

U.S. Securities and Exchange Commission

Washington, D.C. 20549

Form 10-QSB

(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, 1996

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 33-00412-NY

FIRST PRIORITY GROUP, INC

(Exact name of small business issuer as specified in its charter)

New York

(State or other jurisdiction of
incorporation or organization)

11-2750412

(IRS Employer
Identification No.)

270 Duffy Avenue

Hicksville, New York 11801

(Address of principal executive offices)

(516) 938-1010

(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed
by Section 13 or 15(d) of the Exchange Act during the past 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

State the number of shares outstanding of each of the issuer's classes
of common equity, as of August 14, 1996: 5,883,883 shares of common stock

Transitional Small Business Format (check one)

Yes[] No[]

Part I Financial Information

Item 1. Financial Statements

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FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

JUNE 30, 1996

ASSETS

Current Assets:	
Cash and cash equivalents	\$814,047
Accounts receivable, less allowance for doubtful accounts of \$11,500	987,189
Other current assets	16,942

Total current assets	1,818,178
Property and equipment, net	130,509
Security deposits	10,750

	\$1,959,437
	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:	
Accounts payable and accrued expenses	\$ 889,328

Total current liabilities	889,328

Shareholders' equity:	
Common stock, \$.015 par value, authorized 8,000,000 shares; issued 6,150,550 shares	92,258
Additional paid-in capital	1,929,310
Deficit	(861,459)

	1,160,109
Less common stock held in treasury, at cost, 266,667 shares	(90,000)

Total shareholders' equity	1,070,109

	\$1,959,437
	=====

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

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<Captions>

	THREE MONTHS ENDED	
	June 30, 1996	June 30, 1995
	-----	-----
	(Unaudited)	(Unaudited)
	<C>	<C>
Revenue from operations	\$ 2,870,207	\$ 2,259,662
Costs of revenue (principally charges incurred at repair facilities for services)	2,349,742	1,862,213
	-----	-----
Gross profit	520,465	397,449
Operating expenses:		
Selling, general and administration	462,406	396,039
	-----	-----
Income from operations	58,059	1,410
Interest and other income	9,247	1,394
	-----	-----
Income before income taxes	67,306	2,804
	500	
	-----	-----
Provision for income taxes		
Net income	\$ 66,806	\$ 2,804
	=====	=====
Income per common share	0.01	NIL
	=====	=====

</TABLE>

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

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
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	SIX MONTHS ENDED	
	June 30, 1996	June 30, 1995
	----- (Unaudited) <C>	----- (Unaudited) <C>
Revenue from operations	\$ 6,050,986	\$4,922,927
Costs of revenue (principally charges incurred at repair facilities for services)	4,938,914	4,003,697
Gross profit	1,112,072	919,230
Operating expenses:		
Selling, general and administration	946,611	761,394
Income from operations	165,461	157,836
Interest and other income	15,785	2,180
Income before income taxes	181,246	160,016
Provision for income taxes	1,500	1,000
Net income	\$ 179,746	\$ 159,016
Income per common share	0.02	0.03

</TABLE>

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

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

	SIX MONTHS ENDED	
	June 30, 1996	June 30, 1995
	-----	-----
Cash flows from operating activities:		
Net income	\$180,246	\$159,016
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,086	12,647
Changes in assets and liabilities:		
Accounts receivable	82,597	(11,354)
Other current assets	(6,002)	(26,870)
Security Deposits	(175)	
Accounts payable and accrued expenses	(169,960)	185,497
Total adjustments	(75,454)	159,920
Net cash provided by operating activities	104,792	318,936
Cash flows from investing activities, additions to property and equipment deposits on property and equipment	(32,555)	(17,956) (38,016)

Cash flows used in financing activities, repayment of notes payable	(37,264)	0
	-----	-----
Net increase (decrease) in cash and cash equivalents	34,973	262,964
Cash and cash equivalents at beginning of period	779,074	126,918
	-----	-----
Cash and cash equivalents at end of period	\$814,047	\$389,882
	=====	=====

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

FIRST PRIORITY GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. UNAUDITED FINANCIAL STATEMENTS

The information contained in the condensed consolidated financial statements for the period ended June 30, 1996 is unaudited, but includes all adjustments, consisting of normal recurring adjustments, which the Company considers necessary for a fair presentation of the financial position and the results of operations for these periods.

