

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 THE QUARTERLY PERIOD ENDED JUNE 30, 1996
COMMISSION FILE NUMBER 1-7521

FRIEDMAN INDUSTRIES, INCORPORATED
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of
incorporation or organization)

74-1504405
(I.R.S. Employer Identification
Number)

4001 HOMESTEAD ROAD, HOUSTON, TEXAS 77028-5585
(Address of principal executive office zip code)
Registrant's telephone number, including area code (713) 672-9433

Former name, former address and former fiscal year, of 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, and (2) has been subject to such filing
requirements for the past 90 days.

Yes No
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At June 30, 1996, the number of shares outstanding of the issuer's only
class of stock was 6,125,512 shares of Common Stock.

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PART I -- FINANCIAL INFORMATION

FRIEDMAN INDUSTRIES, INCORPORATED
CONSOLIDATED BALANCE SHEETS -- UNAUDITED

ASSETS

	JUNE 30, 1996	MARCH 31, 1996
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents.....	\$ 26,025	\$ 595,216
Accounts receivable, less allowance for doubtful accounts (\$5,794 at June 30, 1996 and March 31, 1996, respectively).....	9,824,112	9,423,204
Inventories -- Note B.....	18,702,116	17,391,625
Prepaid expenses and other current assets.....	195,694	114,625
	-----	-----
Total Current Assets.....	28,747,947	27,524,670
PROPERTY, PLANT AND EQUIPMENT		
Land.....	198,021	198,021
Buildings and improvements.....	2,687,730	2,687,730
Machinery and equipment.....	11,702,925	11,699,234
Less allowance for depreciation.....	(9,474,582)	(9,316,572)
	-----	-----
	5,114,094	5,268,413
OTHER ASSETS		
Cash value of officers' life insurance.....	43,731	19,903
	-----	-----
	\$33,905,772	\$ 32,812,986
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable and accrued expenses.....	\$ 5,470,147	\$ 4,739,206
Current portion of long-term debt.....	800,000	800,000
Dividends payable.....	306,274	291,709
Contribution to profit-sharing plan.....	54,000	216,000
Federal income taxes payable.....	95,056	53,047
Employee compensation and related expenses.....	367,392	310,565
	-----	-----
Total Current Liabilities.....	7,092,869	6,410,527
LONG-TERM DEBT, less current portion.....	5,200,000	5,400,000
PROVISION FOR NONPENSION RETIREMENT BENEFITS.....	113,000	113,000
DEFERRED INCOME TAXES.....	448,023	460,523
STOCKHOLDERS' EQUITY		
Common stock:		
Par value \$1 per share:		
Authorized 10,000,000 shares; Issued and outstanding shares -- 6,125,512 at June 30, 1996 and 5,834,195 at March 31, 1996.....	6,125,512	5,834,195
Additional paid-in capital.....	22,336,518	21,444,360
Retained earnings.....	(7,410,150)	(6,849,619)
	-----	-----
Total Stockholders' Equity.....	21,051,880	20,428,936
	-----	-----
	\$33,905,772	\$ 32,812,986
	=====	=====

FRIEDMAN INDUSTRIES, INCORPORATED
CONSOLIDATED STATEMENT OF EARNINGS -- UNAUDITED

	THREE MONTHS ENDED JUNE 30	
	1996	1995
Net sales.....	\$28,751,479	\$28,752,665
Costs and expenses		
Costs of goods sold.....	26,128,966	26,486,198
General, selling and administrative costs.....	1,106,965	923,789
Interest.....	134,223	166,692
	27,370,154	27,576,679
Interest and other income.....	(28,996)	(10,703)
Earnings before federal income taxes.....	1,410,321	1,186,689
Provision (benefit) for federal income taxes:		
Current.....	492,009	415,975
Deferred.....	(12,500)	(12,500)
	479,509	403,475
Net earnings.....	\$ 930,812	\$ 783,214
Net earnings per share -- Note C.....	\$ 0.15	\$ 0.13
Dividends		
Common Stock -- per share dividend declared during periods (shares outstanding at record dates: 6,125,512 in 1996 and 5,832,195 in 1995).....	\$ 0.05	\$ 0.05

FRIEDMAN INDUSTRIES, INCORPORATED

CONSOLIDATED STATEMENTS OF CASH FLOWS -- UNAUDITED

	THREE MONTHS ENDED JUNE 30	
	1996	1995
	-----	-----
OPERATING ACTIVITIES		
Net earnings.....	\$ 930,812	\$ 783,214
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation.....	158,010	147,405
Provision for deferred taxes.....	(12,500)	(12,500)
Decrease (increase) in operating assets:		
Accounts receivable.....	(400,908)	(478,969)
Inventories.....	(1,310,491)	42,229
Other current assets.....	(81,069)	(6,086)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses.....	730,941	(201,800)
Contribution to profit-sharing plan payable.....	(162,000)	(150,000)
Employee compensation and related expenses.....	56,827	46,108
Federal income taxes payable.....	42,009	415,977
	-----	-----
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	(48,369)	585,578
INVESTING ACTIVITIES		
Purchase of property, plant and equipment.....	(3,691)	(259,332)
Increase in cash surrender value of officers' life insurance.....	(23,828)	(4,583)
	-----	-----
NET CASH USED IN INVESTING ACTIVITIES.....	(27,519)	(263,915)
FINANCING ACTIVITIES		
Cash dividends paid.....	(293,303)	(279,417)
Proceeds from borrowings of long-term debt.....		1,000,000
Principal payments on long-term debt.....	(200,000)	(200,000)
	-----	-----
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES.....	(493,303)	520,583
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(569,191)	842,246
Cash and cash equivalents at beginning of period.....	595,216	664,527
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD.....	\$ 26,025	\$1,506,773
	=====	=====

