

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1997

OR

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

For the transition period from _____ to _____

Commission file number 0-20797

RUSH ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Texas

(State or other jurisdiction of
incorporation or organization)

74-1733016

(I.R.S. Employer
Identification No.)

8810 I.H. 10 East

San Antonio, Texas 78219

(Address of principal executive offices)
(Zip Code)

(210) 661-4511

(Registrant's telephone number, including area code)

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

Indicated below is the number of shares outstanding of the registrant's only class of common stock, as of August 8, 1997.

Title of Class -----	Number of Shares Outstanding -----
Common Stock, \$.01 Par Value	6,643,730

RUSH ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

ASSETS	JUNE 30, 1997 (UNAUDITED) -----	DECEMBER 31, 1996 (AUDITED) -----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 15,142	\$ 21,507
Accounts receivable, net	18,169	23,064
Inventories	34,551	36,688
Prepaid expenses and other	579	1,503
Total current assets	----- 68,441	----- 82,762
PROPERTY AND EQUIPMENT, net	25,219	23,222
OTHER ASSETS, net	8,934	3,233
Total assets	----- \$102,594 =====	----- \$109,217 =====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floorplan notes payable	\$ 32,809	\$ 42,228
Current maturities of long-term debt	7,471	2,115
Advances outstanding under lines of credit	20	20
Trade accounts payable	6,053	5,157
Accrued expenses	4,658	8,566
Total current liabilities	----- 51,011	----- 58,086
DEFERRED INCOME TAX LIABILITY, net	1,122	1,027
LONG-TERM DEBT, net of current maturities	11,987	13,412
SHAREHOLDERS' EQUITY		
Rush Enterprises, Inc., common stock, par value \$.01 per share; 25,000,000 shares authorized; 6,643,730 outstanding at June 30, 1997 and December 31, 1996	66	66
Additional paid-in-capital	33,342	33,342
Retained earnings	5,066	3,284
Total shareholders' equity	----- 38,474	----- 36,692
Total liabilities and shareholders' equity	----- \$102,594 =====	----- \$109,217 =====

The accompanying notes are an integral part of these consolidated financial statements.

RUSH ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT EARNINGS PER SHARE - UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
REVENUES:				
New and used truck sales	\$71,831	\$ 63,190	\$133,636	\$121,323
Parts and service	19,051	16,174	35,346	31,951
Lease and rental	3,448	3,468	6,656	6,636
Finance and insurance	1,056	1,389	2,081	2,875
Other	386	388	965	698
	-----	-----	-----	-----
Total revenues	95,772	84,609	178,684	163,483
COST OF PRODUCTS SOLD	81,301	71,061	151,044	135,061
	-----	-----	-----	-----
GROSS PROFIT	14,471	13,548	27,640	28,422
SELLING, GENERAL AND ADMINISTRATIVE	11,716	9,882	22,500	21,784
DEPRECIATION AND AMORTIZATION	715	588	1,343	1,134
	-----	-----	-----	-----
OPERATING INCOME	2,040	3,078	3,797	5,504
INTEREST EXPENSE	433	1,072	923	2,046
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES	1,607	2,006	2,874	3,458
PROVISION FOR INCOME TAXES	610	400	1,092	400
	-----	-----	-----	-----
NET INCOME	\$ 997	\$ 1,606	\$ 1,782	\$ 3,058
	=====	=====	=====	=====
EARNINGS PER SHARE				
Primary	\$ 0.15		\$ 0.27	
	=====		=====	
Fully Diluted	\$ 0.15		\$ 0.27	
	=====		=====	
WEIGHTED AVERAGE SHARES OUTSTANDING				
Primary	6,644		6,644	
	=====		=====	
Fully Diluted	6,644		6,644	
	=====		=====	
UNAUDITED PRO FORMA DATA:				
Income before income taxes		\$ 2,006		\$ 3,458
Pro forma adjustments to reflect federal and state income taxes		762		1,314
		-----		-----
Pro forma income after provision for income taxes		\$ 1,244		2,144
		=====		=====
Pro forma income per share		\$ 0.26		\$ 0.47
		=====		=====
Weighted average shares outstanding used in the pro forma net income per share calculation		4,758		4,528
		=====		=====

The accompanying notes are an integral part of these consolidated financial statements.

RUSH ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS - UNAUDITED)

	SIX MONTHS ENDED JUNE 30,	
	----- 1997 -----	1996 -----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,782	\$ 3,058
Adjustments to reconcile net income to cash provided by (used in) continuing operations		
Depreciation and amortization	1,343	1,134
Gain on sale of property and equipment	(84)	--
Provision for deferred income tax expense	95	325
Change in accounts receivable	4,895	1,847
Change in inventories	4,277	(2,744)
Change in prepaid expenses and other current assets	924	(55)
Change in accounts payable	896	(572)
Change in accrued expenses	(3,987)	(1,701)
	-----	-----
Net cash provided by operating activities	10,141	1,292
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(4,292)	(4,601)
Proceeds from the sale of property and equipment	1,297	554
Acquisitions of dealerships and leasing operations	(7,915)	--
Changes in other assets	(108)	(258)
	-----	-----
Net cash used in investing activities	(11,018)	(4,305)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of common stock	--	31,303
Proceeds from notes payable	5,998	2,643
Principal payments on notes payable	(2,067)	(2,278)
Draws (payments) on floor plan financing, net	(9,419)	308
Draws on line of credit, net	--	(10)
Dividends paid	--	(9,555)
	-----	-----
Net cash (used in) provided by financing activities	(5,488)	22,411
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,365)	19,398
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	21,507	2,149
	-----	-----
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 15,142	\$ 21,547
	=====	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during year for interest	\$ 945	\$ 2,034
	=====	=====
Cash paid during year for taxes	\$ 650	\$ -
	=====	=====

The accompanying notes are an integral part of these consolidated financial statements.

