46,364,384
COSTS AND EXPENSES:		
Costs of products sold	25,182,955	37,403,652
Research and development	685,725	660,657
Selling, general and administrative	3,318,119	2,936,910
Interest	140,384	86,995
	-----	-----
TOTAL	29,327,183	41,088,214
EARNINGS (LOSS) BEFORE TAXES ON INCOME AND MINORITY INTEREST	(534,946)	5,276,170
TAXES ON INCOME (CREDIT)	(312,000)	2,228,000
	-----	-----
EARNINGS (LOSS) BEFORE MINORITY INTEREST	(222,946)	3,048,170
MINORITY INTEREST IN LOSS OF CONSOLIDATED SUBSIDIARY		103,979
	-----	-----
NET (LOSS) EARNINGS	\$ (222,946)	\$ 3,152,149
	=====	=====
NET (LOSS) EARNINGS PER SHARE	\$ (0.02)	\$ 0.24
	=====	=====
DIVIDENDS DECLARED PER SHARE	\$ 0.05	\$ 0.05
	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	12,982,000	13,234,000
	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

3

6

SPARTAN MOTORS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	SIX MONTHS ENDED JUNE 30	
	1995	1994
	-----	-----
REVENUES:		
Net sales	\$72,201,251	\$100,123,681
Other income	792,260	999,046
	-----	-----
TOTAL	72,993,511	101,122,727
COSTS AND EXPENSES:		
Costs of products sold	61,992,720	83,078,275
Research and development	1,473,432	1,286,586

Selling, general and administrative	6,869,203	6,069,778
Interest	256,990	169,940
	-----	-----
	70,592,345	90,604,579
	-----	-----
TOTAL		
EARNINGS BEFORE TAXES ON INCOME AND MINORITY INTEREST	2,401,166	10,518,148
TAXES ON INCOME	851,000	3,940,000
	-----	-----
EARNINGS BEFORE MINORITY INTEREST	1,550,166	6,578,148
MINORITY INTEREST IN LOSS OF CONSOLIDATED SUBSIDIARY		193,808
	-----	-----
NET EARNINGS	\$ 1,550,166	\$ 6,771,956
	=====	=====
NET EARNINGS PER SHARE	\$ 0.12	\$ 0.51
	=====	=====
DIVIDENDS DECLARED PER SHARE	\$ 0.05	\$ 0.05
	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	13,032,000	13,232,000
	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

4

7

SPARTAN MOTORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	SIX MONTHS ENDED JUNE 30	
	-----	-----
	1995	1994
	----	----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 1,550,166	\$ 6,771,956
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	794,332	708,871
Minority interest in loss of consolidated subsidiary		(193,808)
Gain on sales of assets	(80,591)	(65,594)
Decrease (increase) in:		
Accounts receivable	4,990,180	(2,995,724)
Inventories	(3,592,712)	(10,217,028)
Deferred tax benefit	102,000	(166,015)
Federal taxes receivable	361,000	
Other current assets	106,382	(889,071)
Restricted assets		347,647
Other assets	(68,985)	(426,536)
Increase (decrease) in:		
Accounts payable	(1,777,749)	4,854,258
Other current liabilities and accrued expenses	(519,967)	743,269
Accrued warranty expense	(507,815)	466,868
Accrued customer rebate	171,827	192,192
Taxes on income		716,000
Accrued compensation and related taxes	(191,633)	1,259,328
	-----	-----
TOTAL ADJUSTMENTS	(213,731)	(5,665,343)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,336,435	1,106,613
CASH FLOWS FROM INVESTING ACTIVITIES:		

Purchases of property, plant and equipment	(959,783)	(3,554,968)
Proceeds from sale of property, plant and equipment	150,000	
Purchases of marketable securities	(6,953,938)	(7,215,435)
Proceeds from sales of marketable securities	7,315,496	3,868,806
Advances on note receivable	(707,275)	
Principal repayments on note receivable	585,955	87,875
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES	(569,545)	(6,813,722)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under line of credit agreement		4,500,000
Proceeds from long-term debt		2,000,000
Proceeds from exercise of stock options		302,120
Payments on long-term debt	(236,518)	(189,528)
Purchase of treasury stock	(2,463,987)	
	-----	-----
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(2,700,505)	6,612,592