FRIEDMAN INDUSTRIES, INCORPORATED

NOTES TO QUARTERLY REPORT -- UNAUDITED
THREE MONTHS ENDED JUNE 30, 1996

NOTE A -- BASIS OF PRESENTATION

The accompanying unaudited condensed, consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. For further information refer to the financial statements and footnotes included in the Company's annual report on Form 10-K for the year ended March 31, 1996.

NOTE B -- INVENTORIES

Coil inventory consists primarily of raw materials. Tubular inventory is comprised of both raw materials and finished goods.

NOTE C -- EARNINGS PER SHARE

Earnings per common and common equivalent share for the periods ended June 30, 1996 and June 30, 1995 are based on the weighted average number of common and common equivalent (stock options) shares outstanding as follows:

	1996 -----	1995 -----
Common Stock:		
Shares outstanding during the entire period.....	5,834,195	5,554,858
Retroactive effect of stock dividends declared.....	291,317	568,947
	-----	-----
Weighted average number of common and common equivalent shares.....	6,125,512 =====	6,123,805 =====

Earnings per share assuming full dilution for the quarters ended June 30, 1996 and 1995, are not presented because they are not materially dilutive. Stock options are not included in the above computations of common and common equivalent shares outstanding since their effect is not significant.

FRIEDMAN INDUSTRIES, INCORPORATED

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

THREE MONTHS ENDED JUNE 30, 1996 COMPARED TO THREE MONTHS ENDED JUNE 30, 1995

During the quarter ended June 30, 1996, sales were approximately even with sales recorded during the quarter ended June 30, 1995. During the 1996 quarter, costs of goods sold declined 1.3% and generated an increase in gross profit of \$356,046. This increase was primarily related to the Company's coil product operations. Market conditions for these products were somewhat stronger during the 1996 quarter when compared to the 1995 quarter and supported improved margins as well as increased volume.

General, selling and administrative costs increased \$183,176 from the amount recorded during the 1995 quarter. This increase was primarily related to expenses associated with increased volume and/or earnings. In addition, increases in rental expense and executive compensation were recorded in the 1996 quarter.

Interest expense declined \$32,469 from the amount recorded during the 1995 quarter. This decrease was primarily generated by a decrease in term debt and by lower interest rates incurred on a year to year basis.

Interest income increased \$18,293. This increase was primarily related to an increase in the average invested cash positions during the 1996 quarter.

Federal income taxes increased \$76,034 as a result of the increase in earnings before taxes. Tax rates were the same for both periods.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

The Company remained in a strong, liquid position at June 30, 1996. Current ratios were 4.1 and 4.3 at June 30, 1996 and March 31, 1996, respectively. Working capital was \$21,655,078 at June 30, 1996, and \$21,114,143 at March 31, 1996. The Company has a line of credit arrangement with a bank whereby it may borrow up to \$8,000,000. At June 30, 1996, borrowings of \$4,000,000 had been made under this line of credit arrangement which expires April 1, 1998.

FRIEDMAN INDUSTRIES, INCORPORATED

QUARTER ENDED JUNE 30, 1996

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES

- a). Not applicable
- b). Not applicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

- a). None
- b). Not applicable

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

Not applicable

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- a). Financial Data Schedule
- b). None

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.

FRIEDMAN INDUSTRIES, INCORPORATED

Date August 13, 1996

By

 Ben Harper, Senior Vice
 President-Finance
 (Chief Accounting Officer)

Date August 13, 1996

By

 Harold Friedman, Vice Chairman of
 the Board

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Friedman Industries, Incorporated

We have reviewed the accompanying condensed consolidated balance sheet of Friedman Industries, Incorporated, as of June 30, 1996, and the related consolidated statements of earnings and cash flows for the three-month periods ended June 30, 1996 and 1995. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Friedman Industries, Incorporated, as of March 31, 1996, and the related consolidated statements of earnings, stockholders' equity and cash flows for the year then ended (not presented herein) and in our report dated May 28, 1996, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 1996, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Ernst & Young LLP

August 7, 1996

INDEX TO EXHIBITS

27 -- Financial Data Schedule

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q
FOR THE THREE MONTHS ENDED JUNE 30, 1996.

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FRIEDMAN INDUSTRIES, INCORPORATED

3-MOS	
	MAR-31-1996
	APR-01-1996
	JUN-30-1996
	26,025
	0
	9,824,112
	0
	18,702,116
	28,747,947
	14,588,676
	9,474,582
	33,905,772
7,092,869	
	5,200,000
	6,125,512
0	
	0
	14,926,368
33,905,772	
	28,751,479
28,751,479	
	26,128,966
27,235,931	
	0
	0
134,223	
1,410,321	
	479,509
930,812	
	0
	0
	0
	930,812
	0.15
	0.15