RUSH ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1 - PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The interim consolidated financial statements included herein have been prepared by Rush Enterprises, Inc. and subsidiaries (collectively referred to as the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). All adjustments have been made to the accompanying interim consolidated financial statements which are, in the opinion of the Company's management, necessary for a fair presentation of the Company's operating results. All adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. It is recommended that these interim consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's form 10-K. Certain prior period amounts have been reclassified for comparative purposes.

2 - CORPORATE REORGANIZATION AND COMMON STOCK OFFERING

The Company successfully completed an initial public offering (the Offering) of 2,875,000 common shares on June 12, 1996. As part of this transaction, the Company terminated its S corporation federal tax election and was subject to federal and certain state income taxes from that date forward. On June 12, 1996 the Company paid the S Corporation shareholder approximately \$6,000,000 million representing the undistributed accumulated earnings of the S Corporation prior to June 12, 1996.

Following the Offering there were 6,625,000 common shares outstanding, including 3,750,000 owned by the shareholder of the predecessor S Corporation.

As part of the reorganization, the Company acquired a managing general agent (the "MGA"), as a wholly-owned subsidiary, to manage all of the operations of Associated Acceptance, Inc. ("AA"). The MGA is responsible for funding the operations of AA, directing the use of AA's assets, and incurring liabilities on AA's behalf in exchange for the MGA receiving any and all net income of AA. W. Marvin Rush, the sole shareholder of AA, is prohibited from the sale or transfer of the capital stock of AA under the MGA agreement, except as designated by the Company. Therefore, the financial position and operations of AA have been included as part of the Company's consolidated financial position and results of operations.

3 - PRO FORMA INFORMATION (UNAUDITED)

Pro forma income from continuing operations and pro forma income per share for the three and six month periods ended June 30, 1996, have been determined assuming that the Company had been taxed as a C corporation for federal and certain state income tax purposes for such periods.

Pro forma income per share had been computed using the weighted average number of common shares outstanding of Rush Enterprises, Inc. Weighted average common shares for all periods presented prior to the Offering have been increased by 547,400 shares to reflect the number of shares that would have to have been sold at the offering price per share to repay an approximate \$6,000,000 distribution of undistributed S corporation earnings.

4 - COMMITMENTS AND CONTINGENCIES

The Company is contingently liable to finance contracts for the notes sold to such finance companies related to the sale of trucks. The Company's recourse liability related to sold finance contracts is limited to 15 to 25 percent of the outstanding amount of each note sold to the finance company with the aggregate recourse liability for 1997 being limited to \$600,000. The Company provides an allowance for repossession losses and early repayment penalties.

The Company is involved in various claims and legal actions arising in the ordinary course of business. The Company believes it is unlikely that the final outcome of any of the claims or proceedings to which the Company is a party would have a material adverse effect on the Company's financial position or results of operations, however, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations for the fiscal period in which such resolution occurred.

The Company has consulting agreements with individuals for an aggregate monthly payment of \$15,725. The agreements expire in 1999 through 2001.

5 - SUBSEQUENT EVENTS

In July of 1997, the Company announced the formation of a new construction equipment division, Rush Equipment Centers, Inc. Concurrently, the company entered into a letter of intent with C. Jim Stewart & Stevenson, Inc. to purchase the assets of its John Deere dealership in the Texas gulf coast territory. The acquisition, subject to regulatory approval, the approval of John Deere Construction Equipment Company and the signing of a definitive purchase agreement, is expected to close on or about September 30, 1997.

6 - NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," which requires that certain items currently reported in stockholders' equity, such as foreign currency translation adjustments and gains and losses on certain securities, be shown in a financial statement, displayed as prominently as other financial statements. SFAS No. 130 is effective for fiscal years beginning after December 15, 1997 and requires reclassification of earlier financial statements for comparative purposes. Management of the Company does not anticipate the adoption of SFAS No. 130 will have a material impact on the Company's financial position or results of operations.

In June 1997, The FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires the disclosure of segment data based on how management makes decisions about allocating resources to segments and measuring their performance. It also requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenues and about its major customers. SFAS No. 131 supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," and is effective for fiscal years beginning after December 15, 1997. Management of the Company does not anticipate the adoption of SFAS No. 131 will have a material impact on the Company's financial position or results of operations.

SIGNATURES

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

RUSH ENTERPRISES, INC.

Date: January 8, 1998

By: /s/ W. MARVIN RUSH

Name: W. Marvin Rush
Title: Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: January 8, 1998

By: /s/ MARTIN A. NAEGELIN, JR.

Name: Martin A. Naegelin, Jr.
Title: Vice President and Chief Financial
Officer (Principal Financial and
Accounting Officer)