

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A
(AMENDMENT NO. 1)

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

For the Quarter Ended
SEPTEMBER 30, 1997

Commission File Number
0-13611

SPARTAN MOTORS, INC.
(Exact Name of Registrant as Specified in Its Charter)

MICHIGAN
(State or Other Jurisdiction of
Incorporation or Organization)

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

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.

CLASS	OUTSTANDING AT NOVEMBER 1, 1997
-----	-----
Common stock, \$.01 par value	12,555,960 shares

SPARTAN MOTORS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SPARTAN MOTORS, INC.

CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 1997 ----- (Unaudited)	DECEMBER 31, 1996 -----
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,958,121	\$ 4,912,001
Investment securities	4,713,298	8,955,809
Accounts receivable, less allowance for doubtful accounts of \$555,746 in 1997 and \$629,000 in 1996	24,273,785	26,299,698
Inventories (note 4)	34,226,327	24,283,517
Deferred tax benefit	1,050,845	1,471,700
Federal taxes receivable	575,055	925,000
Other current assets	1,682,172	1,063,601
TOTAL CURRENT ASSETS	----- 69,479,603	----- 67,911,326
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of \$9,231,821 and \$7,977,012 in 1997 and 1996, respectively	11,997,161	11,403,194
EQUITY INVESTMENT IN AFFILIATE	10,982,145	--
GOODWILL	3,207,442	
OTHER ASSETS	412,264	368,249
TOTAL	----- \$ 96,078,615 =====	----- \$ 79,682,769 =====

See notes to unaudited consolidated financial statements.

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SPARTAN MOTORS, INC.

CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 1997	DECEMBER 31, 1996
	-----	-----
	(Unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 10,060,345	\$ 6,264,362
Notes payable	1,945,001	
Other current liabilities and accrued expenses	1,682,846	2,058,820
Accrued warranty expense	2,570,263	2,002,870
Accrued customer rebates	589,892	480,216
Accrued taxes payable	1,949,518	--
Accrued compensation and related taxes	1,192,618	1,034,496
Accrued vacation	828,350	644,754
Deposits from customers	2,309,086	--
Current portion of long-term debt	1,232,664	586,000
	-----	-----
TOTAL CURRENT LIABILITIES	24,360,583	13,071,518
LONG-TERM DEBT, less current portion	8,678,723	5,206,631
	-----	-----
TOTAL LIABILITIES	33,039,306	18,278,149
SHAREHOLDERS' EQUITY:		
Preferred Stock, no par value, 2,000,000 shares authorized (none issued)		
Common Stock, \$.01 par value, 23,900,000 authorized, issued 12,288,372 shares in 1997 and 12,354,072 shares in 1996	125,640	123,541
Additional paid in capital	23,088,566	21,065,942
Retained earnings	39,829,010	40,195,117
Valuation allowance	(3,907)	20,020
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	63,039,309	61,404,620
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 96,078,615	\$ 79,682,769
	=====	=====

See notes to unaudited consolidated financial statements.

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SPARTAN MOTORS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,	
	-----	-----
	1997	1996
	-----	-----
SALES	\$ 38,327,198	\$ 40,984,645
COST OF PRODUCTS SOLD	32,890,637	35,221,177
	-----	-----
GROSS PROFIT	5,436,561	5,763,468

OPERATING EXPENSES		
Research and development	1,072,512	970,706
Selling, general and administrative	3,437,951	3,172,460
	-----	-----
OPERATING INCOME	926,098	1,620,302
OTHER INCOME EXPENSE		
Interest Expense	(175,986)	(117,571)
Interest and Other Income	152,008	336,765
	-----	-----
EARNINGS (LOSS) BEFORE TAXES ON INCOME AND EQUITY IN LOSS OF AFFILIATE	902,120	1,839,496
EQUITY IN LOSS OF AFFILIATE	1,140,798	--
	-----	-----
EARNINGS (LOSS) BEFORE TAXES ON INCOME	(238,678)	1,839,496
TAXES ON INCOME	226,124	637,000
	-----	-----
NET EARNINGS (LOSS)	\$ (464,802)	\$ 1,202,496
	=====	=====
NET EARNINGS (LOSS) PER SHARE	\$ (0.04)	\$ 0.10
	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	12,393,000	12,523,000
	=====	=====

See notes to unaudited consolidated financial statements.

