

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

- (X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999, 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
incorporation or organization)

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

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 x

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 Section 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 July 13, 1999
Common Stock, \$0.06 Par Value	73,208,195

Exhibit Index located at page 10

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

GENTEX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

AT JUNE 30, 1999 AND DECEMBER 31, 1998

	ASSETS	
	June 30, 1999	December 31, 1998
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 92,501,739	\$ 50,027,747
Short term investments	24,915,820	24,034,876
Accounts receivable, net	31,741,019	30,256,795
Inventories	8,039,228	8,726,420
Prepaid expenses and other	3,942,780	2,311,581
	-----	-----
Total current assets	161,140,586	115,357,419
PLANT AND EQUIPMENT - NET	64,346,277	59,359,885
OTHER ASSETS		
Long-term investments	79,041,317	78,744,138
Patents and other assets, net	1,789,230	1,428,116
	-----	-----
Total other assets	80,830,547	80,172,254
	-----	-----
Total assets	\$ 306,317,410	\$ 254,889,558
	=====	=====
	LIABILITIES AND SHAREHOLDERS' INVESTMENT	

CURRENT LIABILITIES		
Accounts payable	\$ 12,448,206	\$ 7,602,933
Accrued liabilities	7,204,132	7,243,957
	-----	-----
Total current liabilities	19,652,338	14,846,890
DEFERRED INCOME TAXES	3,875,540	3,034,450
SHAREHOLDERS' INVESTMENT		
Common stock	4,392,492	4,335,535
Additional paid-in capital	76,765,312	64,876,098
Other shareholders' equity	201,631,728	167,796,585
	-----	-----
Total shareholders' investment	282,789,532	237,008,218
	-----	-----
Total liabilities and shareholders' investment	\$ 306,317,410	\$ 254,889,558
	=====	=====

See accompanying notes to condensed consolidated financial statements.

GENTEX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30		Six Months Ended June 30	
	1999 ----	1998 ----	1999 ----	1998 ----
NET SALES	\$66,889,149	\$51,371,749	\$132,507,339	\$108,351,151
COST OF GOODS SOLD	37,552,621	31,569,068	74,177,330	65,909,577
Gross profit	29,336,528	19,802,681	58,330,009	42,441,574
OPERATING EXPENSES:				
Research and development	3,543,158	2,711,514	6,834,485	5,290,743
Selling, general & administrative	3,634,323	3,055,195	7,048,531	6,091,208
Total operating expenses	7,177,481	5,766,709	13,883,016	11,381,951
Income from operations	22,159,047	14,035,972	44,446,993	31,059,623
OTHER INCOME (EXPENSE)				
Interest and dividend income	1,825,062	1,355,061	3,469,541	2,601,248
Other, net	666,622	616,485	1,490,882	921,930
Total other income	2,491,684	1,971,546	4,960,423	3,523,178
Income before provision for federal income taxes	24,650,731	16,007,518	49,407,416	34,582,801
PROVISION FOR FEDERAL INCOME TAXES	8,114,000	5,243,000	16,161,000	11,317,000
NET INCOME	\$16,536,731	\$10,764,518	\$33,246,416	\$23,265,801
Earnings Per Share				
Basic	\$ 0.23	\$ 0.15	\$ 0.46	\$ 0.33
Diluted	\$ 0.22	\$ 0.15	\$ 0.44	\$ 0.32
Weighted Average Shares:				
Basic	72,993,935	71,560,230	72,694,625	71,332,350
Diluted	75,301,775	73,807,749	75,018,638	73,584,918

See accompanying notes to condensed consolidated financial statements.

GENTEX CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE SIX MONTHS ENDED JUNE 30, 1999 AND 1998

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$33,246,416	\$ 23,265,801
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	4,583,822	4,147,632
(Gain) Loss on disposal of equipment	(15,613)	30,162
Deferred income taxes	(22,428)	(220,748)
Amortization of deferred compensation	362,850	266,089
Change in assets and liabilities:		
Accounts receivable, net	(1,484,224)	3,191,578
Inventories	687,192	403,126
Prepaid expenses and other	(1,250,175)	(101,005)
Accounts payable	4,845,273	606,654
Accrued liabilities	(39,825)	100,397
	40,913,288	31,689,686
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) Decrease in short-term investments	(880,944)	(8,274,402)
Plant and equipment additions	(9,577,502)	(19,144,246)
Proceeds from sale of plant and equipment	51,375	550
(Increase) Decrease in long-term investments	1,081,375	(2,299,752)
(Increase) Decrease in other assets	(414,226)	(106,307)
	(9,739,922)	(29,824,157)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock and tax benefit of stock plan transactions	11,300,626	8,066,018
	11,300,626	8,066,018
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,473,992	9,931,547
CASH AND CASH EQUIVALENTS, beginning of period	50,027,747	26,768,647
	\$92,501,739	\$ 36,700,194
	\$92,501,739	\$ 36,700,194

