

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

(MARK ONE)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1996,
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 NO. 0-10235

GENTEX CORPORATION
(Exact name of registrant as specified in its charter)

MICHIGAN 38-2030505
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

600 N. CENTENNIAL, ZEELAND, MICHIGAN 49464
(Address of principal executive offices) (Zip Code)

(616) 772-1800
(Registrant's telephone number, including area code)

(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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE
PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and
reports required to be filed by Sections 12, 13 or 15(d) of the Securities
Exchange Act of 1934 subsequent to the distribution of securities under a plan
confirmed by a court.

Yes No

APPLICABLE ONLY TO CORPORATE USERS:

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

Class	Shares Outstanding at October 15, 1996
----- Common Stock, \$0.06 Par Value	----- 34,657,453

Exhibit Index located at page 10

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

GENTEX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

At September 30, 1996 and December 31, 1995

	ASSETS	
	September 30, 1996	December 31, 1995
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 21,845,661	\$ 14,115,041
Short term investments	15,742,822	20,162,189
Accounts receivable, net	18,616,203	14,706,156
Inventories	6,449,417	5,735,519
Prepaid expenses and other	497,127	1,342,640
	-----	-----
Total current assets	63,151,230	56,061,545
PLANT AND EQUIPMENT - NET	29,112,913	18,942,115
OTHER ASSETS		
Long-term investments	39,235,585	32,146,422
Patents and other assets, net	2,172,311	2,093,439
	-----	-----
Total other assets	41,407,896	34,239,861
	-----	-----
Total assets	\$133,672,039	\$109,243,521
	=====	=====
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
CURRENT LIABILITIES		
Accounts payable	\$ 7,753,777	\$ 5,422,658
	-----	-----
Accrued liabilities	5,254,849	8,627,409
	-----	-----
Total current liabilities	13,008,626	14,050,067
DEFERRED INCOME TAXES	1,086,252	521,674
SHAREHOLDERS' INVESTMENT		
Common stock	2,079,447	1,013,752
Additional paid-in capital	44,212,969	37,128,320
Other shareholders' equity	73,284,745	56,529,708
	-----	-----
Total shareholders' investment	119,577,161	94,671,780
	-----	-----
Total liabilities and shareholders' investment	\$133,672,039	\$109,243,521
	=====	=====

See accompanying notes to condensed consolidated financial statements.

GENTEX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
	----- 1996 -----	----- 1995 -----	----- 1996 -----	----- 1995 -----
NET SALES	\$36,797,757	\$26,800,804	\$111,378,551	\$78,864,491
COST OF GOODS SOLD	23,748,882	16,381,157	70,307,979	47,754,591
Gross profit	13,048,875	10,419,647	41,070,572	31,109,900
OPERATING EXPENSES:				
Research and development	1,941,823	1,433,673	5,576,755	4,353,045
Selling, general & administrative	2,655,266	2,998,945	9,025,277	9,412,245
Patent Settlement	0	0	4,000,000	0
Total operating expenses	4,597,089	4,432,618	18,602,032	13,765,290
Income from operations	8,451,786	5,987,029	22,468,540	17,344,610
OTHER INCOME (EXPENSE)				
Interest, net	855,951	743,323	2,439,932	2,057,260
Other	73,432	8,309	90,631	60,410
Total other income	929,383	751,632	2,530,563	2,117,670
Income before provision for federal income taxes	9,381,169	6,738,661	24,999,103	19,462,280
PROVISION FOR FEDERAL INCOME TAXES	3,048,000	2,161,000	8,096,000	6,301,000
NET INCOME	\$ 6,333,169 =====	\$ 4,577,661 =====	\$ 16,903,103 =====	\$13,161,280 =====
EARNINGS PER SHARE	\$0.18	\$0.13	\$0.48	\$0.38
WEIGHTED DAILY AVERAGE OF COMMON STOCK OUTSTANDING	35,772,083	34,418,368	35,425,510	34,225,748

See accompanying notes to condensed consolidated financial statements.