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SPARTAN MOTORS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
	-----	-----
SALES	\$ 123,241,213	\$ 132,467,697
COST OF PRODUCTS SOLD	104,867,797	113,712,245
	-----	-----
GROSS PROFIT	18,373,416	18,755,452
OPERATING EXPENSES		
Research and development	3,324,732	3,050,796
Selling, general and administrative	10,681,546	10,565,404
	-----	-----
OPERATING INCOME	4,367,138	5,139,252
OTHER INCOME (EXPENSE)		
Interest Expense	(623,439)	(356,929)
Interest and Other Income	867,091	944,470
	-----	-----
EARNINGS BEFORE TAXES ON INCOME AND EQUITY IN LOSS OF AFFILIATE	4,610,790	5,726,793
EQUITY IN LOSS OF AFFILIATE	2,017,855	--
	-----	-----
EARNINGS BEFORE TAXES ON INCOME	2,592,935	5,726,793
TAXES ON INCOME	1,674,524	2,169,000
	-----	-----
NET EARNINGS	\$ 918,411	\$ 3,557,793
	=====	=====

NET EARNINGS PER SHARE	\$ 0.07	\$ 0.28
	=====	=====
DIVIDENDS DECLARED PER SHARE	\$ 0.07	\$ 0.05
	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	12,472,000	12,583,000
	=====	=====

See notes to unaudited consolidated financial statements.

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SPARTAN MOTORS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
NET EARNINGS	\$ 918,411	\$ 3,557,793
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,255,665	1,336,582
Gain on sales of marketable securities and fixed assets	(49,785)	(4,383)
Equity in net loss of affiliate	2,017,855	--
Change in Assets and Liabilities net of effects of Acquisition of Subsidiaries		
Accounts receivable	5,043,583	(8,341,144)
Inventories	(3,826,311)	(2,950,232)
Deferred tax benefit	444,255	(92,000)
Federal taxes receivable	349,945	--
Other current assets	(98,461)	281,014
Accounts payable	819,889	5,725,558
Other current liabilities and accrued expenses	(739,526)	340,685
Accrued warranty expense	505,276	172,194
Accrued customer rebate	95,588	(343,471)
Accrued taxes payable	1,805,924	(142,000)
Accrued compensation and related taxes	(62,860)	330,000
Other	(169,891)	
TOTAL ADJUSTMENTS	7,391,146	(3,687,197)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	8,309,557	(129,404)

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SPARTAN MOTORS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)-CONTINUED

NINE MONTHS ENDED SEPTEMBER 30,	
1997	1996

CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	\$ (1,182,951)	\$ (1,130,708)
Proceeds from sales of property, plant and equipment	18,600	
Purchases of investment securities	(9,262,827)	(3,616,662)
Proceeds from sales of investment securities	13,531,196	2,001,182
Investment in affiliate	(13,000,000)	
Acquisition of subsidiaries, net of cash received	(3,995,981)	
Principal repayment on notes receivable	--	1,061,219
NET CASH USED IN INVESTING ACTIVITIES	(13,891,963)	(1,684,969)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	\$ 1,795,000	\$
Payments on notes payable	(266,510)	
Proceeds from long-term debt	5,000,000	
Proceeds from exercise of stock options	229,783	85,360
Payments on long-term debt	(1,708,498)	(341,943)
Purchase of treasury stock	(556,037)	(1,516,925)
Dividends paid	(865,212)	(626,679)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,628,526	(2,400,187)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	--	176,842
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,953,880)	(4,037,718)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,912,001	5,202,595
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 2,958,121	\$ 1,164,877

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: Cash paid for interest was \$623,014 and \$357,729 for the nine months ended September 30, 1997 and 1996, respectively. Cash paid for income taxes was \$633,508 and \$1,871,000 for the nine months ended September 30, 1997 and 1996 respectively.