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 1998 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 June 30, 1999, and December 31, 1998, and the results of operations and cash flows for the interim periods presented.
- (3) Inventories consisted of the following at the respective quarter ends:

	June 30, 1999 -----	December 31, 1998 -----
Raw materials	\$3,899,357	\$ 4,301,060
Work-in-process	926,466	926,466
Finished goods	3,213,405	3,498,894
	-----	-----
	\$8,039,228	\$ 8,726,420
	=====	=====

- (4) Comprehensive income reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. For Gentex, comprehensive income represents net income adjusted for items such as unrealized gains and losses on certain investments and foreign currency translation adjustments. Comprehensive income was approximately as follows:

	June 30, 1999 -----	June 30, 1998 -----
Quarter Ended	\$18,449,477	\$10,477,031
Six Months Ended	34,117,839	24,447,795

- (5) The Company currently manufactures electro-optic products, including automatic-dimming rearview mirrors for the automotive industry and fire protection products for the commercial building industry:

Revenue:	Quarter Ended June 30, -----		Six Months Ended June 30 -----	
	1999 ----	1998 ----	1999 ----	1998 ----
Automotive Products	\$61,575,636	\$46,240,125	\$122,205,203	\$ 98,317,627
Fire Protection Products	5,313,513	5,131,624	10,302,136	10,033,524
	-----	-----	-----	-----
Total	\$66,889,149	\$51,371,749	\$132,507,339	\$108,351,151
	=====	=====	=====	=====
Operating Income:				
Automotive Products	\$21,280,828	\$13,150,882	\$ 42,771,716	\$ 29,364,944
Fire Protection Products	878,219	885,090	1,675,277	1,694,679
	-----	-----	-----	-----
Total	\$22,159,047	\$14,035,972	\$ 44,446,993	\$ 31,059,623
	=====	=====	=====	=====

- (6) 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 19, 1998.

GENTEX CORPORATION AND SUBSIDIARIES

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

RESULTS OF OPERATIONS:

SECOND QUARTER 1999 VERSUS SECOND QUARTER 1998

Net Sales. Net sales for the second quarter of 1999 increased by approximately \$15,517,400, or 30%, when compared with the second quarter last year. Net sales of the Company's automotive mirrors increased by 33% as automatic mirror unit shipments increased by 34% from approximately 1,118,000 in the second quarter of 1998 to 1,493,000 in the current quarter. This increase reflected increased penetration on 1999 model year vehicles for interior and exterior electrochromic Night Vision Safety(TM) (NVS(R)) Mirrors and reduced shipments in June 1998 for General Motors due to two strikes at its component plants and the subsequent shutdown of the majority of its vehicle assembly plants. Shipments to customers in North America increased by 41%, primarily due to increased mirror shipments for light trucks and sport/utility vehicles, the impact of the two strikes at General Motors in the prior year, and higher industry production levels. Mirror unit shipments to automotive customers outside North America increased by 17% compared with the second quarter in 1998, primarily due to increased exterior mirror sub-assembly shipments for certain European and Asian automakers. Net sales of the Company's fire protection products increased 3%, primarily due to higher sales of certain of the Company's audible and visual signals.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold decreased from 61% in the second quarter of 1998 to 56% for the comparable period in 1999. This decreased percentage primarily reflected improved glass yields due to the Company's new in-house coater and processes, and increased sales volume spread over fixed overhead expenses.

Operating Expenses. Research and development expenses increased approximately \$832,000, but remained at 5% of net sales, when compared with the same quarter last year, primarily reflecting additional staffing, engineering and testing for new product development, including mirrors with additional electronic features. Selling, general and administrative expenses increased approximately \$579,000, but decreased from 6% to 5% of net sales, when compared with the second quarter of 1998. This increased expense primarily reflected increased staffing to support current and future overseas sales growth, and the establishment in mid-1998 of a sales and engineering office in Japan and a warehouse distribution operation in Germany.

Other Income - Net. Other income increased by approximately \$520,000 when compared with the second quarter of 1998, primarily due to higher investable fund balances.

SIX MONTHS ENDED JUNE 30, 1999, VERSUS SIX MONTHS ENDED JUNE 30, 1998

Net Sales. Net sales for the six months ended June 30, 1999, increased by approximately \$24,156,000, or 22%, when compared with the same period last year. Automatic mirror unit shipments increased from approximately 2,386,000 in the first six months of 1998 to 2,983,000 in the first six months of 1999. This increase reflected increased penetration on domestic and foreign 1999 model year vehicles for interior and exterior electrochromic Night Vision Safety(TM) (NVS(R)) Mirrors and reduced shipments in June 1998 due to two strikes at General Motors' component plants. Shipments to customers in North America increased by 30%, primarily due to increased mirror shipments for light trucks and sport/utility vehicles, higher industry production levels, and the impact of two strikes at General Motors in the prior year. Mirror unit shipments to automotive customers outside North America increased by 14% compared with the first six months in 1998, primarily due to increased exterior mirror sub-assemblies for certain European and Asian automakers. Net sales of the Company's fire protection products increased 3%, primarily due to higher sales of certain of the Company's audible and visual signals.