GENTEX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 1996 and 1995

	1996	1995
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$16,903,103	\$13,161,280
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	3,071,615	2,370,799
Gain on disposal of equipment	(81)	(8,107)
Deferred income taxes	1,338,610	522,199
Amortization of deferred compensation	387,786	224,997
Change in assets and liabilities:		
Accounts receivable, net	(3,910,047)	(3,107,619)
Inventories	(713,898)	(459,745)
Prepaid expenses and other	28,942	(52,496)
Accounts payable	2,331,119	923,107
Accrued liabilities	(3,372,560)	2,150,875
	-----	-----
Net cash provided by operating activities	16,064,589	15,725,290
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (Increase) in short-term investments	4,419,367	(11,197,672)
Plant and equipment additions	(13,103,753)	(3,190,567)
Proceeds from sale of plant and equipment	627	5,000
Increase in long-term investments	(6,967,622)	(2,131,974)
Increase in other assets	(206,870)	(1,577,879)
	-----	-----
Net cash used for investing activities	(15,858,251)	(18,093,092)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock and tax benefit of stock plan transactions	7,524,282	3,640,456
	-----	-----
Net cash provided by financing activities	7,524,282	3,640,456
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,730,620	1,272,654
CASH AND CASH EQUIVALENTS, beginning of period	14,115,041	11,183,991
	-----	-----
CASH AND CASH EQUIVALENTS, end of period	\$21,845,661	\$12,456,645
	=====	=====

See accompanying notes to condensed consolidated financial statements

GENTEX CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- (1) The condensed consolidated financial statements included herein have been prepared by the Registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. 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, although the Registrant believes that the disclosures are adequate to make the information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Registrant's 1995 annual report on Form 10-K.
- (2) In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only a normal and recurring nature, necessary to present fairly the financial position of the Registrant as of September 30, 1996, and December 31, 1995, and the results of operations and cash flows for the interim periods presented.
- (3) Inventories consisted of the following at the respective quarter ends:

	September 30, 1996	December 31, 1995
	-----	-----
Raw materials	\$4,084,460	\$3,294,254
Work-in-process	362,985	358,206
Finished goods	2,001,972	2,083,059
	-----	-----
	\$6,449,417	\$5,735,519
	=====	=====

- (4) All earnings per share amounts and weighted daily average of shares of common stock outstanding have been restated, to reflect the two-for-one stock split effected in the form of a 100 percent common stock dividend issued to shareholders on June 24, 1996.
- (5) The Company has been involved in patent litigation with Donnelly Corporation since 1990 concerning a number of patents relating to electrochromic mirrors owned by the Company and Donnelly.

During the first quarter, the Company reached a settlement agreement with Donnelly to resolve all of the patent litigation between the two companies. Under the agreement:

The companies have cross-licensed certain patents (for the life of the patents) that each company may practice within its own "core" electrochromic technology area.

The Company paid Donnelly \$6 million in April 1996 (plus a \$200,000 contingent payment if Donnelly prevails in its lighted mirror patent appeal) as full and complete satisfaction of all of Donnelly's patent infringement claims.

The companies agreed not to pursue litigation against each other on certain other patents for a period of four years.

The Company recorded a one-time charge of \$4,000,000 (\$6,000,000 payment, net of accrued reserves) during the first quarter in connection with the settlement of its patent litigation with Donnelly.

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

RESULTS OF OPERATIONS:

THIRD QUARTER 1996 VERSUS THIRD QUARTER 1995

Net Sales. Net sales for the third quarter of 1996 increased by approximately \$9,997,000, or 37%, when compared with the third quarter last year. Net sales of the Company's automotive mirrors increased by 41% as automatic mirror unit shipments increased from approximately 543,000 in the third quarter of 1995 to 740,000 in the current quarter. This increase reflected increased penetration on domestic and foreign 1997 model year vehicles for interior and exterior electrochromic Night Vision Safety(TM) (NVS(R)) Mirrors. Net sales of the Company's fire protection products increased 18%, primarily due to increased sales of its remote horns, remote horns with strobes, and AC/DC smoke detectors.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold increased from 61% in the third quarter of 1995 to 65% for the comparable period in 1996. This increased percentage primarily reflects start-up costs associated with a new mirror manufacturing facility, installation of a highly automated manufacturing line for a second-generation compass mirror product, reorganization of the Company's exterior manufacturing area to accommodate a manufacturing line for its new aspheric exterior mirror products, automotive customer price reductions for the 1997 model year, and changes in the Company's automotive mirror shipment product mix.