See notes to unaudited consolidated financial statements.

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SPARTAN MOTORS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

- NOTE 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, 1996, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 1997.
- NOTE 2 The accompanying unaudited interim consolidated financial statements reflect all normal and recurring adjustments that are necessary for fair presentation of the financial position as of September 30, 1997 and the results of operations for the three and nine month periods ended September 30, 1997 and 1996.
- NOTE 3 The results of operations for the nine month period ended September 30, 1997, are not necessarily indicative of the results to be expected for the full year.
- NOTE 4 Inventories consist of raw materials and purchased components, work in process and finished goods and are summarized as follows:

	SEPTEMBER 30, 1997	DECEMBER 31, 1996
	-----	-----
Finished goods	\$ 3,088,045	\$ 2,449,406
Raw materials and purchased components	28,332,154	22,057,444
Work in process	3,834,128	528,667

Obsolescence reserve	(1,028,000)	(752,000)
	-----	-----
	\$ 34,226,327	\$ 24,283,517
	=====	=====

NOTE 5 In January 1997 the Company acquired a 33% interest in Carpenter Industries, Inc. ("Carpenter") for approximately \$10 million. In the third quarter of 1997, Spartan Motors increased its investment in Carpenter by \$3 million, in conjunction with equal contributions by the other shareholders of Carpenter Industries. Carpenter is a manufacturer of school bus bodies and chassis. The Company accounts for its investment in Carpenter using the equity method of accounting. A summary of Carpenter's balance sheet as of September 30, 1997 and the results of its operations for the nine-month period ended September 30, 1997 are as follows:

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SPARTAN MOTORS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED

	SEPTEMBER 30, 1997

	(Unaudited)
Balance Sheet	
Total Assets	\$ 69,075,675
	=====
Total Liabilities	46,628,838
Stockholders' Equity	22,446,837

Total Liabilities and Equity	\$ 69,075,675
	=====
Income Statement	
Revenues	\$ 57,383,327
Loss before interest and taxes	(3,395,221)
Net Loss	\$ (6,053,564)
	=====

NOTE 6 During the six months ended September 30, 1997, shareholders' equity changed as follows:

Balance at December 31, 1996	\$ 61,404,620
Net earnings	918,411
Exercise of stock options	229,783
Dividends paid	(865,212)
Purchase and constructive retirement of stock	(556,037)
Stock issued in purchase of subsidiary	1,931,671
Valuation allowance - investment securities	(23,927)

Balance at September 30, 1997	\$ 63,039,309
	=====

NOTE 7 During the third quarter of 1997, the Company completed acquisitions of two fire truck apparatus manufacturers. On

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August 21, 1997, the Company purchased all of the outstanding stock of Luverne Fire Apparatus Co., Ltd. On August 14, 1997, the Company acquired all of the outstanding stock of CTS Holding Company, Inc. (CTS) in connection with the acquisition of Quality Manufacturing,

Inc., a wholly owned subsidiary of CTS. On August 15, 1997, CTS was merged with and into Spartan Quality, Inc., a newly formed corporation and wholly owned subsidiary of the Company. The purchase price paid for the two companies was \$6,077,896 including cash consideration of \$4,146,315 with the balance funded through the issuance of 253,338 shares of the Company's Common Stock. The fair market value of the Company's Common Stock on the effective date of the transaction was \$7-5/8 per share. Funds for the payment of the purchase price were primarily provided through cash from operations.

The acquisitions were accounted for using the purchase method and, accordingly, the assets and liabilities of the acquired entities have been recorded at their estimated fair value at the date of acquisition. The excess of purchase price over the estimated fair value of the net assets acquired, \$2,961,127, has been recorded as goodwill, which will be amortized over 15 years. The fair values of the assets acquired and the liabilities assumed were as follows: current assets of \$9,695,376; property, plant and equipment of \$685,281; other assets of \$26,318; current liabilities of \$6,859,511; and long-term liabilities of \$827,254.