Cost of Goods Sold. As a percentage of net sales, cost of goods sold decreased from 61% in the first six months of 1998 to 56% for the comparable period in 1999. This decreased percentage primarily reflected improved glass yields due to the Company's new in-house coater and processes, and increased sales volume spread over fixed overhead expenses.

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

RESULTS OF OPERATIONS:

SIX MONTHS ENDED JUNE 30, 1999 VERSUS SIX MONTHS ENDED JUNE 30, 1998 (CONT.)

Operating Expenses. For the six months ended June 30, 1999, research and development expenses increased approximately \$1,544,000, but remained at 5% of net sales, when compared with the same quarter last year, primarily reflecting additional staffing, engineering and testing for new product development, including mirrors with additional electronic features. Selling, general and administrative expenses increased approximately \$957,000, but decreased from 6% to 5% of net sales, when compared with the first six months of 1998. This increased expense primarily reflected increased staffing to support current and future overseas sales growth, and the establishment in mid-1998 of a sales and engineering office in Japan and a warehouse distribution operation in Germany.

Other Income - Net. Other income for the six months ended June 30, 1999, increased by approximately \$1,437,000 as compared to the first six months of 1998, primarily due to higher investable fund balances and realized gains on the sale of equity investments.

FINANCIAL CONDITION:

Management considers the Company's working capital and long-term investments totaling approximately \$220,530,000 at June 30, 1999, 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:

In addition to price reductions over the life of its long-term agreements, the Company 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 and purchasing cost reductions, and increases in unit sales volume. In addition, the Company continues to experience some pressure for select raw material cost increases.

The Company currently supplies NVS(R) Mirrors to DaimlerChrysler AG, Ford Motor Company and General Motors Corporation under long-term agreements. The long-term supply agreement with DaimlerChrysler AG runs through the 2003 Model Year. The term of the Ford contract is through December 1999, while the GM contract runs through the 2002 Model Year for inside mirrors.

YEAR 2000 READINESS DISCLOSURE:

The Company has developed a plan to address its computer systems' compliance with the Year 2000. All internal remediation activities have been completed, and the Company completed all internal acceptance testing during the second quarter. The Company is in the process of ascertaining the status of its suppliers' Year 2000 compliance efforts, and plans to complete contingency plans during the third quarter for any key suppliers that will not be compliant on a timely basis. The Company currently believes that the cost of addressing the Year 2000 issue will not be material to the Company's business, operations or financial condition.

While the Company believes all necessary work will be completed, there can be no guarantee that all systems will be in compliance by the year 2000 or that the systems of other companies on which the Company relies will be converted in a timely manner. Such failure to complete the necessary work by the year 2000 could cause delays in the Company's ability to produce or ship its products, process transactions, or otherwise conduct business in its markets, resulting in material financial risk.

Statements in this Quarterly Report on Form 10-Q which express "belief", "anticipation" or "expectation" as well as other statements which are not historical fact, are forward-looking statements and involve risks and uncertainties described under the headings "Management's Discussion and Analysis of Results of Operations and Financial Condition," "Trends and Developments" and "Year 2000 Readiness Disclosure" that could cause actual results to differ materially from those projected. All forward-looking statements in this Report are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements.

PART II. OTHER INFORMATION

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 June 30, 1999.

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: 07/30/99

/s/ Fred T. Bauer

Fred T. Bauer
Chairman and Chief
Executive Officer

Date: 07/30/99

/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, 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, an 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 an Amendment to Articles of Incorporation, adopted on May 21, 1998, was filed as Exhibit 3(a)(2) to Registrant's Report on Form 10-Q dated July 30, 1998, all of which are hereby incorporated herein be reference.	
3(b)(1)	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.	
3(b)(2)	First Amendment to Bylaws, adopted on August 25, 1997, was filed as Exhibit 3(c) to Registrant's Report on Form 10-Q dated October 31, 1997, and the same is hereby 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.	
4(b)(2)	Second Amendment to Shareholder Protection Rights Agreement, effective November 8, 1996, was filed as Exhibit 4(b)(2) to Registrant's Report on Form 10-K, dated March 7, 1997, and the same is hereby incorporated herein by reference.	
4(b)(3)	Third Amendment to Shareholder Protection Rights Agreement, effective March 12, 1999, was filed as Exhibit 4(b)(3) to Registrant's Report on Form 10-Q, dated April 30, 1999, 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.	

EXHIBIT NO. -----	DESCRIPTION -----	PAGE -----
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 August 25, 1997) was filed as Exhibit 10(b)(1) to Registrant's Report on Form 10-Q, 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.	
*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 and restated, effective March 7, 1997), was filed as Exhibit 10(b)(4) to Registrant's Report on Form 10-K dated March 7, 1997, and the same is incorporated herein by 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.

6-MOS

DEC-31-1999
JUN-30-1999
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8,039,228
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