The financial statements and notes are presented as permitted by Form 10-QSB, and do not contain certain information included in the Company's annual statements and notes. These financial statements should be read in conjunction with the Company's annual financial statement as reported in its most recent annual report on Form 10-KSB.

2. BUSINESS OF THE COMPANY

First Priority Group, Inc. (the "Company"), a New York corporation formed in June 28, 1985, is engaged directly and through its wholly-owned subsidiaries in automotive fleet management and administration of automotive repairs for businesses, insurance companies and members of affinity groups. The services provided by the Company include the computerized compilation and analysis of vehicle usage and maintenance data and the repair and maintenance of vehicles through approximately 3,000 independently contracted and over 5,000 nationally recognized repair facilities nationwide. The Company's office is located at 270 Duffy Avenue, Hicksville, New York 11801 and its telephone number is (516) 938-1010.

3. RESULTS OF OPERATIONS

The unaudited results of operations for the six months ended June 30, 1996 are not necessarily indicative of the results to be expected for the full year.

4. EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE

The computation of earnings per common and common equivalent share is based upon the weighted average number of outstanding common shares during the period plus, when their effect is dilutive, common shares subject to stock options and warrants.

The number of common and common equivalent shares utilized in the per share computations were 7,747,504 and 4,883,883 in the six months ended June 30, 1996 and June 30, 1995, respectively.

Item 2. Management's Discussion and Analysis on Plan of Operation.

For the three months ended June 30, 1996 the Company's revenues from operations increased by \$610,545 (27%) to \$2,870,207 from \$2,259,662 for the three months ended June 30, 1995. Gross profit increased \$123,016 to \$520,465 for the second quarter of 1996 from \$397,449 during the same period of 1995. For

the six months ended June 30, 1996 the Company's revenues from operations increase by \$1,128,059 (22.9%) to \$6,050,986 from \$4,922,927 for the six months ended June 30, 1995.

The gross profit percentage increased .5% to 18.1% for the three months ended June 30, 1996 as compared to 17.6% for the same period of 1995. For the six months ended June 30, 1996 the gross profit percentage decreased .3% to 18.7% from 18.4% for the same period of 1995. Fluctuations in gross profit is attributable to the revenue derived from the sales mix of fleet repair, direct appraisal and repair, and consumer oriented auto club programs.

Selling, general and administrative expenses increased \$66,367 (16.8%) to \$462,406 for the second quarter of 1996 from \$396,039 during the same period of 1995. For the first six months of 1996 selling, general and administrative expenses increased \$185,217 (24.3%) to \$946,611 from \$761,394 during the same period of 1995. The increase in selling, general, and administrative expenses is related to increased salary expenses due to contractual agreements, wage increases and an increase in labor force necessary to prepare the Company to manage its increased business activities.

The Company believes that it has adequate liquidity to support its cost of operations for the foreseeable future. In July, 1996, the Company received approval from its bank for a one million dollar working capital line of capital. The line provides for borrowings at an interest rate of one half of one percent above the prime lending rate. The line is collateralized by substantially all of the assets of the Company.

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Part II Other Information

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST PRIORITY GROUP, INC.

Date: August 14, 1996

By: /s/ Michael Karpoff

Michael Karpoff
Co-Chairman of the Board

of Directors, President and

Co-Chief Executive Officer

Date: August 14, 1996

By: /s/ Barry Siegel

Barry Siegel
Co-Chairman of the Board
of Directors, Co-Chief

Executive Officer,
Treasurer, Secretary and

Principal Financial and

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