(CONTINUED)

5

8

SPARTAN MOTORS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - (CONTINUED) (UNAUDITED)

	SIX MONTHS ENDED JUNE 30	
	1995	1994
	----	----
EFFECT OF EXCHANGE RATE CHANGES ON CASH	48,946	30,117
	-----	-----
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,884,669)	935,600
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,930,270	1,139,121
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,045,601	\$2,074,721
	=====	=====

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for interest was \$276,103 and \$227,614 for the six months ended June 30, 1995 and 1994, respectively. Cash paid for income taxes was \$353,000 and \$3,348,900 for the six months ended June 30, 1995 and 1994, respectively. Dividends declared for the six months ended June 30, 1995 and 1994 amounted to \$645,649 and \$654,898, respectively, and are not included in the change in other current liabilities or in cash flows from financing activities as no cash flows will take place until payment has occurred.

See notes to consolidated financial statements.

(CONCLUDED)

6

9

SPARTAN MOTORS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- (1) For a description of the accounting policies followed refer to the notes to the Company's annual consolidated financial statements for the year ended December 31, 1994, included in Form 10-K filed with the Securities and Exchange Commission March 25, 1995.
- (2) The consolidated financial statements include the accounts of Spartan Motors, Inc., its wholly owned subsidiaries, Spartan Motors Foreign Sales Corporation, Inc., and Spartan de Mexico, S.A. de C.V. ("Spartan de Mexico"). All material intercompany transactions have been eliminated. The two joint ventures with Societe D Equipment de Transport et de Carosserie S.A. ("Setcar") are included in the consolidated financial statements however the Company has not made any expenditures for investment purposes as of June 30, 1995.
- (3) In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of June 30, 1995, and the results of operations for the three month and six month periods ended June 30, 1995 and 1994.
- (4) The results of operations for the three month and six month periods ended June 30, 1995, are not necessarily indicative of the results to be expected for the full year.
- (5) Inventories consist of raw materials and purchased components, work in process, and finished goods and are summarized as follows:

	June 30, 1995	December 31, 1994
	-----	-----
Finished Goods	\$ 1,550,756	\$ 1,071,424
Raw Materials and purchased components	19,572,230	17,969,217
Work in Process:		
Materials	5,211,496	3,827,738
Direct Labor	364,356	371,285
Manufacturing expenses	285,492	204,570
LIFO Reserve	(300,000)	
	-----	-----
	\$26,684,330	\$23,444,234
	=====	=====

- (6) A cash dividend of \$0.05 per outstanding share was declared May 8, 1995 for shareholders of record on June 8, 1995. The dividend payable of \$645,649 is included in other current liabilities at June 30, 1995. The dividend was paid July 8, 1995.
- (7) On March 8, 1995 the Board of Directors authorized management to repurchase an additional 150,000 shares of its common stock in the open market. This action increased the total authorization for repurchase to 250,000 shares of common stock. During April 1995, the Company repurchased 147,900 shares at an average market price of approximately \$10.45 per share. The Company completed the authorized buyback in June of 1995 by acquiring 102,100 shares at an average market price of \$9.00 per share. The treasury stock has been constructively retired in accordance with the Michigan Business Corporations Act applicable to all Michigan corporations.
- (8) During the six months ended June 30, 1995, stockholders' equity changed as follows:

Balance at December 31, 1994	\$61,628,024
Net Earnings	1,550,166
Dividends declared	(645,649)
Purchase of treasury stock	(2,463,987)
Valuation Allowance - Investment Securities	366,769
Cumulative Translation Adjustment	

Change	(446,376)

Balance at June 30, 1995	\$59,988,947
	=====

7

10

SPARTAN MOTORS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)

(9) SUBSEQUENT EVENTS:

On July 11, 1995, the Board of Directors authorized management to repurchase up to 1,000,000 shares of its common stock in the open market. Repurchase of common stock is contingent upon market conditions. No expiration date was set for the completion of the repurchase program.