The following pro forma results of the operations for the nine months ended September 30, 1997 and 1996, assume the acquisition occurred at the beginning of the respective periods. These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisition been in effect on the dates indicated, or of the results which may occur in the future.

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
Net Sales	\$ 143,640,484	\$ 151,435,548
Net Earnings	1,539,891	4,470,836
Earnings per Share	0.12	0.36

NOTE 8 The Financial Accounting Standards Board has issued three new accounting standards, which apply, to the Company. Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share," which is effective for financial statements issued after December 31, 1997, requires companies to present earnings per

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SPARTAN MOTORS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-CONTINUED

share on the face of the income statement in two categories called "Basic and Diluted" and requires restatement of all periods presented. The Company will adopt SFAS No. 128 during the fourth quarter of 1997. The Company anticipates that the adoption of SFAS No. 128 will not have a material impact on earnings per share.

SFAS No. 130, "Reporting Comprehensive Income," requires companies to classify items of other comprehensive income by their nature in a financial statement and to display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in-capital in the equity section of a statement of financial position. This statement is effective for fiscal years beginning after December 15, 1997. The Company will adopt SFAS No. 130 in 1998.

SFAS No. 131 "Disclosures about Segments of an Enterprise and Related Information" which is effective for fiscal years beginning after December 15, 1997, requires that a public business enterprise report financial and descriptive information about its reportable operating segments. The Company will adopt SFAS No. 131 in 1998.

NOTE 9 The Company has entered into a letter of intent to acquire a third fire truck manufacturer and it is expected that the transaction will close by the end of the fourth quarter of 1997.

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

The following is a discussion of the major elements impacting the Company's financial and operating results for the three month and nine month periods ended September 30, 1997 compared to the same periods ended September 30, 1996. The comments that follow should be read in conjunction with the Company's consolidated financial statements and related notes contained in this Form 10-Q.

RESULTS OF OPERATIONS

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

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997 ----	1996 ----	1997 ----	1996 ----
Revenues	100.0%	100.0%	100.0%	100.0%
Cost of Product Sold	85.8	85.9	85.1	85.8
Gross Profit	14.2%	14.1%	14.9%	14.2%
Operating Expenses				
Research and development	2.8%	2.4%	2.7%	2.3%
Selling, general and administrative	9.0	7.7	8.7	8.0
Total Operating Expenses	11.8%	10.1%	11.4%	10.3%
Income from operations	2.4%	4.0%	3.5%	3.9%
Interest expense	(.4)	(.3)	(.5)	(.3)
Other income (expense)	.4	.8	.7	.7
Earnings before taxes on income and equity in income (loss) of affiliate	2.4%	4.5%	3.7%	4.3%
Equity in loss of affiliate	3.0	--	1.6	--
Taxes on income	.6	1.6	1.4%	1.6
Net earnings (loss)	(1.2)% =====	2.9% =====	.7% =====	2.7% =====

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

THREE-MONTH PERIOD ENDED SEPTEMBER 30, 1997, COMPARED TO THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 1996

The Company reported lower sales and earnings for the third quarter of 1997 compared to the same period in 1996. Revenues declined \$2.7 million from \$41.0 million for the third quarter of 1996 to \$38.3 million for the third quarter of 1997 which is a 6.5% reduction. A decline in school bus revenues of 88.3% and a decline in bus and specialty chassis revenues of 21.0% accounted for the majority of this reduction in revenues. The decline in school bus revenues is caused by reduced sales to Carpenter Industries, which had a slow third quarter. However, during the third quarter of 1997, Carpenter did secure two significant orders from the states of Florida and Kentucky which gives Carpenter a solid backlog going into 1998.

Gross profit declined 5.7% from \$5.8 million in 1996 to \$5.4 million in 1997. Gross margins increased slightly for the third quarter of 1997 in relation to the third quarter of 1996. Notably, the gross margin on the Chassis business increased nearly 6% during this quarter, however the recently acquired apparatus subsidiaries operate at smaller gross margins than the Company has been earning historically. This increase in gross margin in the chassis product line reflects the results of the Company's efforts to reduce costs and increase efficiencies.