Operating Expenses. Research and development expenses increased approximately \$508,000, but remained at 5% of net sales, when compared with the same quarter last year, primarily reflecting additional staffing for new product development, including aspheric mirrors, the second-generation compass mirror, thin glass exterior mirrors and mirrors with other electronic features. Selling, general and administrative expenses decreased approximately \$344,000, and decreased from 11% to 7% of net sales, when compared with the third quarter of 1995. This decreased expense primarily reflected lower patent litigation legal expense accruals of \$30,000, compared to \$950,000 last year.

Other Income - Net. Investment income increased by approximately \$113,000 when compared with the third quarter of 1995, primarily due to the higher investable fund balances.

NINE MONTHS ENDED SEPTEMBER 30, 1996 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1995

Net Sales. Net sales for the nine months ended September 30, 1996, increased by approximately \$32,514,000, or 41%, when compared with the same period last year. Net sales of the Company's automotive mirrors increased by 47% as automatic mirror unit shipments increased from approximately 1,568,000 in the first nine months of 1995 to 2,271,000 in the first nine months of 1996. This increase reflected increased penetration on domestic and foreign 1996 and 1997 model year vehicles for interior and exterior electrochromic Night Vision Safety(TM) (NVS(R)) Mirrors. Net sales of the Company's fire protection products increased 14%, primarily due to increased sales of its AC/DC smoke detectors and strobe related products.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold increased from 61% in the first nine months of 1995 to 63% for the comparable period in 1996. This increased percentage primarily reflects automotive customer price reductions for the 1996 and 1997 model years, changes in the Company's automotive mirror shipment product mix, and start-up costs during the third quarter (see above).

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

NINE MONTHS ENDED SEPTEMBER 30, 1996 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1995 (CONT.)

Operating Expenses. For the nine months ended September 30, 1996, research and development expenses increased approximately \$1,224,000, but decreased from 6% to 5% of net sales, when compared with the same period last year, primarily reflecting additional staffing for new product development. Selling, general and administrative expenses decreased approximately \$387,000, and decreased from 12% to 8% of net sales, when compared with the first nine months of 1995. This decreased expense primarily reflected higher selling expenses associated with the sales growth, offset by lower patent litigation accruals of \$1,530,000, compared to \$3,050,000 last year, as a result of the patent litigation settlement at the end of the first quarter.

Other Income - Net. Investment income for the nine months ended September 30, 1996, increased by approximately \$383,000 as compared to the first nine months of 1995, primarily due to the higher investable fund balances and higher interest rates.

FINANCIAL CONDITION:

Management considers the Company's working capital and long-term investments totaling approximately \$89,378,000 at September 30, 1996, together with internally generated cash flow and an unsecured \$5,000,000 line of credit from a bank, to be sufficient to cover anticipated cash needs for the foreseeable future.

TRENDS AND DEVELOPMENTS:

The Company currently supplies NVS(R) Mirrors to BMW, Chrysler Corporation, Ford Motor Company and General Motors Corporation under long-term contracts. The General Motors contract is in effect through the 1998 model year, and the contracts with BMW are in effect for the four-year period ending March 31, 1999. The term of the Ford contract is through December 1999, and the Chrysler contract runs through the 1999 Model Year.

The Company has agreed to price reductions over the life of its long-term contracts and continues to experience pricing pressures from its automotive customers, which have affected, and which will continue to affect, its margins to the extent that the Company is unable to offset the price reductions with productivity improvements, engineering cost reductions and increases in unit sales volume. In addition, the Company continues to experience some pressure for raw material cost increases.

Item 6. Exhibits and Reports on Form 8-K

- (a) See Exhibit Index on Page 10.
- (b) No reports on Form 8-K were filed during the three months ended September 30, 1996.

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.