8

11

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

The following is a discussion of the major elements impacting Spartan Motors, Inc. financial and operating results for the three month and six month periods ended June 30, 1995 compared to the same periods ended June 30, 1994. The comments that follow should be read in conjunction with the Company's consolidated financial statements and related notes.

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, the components of the Company's consolidated statements of operations, on an actual basis, as a percentage of revenues:

	Three Months Ended June 30, 1995		Six Months Ended June 30, 1995	
	1995	1994	1995	1994
	-----	-----	-----	-----
Revenues	100 %	100%	100%	100%
Costs and expenses:				
Cost of products sold	87.5 %	80.7%	84.9%	82.1%
Research and development	2.4 %	1.4%	2.0%	1.3%
Selling, general, and administrative	11.5 %	6.3%	9.4%	6.0%
Interest	0.5 %	0.2%	0.4%	0.2%
	-----	-----	-----	-----
Total costs and expenses	101.9 %	88.6%	96.7%	89.6%
	-----	-----	-----	-----
Earnings (loss) before taxes on income and minority interest	(1.9)%	11.4%	3.3%	10.4%
Taxes on income (credits)	(1.1)%	4.8%	1.2%	3.9%
	-----	-----	-----	-----
Earnings (loss) before minority interest	(0.8)%	6.6%	2.1%	6.5%
Minority interest in loss of consolidated subsidiary	-----	0.2%	-----	0.2%
	-----	-----	-----	-----
Net earnings (loss)	(0.8)%	6.8%	2.1%	6.7%
	=====	=====	=====	=====

THREE MONTH PERIOD ENDED JUNE 30, 1995, COMPARED TO THE THREE MONTH PERIOD ENDED JUNE 30, 1994

Revenues for the three months ended June 30, 1995, were \$28.8 million compared to \$46.4 million in 1994, a decrease of 38%. For the three months ended June 30, 1995 the Company had a net loss of \$.2 million (\$.02 per share), compared to net income of \$3.2 million (\$.24 per share) in 1994. The decrease in revenues and earnings is primarily due to soft retail market conditions in recreational vehicles during 1995 brought about by high interest rates and conservative OEM order levels in preparation for 1996 new model changeover. Total chassis production for the three months ended June 30, 1995 consisted of 459 units as compared to 998 chassis for the same period in 1994. Sales of fire truck chassis units actually increased by 10% due to the continued shift from commercial to custom chassis, and the Company's ability to compete with the commercial fire truck market with its Diamond, Metro Star and GT-ONE series chassis. Sales of motorhome chassis decreased overall by 64%, as unit sales of all recreational vehicle product lines declined. The lower priced, lower margin chassis offered by the Company contributed most significantly to the decrease. Domestic bus/specialty chassis unit sales increased 93% to 52 units as the school bus and low floor transit bus chassis production commenced during the quarter.

9

12

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS - CONTINUED

Total costs and expenses as a percentage of revenues increased to 101.9% for the 1995 period as compared to 88.6% for 1994. Cost of products sold increased to 87.5% of revenues as compared to 80.7% for the same period in 1994. The increase is primarily the result of fixed manufacturing overhead being absorbed by fewer units produced, the mix of chassis produced and the proportion of these costs relative to the level of revenues. Selling, general and administrative expenses increased by \$.4 million for the 1995 period compared with the 1994 period. The increase is the result of additional expenditures relating to advertising, sales travel and trade shows, and the Company's commitment to customer service. Research and development costs for the 1995 period remained consistent with the same period of 1994. The Company is continuing its efforts to expand the applications of rear engine diesel technology to additional market segments in the industry. Examples of this are the development of school bus and the low floor transit bus chassis.

Total chassis orders received increased 13.0% during the three months ended June 30, 1995, to 900 units from 797 units for the same period of 1994. This increase is primarily attributed to school and low floor bus chassis product lines, and to a lesser extent OEM orders for recreational vehicle chassis as the retail market activities began to improve late in the quarter.