Net income declined from \$1.2 million in the third quarter of 1996 to a loss of \$.5 million for the third quarter of 1997. This loss is largely attributable to the equity in loss of Carpenter Industries, which was \$1.1 for the third quarter of 1997. Operating expenses increased \$367,000 for the third quarter of 1997 primarily due to the consolidation of the newly acquired subsidiaries. Interest expense increased \$58,000 and other income decreased \$50,000 primarily because of the \$13 million dollar investment in Carpenter over the last nine months, which was funded by \$5 million dollars of debt, \$5 million dollars of liquidated marketable securities and 3 million dollars of cash.

The equity in loss of affiliate represents the Company's one-third share of the \$3.4 million dollar loss recorded by Carpenter for the three months ended September 30, 1997.

Total chassis order intake increased 57% in the third quarter of 1997 compared to the third quarter of 1996. This increase primarily is in the bus and motor home product lines with the majority of the increase coming from both transit and school bus orders.

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

NINE MONTH PERIOD ENDED SEPTEMBER 30, 1997, COMPARED TO THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 1996

Revenues for the nine months ended September 30, 1997 were \$123.2 million compared with \$132.5 million for the same period in 1996, a decrease of 7.0%. Net income for the nine months ended September 30, 1997 was \$918,411 compared with \$3.6 million for the nine months ended September 30, 1996, a decrease of 74.2%. This reduction in net income is primarily due to the \$2.0 million equity in loss in Carpenter Industries. The decline in revenues is primarily due to a \$7.8 million dollar decline in fire truck chassis sales and a \$4.4 million dollar decline in bus sales. Total chassis production declined 10.5% with fire truck production down 19.3% and bus production down 32.3%.

Gross profit declined 2.0% or \$382,036 during the nine months ended September 30, 1997 compared to the nine months ended September 30, 1996. However, gross margins increased a full percentage point from 14.2% in 1996 to 14.9%, which is a 7% increase during the same period. This increase in

margins reflects the Company's continued emphasis on reducing costs and increasing efficiencies. Also, profit margins for the nine months ended September 30, 1997 in the specialty market have improved from the same period in 1996 as the Company continues to focus on diversification into other product lines to reduce the Company's dependence on any single product line.

Operating expenses for the nine months ended September 30, 1997 remained consistent with 1996. However, net interest expense increased \$266,510 and interest income declined \$37,000 largely due to the \$13 million investment in Carpenter Industries in January of 1997, which was partially financed with a five year term loan and \$5.0 million dollar liquidation of marketable securities.

Total chassis orders increased 4.7% during the nine-month period of 1997 versus the same period in 1996. This increase primarily is attributable to a 10.5% increase in motor home orders and a 15.6% increase in bus and specialty orders while fire truck chassis orders declined 34.7%.

At September 30, 1997, the Company had approximately \$66.2 million in chassis backlog compared with a backlog of approximately \$44.8 million for the same period in 1996. This increase primarily is attributable to an increase in orders for bus chassis. While orders in backlog are subject to modification, cancellation or rescheduling by customers, the Company has not experienced significant modification, cancellation or rescheduling of orders in the past. Although the backlog of unfilled orders is one of many indicators of market demand, several factors, such as changes in production rates, available capacity, new product introductions, major component

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

availability and competitive pricing actions, may affect actual sales. Accordingly, a comparison of backlog from period to period is not necessarily indicative of eventual actual shipments.

LIQUIDITY AND CAPITAL RESOURCES

The Company historically has financed its growth through a combination of funds provided from equity offerings, operations and long-term and short-term debt financing. During the nine months ended September 30, 1997, cash provided by operating activities was approximately \$8.3 million.

On September 30, 1997, the Company had working capital of \$45.1 million compared to \$54.8 million at December 31, 1996. The current ratio on September 30, 1997 decreased to 2.9 compared with 5.2 on December 31, 1996. The change in working capital was primarily the result of increases in the current portion of long-term debt incurred in the Carpenter Industries investment and the impact of the consolidation of the two subsidiaries purchased in August of 1997. The two subsidiaries account for the deposits from customers and an increase in receivable and inventories.