GENTEX CORPORATION

Date 10/29/96

/s/ Fred T. Bauer

Fred T. Bauer
Chairman and Chief
Executive Officer

Date 10/29/96

/s/ Enoch C. Jen

Enoch C. Jen
Vice President-Finance,
Principal Financial and
Accounting Officer

EXHIBIT INDEX

EXHIBIT NO. -----	DESCRIPTION -----	PAGE -----
3(a)(1)	Registrant's Articles of Incorporation were filed in 1981 as Exhibit 2(a) to a Registration Statement on Form S-18 (Registration No. 2-74226C), an Amendment to those Articles was filed as Exhibit 3 to Registrant's Report on Form 10-Q in August of 1985, an additional Amendment to those Articles was filed as Exhibit 3(a)(i) to Registrant's Report on Form 10-Q in August of 1987, and an additional Amendment to those Articles was filed as Exhibit 3(a)(2) to Registrant's Report on Form 10-K dated March 10, 1992, all of which are hereby incorporated herein by reference.	
3(a)(2)	Amendment to Articles of Incorporation, adopted on May 9, 1996, was filed as Exhibit 3(a)(2) to Registrant's Report on Form 10-Q dated July 31, 1996, and the same is incorporated herein by reference.	
3(b)	Registrant's Bylaws as amended and restated August 18, 1995 were filed as Exhibit 3(b) to Registrant's Report on Form 10-Q dated November 1, 1995, and the same is incorporated herein by reference.	
4(a)	A specimen form of certificate for the Registrant's common stock, par value \$.06 per share, was filed as part of a Registration Statement on Form S-18 (Registration No. 2-74226C) as Exhibit 3(a), as amended by Amendment No. 3 to such Registration Statement, and the same is hereby incorporated herein by reference.	
4(b)	Shareholder Protection Rights Agreement, dated as of August 26, 1991, including as Exhibit A the form of Certificate of Adoption of Resolution Establishing Series of Shares of Junior Participating Preferred Stock of the Company, and as Exhibit B the form of Rights Certificate and of Election to Exercise, was filed as Exhibit 4(b) to Registrant's report on Form 8-K on August 20, 1991, and the same is hereby incorporated herein by reference.	
4(b)(1)	First Amendment to Shareholder Protection Rights Agreement, effective April 1, 1994, was filed as Exhibit 4(b)(1) to Registrant's report on Form 10-Q on April 29, 1994, and the same is hereby incorporated herein by reference.	
10(a)(1)	A Lease dated August 15, 1981, was filed as part of a Registration Statement (Registration Number 2-74226C) as Exhibit 9(a)(1), and the same is hereby incorporated herein by reference.	
10(a)(2)	A First Amendment to Lease dated June 28, 1985, was filed as Exhibit 10(m) to Registrant's Report on Form 10-K dated March 18, 1986, and the same is hereby incorporated herein by reference.	
*10(b)(1)	Gentex Corporation Qualified Stock Option Plan (as amended and restated, effective May 11, 1995), was filed as Exhibit 10(b)(1) to Registrant's Report on Form 10-Q dated August 1, 1995, and the same is hereby incorporated herein by reference.	
*10(b)(2)	Gentex Corporation 1987 Incentive Stock Option Plan (as amended through May 24, 1989), was filed as Exhibit 10(g)(3) to Registrant's Report on Form 10-K dated March 1, 1990, and the same is hereby incorporated herein by reference.	

EXHIBIT NO.	DESCRIPTION	PAGE
-----	-----	-----
*10(b)(3)	Gentex Corporation Restricted Stock Plan was filed as Exhibit 10(b)(3) to Registrant's Report on Form 10-K dated March 10, 1992, and the same is hereby incorporated herein by reference.	
*10(b)(4)	Gentex Corporation Non-Employee Director Stock Option Plan as amended through March 5, 1993, was filed as Exhibit 10(b)(4) to Registrant's Report on Form 10-K dated March 5, 1993, and the same is incorporated herein in reference.	
10(e)	The form of Indemnity Agreement between Registrant and each of the Registrant's directors was filed as a part of a Registration Statement on Form S-2 (Registration No. 33-30353) as Exhibit 10(k) and the same is hereby incorporated herein by reference.	
27	Financial Data Schedule	

* Indicates a compensatory plan or arrangement.

9-MOS
DEC-31-1996
SEP-30-1996
21,845,661
15,742,822
18,616,203
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6,449,417
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