SIX MONTH PERIOD ENDED JUNE 30, 1995, COMPARED TO THE SIX MONTH PERIOD ENDED JUNE 30, 1994

Revenues for the six months ended June 30, 1995 were \$73.0 million compared with \$101.1 million in 1994, a decrease of 28%. Net income was \$1.6 million for the six months ended June 30, 1995 (\$.12 per share), compared to \$6.8 million (\$.51 per share) in 1994 a decrease of 76%. The decrease in revenues and earnings is primarily due to soft retail market conditions in recreational vehicles during 1995 resulting in a decrease of OEM orders. Total chassis production for the six months ended June 30, 1995 consisted of 1,235 units as compared to 2,312 chassis for the same period in 1994. Sales of fire truck chassis units actually increased by 39% due to the continued shift from commercial to custom chassis, and the Company's ability to compete with the commercial fire truck market with its Diamond, Metro Star and GT-ONE series chassis. Sales of motorhome chassis decreased overall by 54%, while unit sales of the recently introduced premium line Mountain Master K2 chassis and the

Alpine chassis totaled 135 units during the six months ended June 30, 1995. The chassis contributing most significantly to the decrease were the lower priced, lower margin chassis offered by the Company. Domestic bus/specialty chassis unit sales increased 23% as the school bus and low floor transit bus chassis production commenced during the second quarter. The Company will continue its efforts to diversify into other product lines reducing its dependence on any single product line.

Total costs and expenses as a percentage of revenues increased to 96.7% for the 1995 period as compared to 89.6% for 1994. Cost of products sold increased to 84.9% of revenues as compared to 82.1% for the same period in 1994. The increase is primarily the result of fixed manufacturing overhead being absorbed by fewer units produced, the mix of chassis produced and the proportion of these costs relative to the level of revenues. Selling, general and administrative expenses increased by \$.8 million for the 1995 period compared with the 1994 period. The increase is the result of additional expenditures relating to advertising, sales travel and trade shows, and the Company's commitment to customer service. Research and development costs for the 1995 period remained consistent with the same period of 1994. The Company is continuing its efforts to expand the applications of rear engine diesel technology to additional market segments in the industry. Examples of this are the development of school bus and the low floor transit bus chassis.

Total chassis orders received decreased 7.5% during the six months ended June 30, 1995, to 1,664 units from 1,798 units for the same period of 1994. This decrease is primarily the result of the softening in the lower end retail motorhome market brought about by high interest rates and conservative OEM order levels in preparation for the 1996 new model changeover. However, as discussed earlier, order intake during the second quarter increased 13% as the retail recreational vehicle market activities began to improve. This is evidenced by an increase in our backlog of approximately \$10 million over the 1995 first quarter backlog.

At June 30, 1995, the Company had approximately \$66.5 million in backlog chassis orders. The Company has increased production levels of fire truck chassis in an effort to reduce the backlog and respond more promptly to customer delivery requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS - CONTINUED

LIQUIDITY AND CAPITAL RESOURCES

Over the years, the Company has financed its growth through a combination of funds provided from equity offerings, operations and long and short-term debt financing. During the six months ended June 30, 1995, cash provided by the operating activities amounted to approximately \$1.3 million. On June 30, 1995, the Company had working capital of \$50.5 million compared to \$52.3 million at December 31, 1994, a decrease of 3.4%. The current ratio on June 30, 1995 increased to 5.5 compared with 5.0 on December 31, 1994. The change in working capital was the result of decreases in accounts receivable, and accounts payable and an increase in inventories. Accounts receivable decreased approximately \$5.0 million primarily due to the 28% decline in revenues for the six months. Accounts payable decreased by approximately \$1.8 million and is the result of reducing vendor deliveries and the timing of vendor payments. Inventories increased approximately \$3.6 million primarily due to the decrease in production of the recreational vehicle chassis and inventory purchases related to the new school and low floor bus chassis product lines.

The Company anticipates that cash generated from operations, the liquidity of short-term investment securities and the existing credit line will

be sufficient to satisfy all working capital and capital expenditure requirements for the foreseeable future. This will provide the Company with financial flexibility to respond quickly to business opportunities as they arise, including opportunities for growth either through internal development or through strategic joint ventures or acquisitions.

On July 11, 1995, the Board of Directors authorized management to repurchase up to 1,000,000 shares of its common stock in the open market. Repurchase of common stock is contingent upon market conditions. No expiration date was set for the completion of the repurchase program.