The Company currently anticipates that cash generated from operations, the liquidity of short-term investment securities and its existing credit line will be sufficient to satisfy working capital and capital expenditure requirements for the foreseeable future. Such factors should 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.

Shareholders equity increased slightly to approximately \$63.0 million as of September 30, 1997. This change primarily is due to the \$.9 million of net earnings offset by the payment of a \$.07 per share dividend, the repurchase of 80,100 shares of the Company's Common Stock and the issuance of 253,338 shares of Common Stock for the purchase of Quality Manufacturing. The Company's debt to equity ratio increased to 13.8% on September 30, 1997, compared with 8.5% on December 31, 1996 due to the \$5 million of term debt used to partially finance the investment in Carpenter.

The Company's unsecured line of credit with a bank provides for maximum borrowings of \$15 million at 2% above the 30-day LIBOR, which was 5.75% at September 30, 1997. As of September 30, 1997, \$1.0 million was

outstanding 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 September 30, 1997, the Company had outstanding letters of credit totaling \$200,000.

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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Except for the historical information contained herein, the matters discussed in this Form 10-Q are forward-looking statements which involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and prices and other factors discussed in the Company's filings with the Securities and Exchange Commission.

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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

The Board of Directors of the Company approved a Series A Preferred Stock Purchase Rights Plan ("Plan"). Under the Plan, one Series A

Preferred Stock Purchase Right is attached to each outstanding share of common stock, \$.01 par value ("the Common Stock"), of the Company. Each Right entitles the registered holder to purchase from the Company one one-hundredth of a share of Series A Preferred Stock, no par value, at a price of \$50 per share, subject to adjustment, upon certain specified events. The description and terms of the Rights are set forth in a Rights Agreement ("Rights Agreement") between the Company and American Stock Transfer & Trust Company, as Rights Agent. The Company filed a Form 8-A Registration Statement covering the Plan with the Securities and Exchange Commission on June 25, 1997. The Rights Agreement appears as Exhibit 99(a) to that Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NOT APPLICABLE

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS

NOT APPLICABLE

ITEM 5. OTHER INFORMATION

NOT APPLICABLE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS. The following documents are filed as exhibits to this report on Form 10-Q:

EXHIBIT NO. -----	DOCUMENT -----
3.1	Spartan Motors, Inc. Restated Articles of Incorporation. Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1995 and incorporated herein by reference. -16-
3.2	Spartan Motors, Inc. Bylaws (restated to reflect all amendments). Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the period ended December 31, 1995 and incorporated herein by reference.
4.1	Spartan Motors, Inc. Restated Articles of Incorporation. See Exhibit 3.1 above.
4.2	Spartan Motors, Inc. Bylaws. See Exhibit 3.2 above.
4.3	Rights Agreement dated June 4, 1997 between Spartan Motors, Inc. and American Stock Transfer and Trust Company. Previously filed as an exhibit to the Company's Form 8-A filed on June 25, 1997 and incorporated herein by reference.
27	Financial Data Schedule.

(b) REPORTS ON FORM 8-K. The Company filed a Form 8-K on August 8, 1997 regarding a merger with CTS Holding Company, Inc. in connection with the Company's acquisition of Quality Manufacturing, Inc. of Talledaga, Alabama. The Company filed a Form 8-K on August 11, 1997 regarding the Company's stock purchase of Luverne Fire Apparatus Co., Ltd. of Brandon, South Dakota.

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SIGNATURES

Pursuant to the requirements 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.

SPARTAN MOTORS, INC.

Date: November 24, 1997

By /S/RICHARD J. SCHALTER
Richard J. Schalter
Secretary and Treasurer
(Principal Accounting and Financial
Officer)

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EXHIBIT INDEX

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<ARTICLE>

5

<LEGEND> THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF
SPARTAN MOTORS, INC. AND SUBSIDIARIES FOR THE PERIOD ENDED
SEPTEMBER 30, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY
REFERENCE TO SUCH FINANCIAL STATEMENTS.

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