Spartan de Mexico S.A. de C.V., in an effort to generate bus chassis orders, is continuing its aggressive sales and marketing efforts by attending trade shows and directly contacting customers both in Mexico and in Latin and South American countries including Costa Rica, Venezuela, Chile, Argentina and Guatemala. The Company is also conducting body builder surveys and attempting to align commercial financing packages for its potential customers. Spartan de Mexico posted a \$.04 per share loss during the six months ended June 30, 1995, consistent with the same period in 1994. The reduced production work force is being used to perform service and warranty repairs on customer chassis but was unable to produce bus chassis during the six months ended June 30, 1995 due to the slow progress of the Mexican economy stabilization. The Company is currently looking for alternative opportunities for use of the excess production capacity until the economy and order levels improve.

The two joint ventures with Societe D, Equipement de Transport et de Carrosserie S.A. ("Setcar") have not commenced operations as of June 30, 1995. However, since entering the joint ventures Spartan has sold and shipped twenty chassis kits directly to Setcar. Spartan has not made any expenditures for investment purposes in either joint venture as of June 30, 1995.

Stockholders' equity decreased by approximately \$1.6 million for the six months ended June 30, 1995, a decrease of 2.7%. The decrease is the result of dividends of \$.6 million declared May 8, 1995, paid July 8, 1995 and the \$2.5 million repurchase of 250,000 shares of the Company's common stock. The Company's debt to equity ratio decreased to 10.7% on June 30, 1995 compared with 10.8% at December 31, 1994.

The Company's unsecured line of credit with a bank provides for maximum borrowings of \$15,000,000 at 2% above the LIBOR rate (LIBOR rate at June 30, 1995 was 6 1/8%). As of June 30, 1995, there were no borrowings against this line. In addition, under the terms of its credit agreement with its bank, the Company has the ability to issue letters of credit totaling \$400,000. At June 30, 1995, the Company had outstanding letters of credit totaling \$200,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS - CONTINUED

EFFECT OF INFLATION

Inflation affects the Company in two principal ways. First, the Company's debt is tied to the prime and LIBOR rates so that increases affecting interest rates may be translated into additional interest expense. Second, general inflation impacts prices paid for labor, parts and supplies. Whenever possible, the Company attempts to cover increased costs of production and capital by adjusting the selling prices of its products. However, the Company normally does not attempt to negotiate inflation-based price adjustment provisions into its contracts. Since order lead times can be as much as six months, Spartan has limited ability to pass on cost increases to its customers on a short-term basis. In addition, markets served by the Company are

competitive in nature, and competition limits the pass through of cost increases in many cases. Internally, the Company strives to improve profits by implementing cost effective methods of production.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is party, both as plaintiff and defendant, to a number of lawsuits and claims arising out of the normal course of business. It is the best judgment of management that the financial position of the Company will not be materially affected by the final outcome of these legal proceedings.

Item 2. Changes in Securities

NONE

Item 3. Defaults Upon Senior Securities

NONE

Item 4. Submission of Matters to a Vote of Security Holders

Spartan Motors, Inc. Annual Stockholder's Meeting was held June 8, 1995. The results of the proxy vote were as follows:

- 1) Election of directors for a three year term expiring at the 1998 Annual Stockholder's Meeting:

Anthony G. Sommer
George Tesseris
- 2) Ratification of Deloitte & Touche, LLP as independent auditors for the year ending December 31, 1995.

Item 5. Other Information

NONE

Item 6. Exhibits and Reports on Form 8-K

- (a) NOT APPLICABLE
- (b) There were no reports on Form 8-K for the six months ended June 30, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Spartan Motors, Inc., has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Spartan Motors, Inc.

By: /s/ James R. Jenks

James R. Jenks, CPA
Secretary/Treasurer

Date: August 9, 1995

EXHIBIT INDEX

Exhibit No. -----	Description -----	Page ----
Ex-27	Financial Data Schedule	

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<OTHER-SE>		38,280,769
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<CGS>		61,992,720
<TOTAL-COSTS>		70,592,345
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<LOSS-PROVISION>		398,881
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