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 September 30, 1997

OR

|_| TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________________to________________________

COMMISSION FILE NUMBER 1-10113

HALSEY DRUG CO.,INC.
(Exact name of registrant as specified in its charter)

New York	11-0853640
(State or other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1827 Pacific Street	
Brooklyn, New York	11233
(Address of Principal executive offices)	(Zip Code)

(718) 467-7500
(Registrant's telephone number, including area code)

Not Applicable
(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 50 days.

YES X NO
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As of November 12, 1997 the registrant had 14,012,410 Shares of Common Stock, $.01 par value, outstanding.

HALSEY DRUG CO., & SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HALSEY DRUG CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(Amounts in thousands)	1997 SEPTEMBER 30	1996 DECEMBER 31
CURRENT ASSETS		
Cash and cash equivalents	$ 83	$ 118
Accounts Receivable - trade, net of Allowances for doubtful accounts of $427 and $424 at September 30, 1997 and December 31, 1996, respectively	499	226
Other receivable		1,000
Inventories	4,110	3,758
Prepaid insurance and other current assets	239	252
Total current assets	4,931	5,354
PROPERTY PLANT & EQUIPMENT, NET	5,218	6,222
OTHER ASSETS	298	406
	$10,447	$11,982

The accompanying notes are an integral part of these statements

HALSEY DRUG CO., INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(Amounts in thousands)	1997 SEPTEMBER 30	1996 DECEMBER 31
LIABILITIES AND STOCKHOLDERS' EQUITY(DEFICIT)		
CURRENT LIABILITIES		
Bank overdraft	$ 571	$ 286
Due to Banks	2,476	3,195
Notes payable	4,125	1,625
Convertible Subordinated Debentures	2,227	2,173
Department of Justice settlement	2,190	2,168
Accounts payable	4,910	4,533
Accrued expenses and other liabilities	5,714	3,575
Total current liabilities	22,213	17,555
LONG-TERM DEBT		1,508
DEFERRED GAIN ON SALE OF ASSETS	1,900	
CONTINGENCIES		
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock - $.01 par value; authorized 20,000,000, shares; issued and outstanding 14,012,410 shares at September 30,1997 and 13,175,708 shares at December 31, 1996	140	131
Additional paid-in capital	25,434	23,316
Accumulated deficit	(38,251)	(29,484)
	(12,677)	(6,037)
Less: Treasury stock - at cost -(449,603 shares at September 30, 1997 and 474,603 shares at December 31, 1996)	(989)	(1,044)
Total stockholders' equity(deficit)	(13,666)	(7,081)
	$ 10,447	$ 11,982

The accompanying notes are an integral part of these statements

HALSEY DRUG CO., INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

Amounts in thousands except per share data

	September 30			
	For the Nine months ended		For the three months ended	
	1997	1996	1997	1996
Net Sales	$ 7,352	$ 10,580	2,300	$ 2,937
Cost of goods sold	10,666	12,094	3,311	4,354
Gross profit(loss)	(3,314)	(1,514)	(1,011)	(1,417)
Research & Development	766	820	283	191
Selling, general and administrative expenses	3,876	4,678	1,194	1,534
Loss from Operations	(7,956)	(7,012)	(2,488)	(3,142)
Interest expense	809	1,321	272	442
Loss before income taxes	(8,765)	(8,333	(2,760)	(3,584)
Provision for income taxes	--	--	--	--
Net loss	($ 8,765)	($ 8,333)	($ 2,760)	($ 3,584)
Net loss per common share	($ 0.66)	($ 0.89	($ 0.20)	($ 0.37)
Average number of outstanding shares	13,339,942	9,390,613	13,527,198	9,650,652

The accompanying notes are an integral part of these statements

HALSEY DRUG CO., AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	For the Nine months ended 1997	1996
Cash flows from operating activities		
Net loss	$ 8,767	$ 8,333
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,156	1,722
Deferred gain on sale of asset	1,900	
Accrued Department of Justicce Interest		129
Changes in assets and liabilities		
Accounts receivable	(273)	534
Other receivable	1,000	
Inventories	(352)	1,738
Prepaid insurance and other current assets	13	126
Accounts payable	377	268
Accrued expenses and other liabilities	2,139	787
Total adjustments	5,960	5,304
Net cash used in operating activities	(2,807)	(3,029)
Cash flows from investing activities		
Capital expenditures	(48)	(405)
Decrease(increase) in other assets	108	(594)
Net cash used in investing activities	60	(999)
Cash flows from financing activities		
Increase in notes payable	3,900	
Reduction in notes payable	(1,400)	(4,111)
Proceeds from issuance of convertible debentures		2,145
Issuance of common stock from conversion of debentures		3,613
Decrease in due to banks	(719)	
Issuance of common stock	169	318
Exercise of warrants of convertible debentures	72	1,514
Exercise of stock options	305	136
Payment to Department of Justice		
Proceeds from issuance of treasury stock	100	
Bank overdraft	285	567
Net cash provided by financing activities	2,712	4,182
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(35)	154
Cash and cash equivalents at beginning of period	118	353
Cash and cash equivalents at end of period	83	507

The accompanying notes are an integral part of these statements

HALSEY DRUG CO., INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY(DEFICIT)
Nine months ended September 30, 1997

Amounts in thousands except per share data
(UNAUDITED)

	Common Stock, $.01 par value		Additional paid-in	Accumulated	Treasury stock, at cost		
	Shares	Amount	Capital	deficit	Shares	Amount	Total
Balance January 1, 1997	13,175,708	$ 131	$ 23,316	($ 29,484)	(474,603)	($ 1,044)	($ 7,081)
Net Loss for the Nine months ended September 30, 1997				(8,767)			(8,767)
Conversion of convertible subordinated promissory note	642,407	7	1,529				1,536
Issuance of shares as payment of interest	52,062	1	168				169
Sale of treasury stock	25,000		45		25,000	55	100
Exercise of warrants of convertible debentures	22,267		72				72
Stock options exercised	94,966	1	304				305
Balance at September 30, 1997	14,012,410	$ 140	$ 25,434	($ 38,251)	(449,603)	($ 989)	($ 13,666)

The accompanying notes are an integral part of this statement

HALSEY DRUG CO., INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Halsey Drug Co., Inc. and subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they 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 considered necessary for the Nine months ended September 30, 1997 have been made, but the financial results for the six month period ended September 30, 1997 are not necessarily indicative of the results that may be expected for the full year ended December 31, 1997. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto for the year ended December 31, 1996 included in the Company's Annual Report on Form 10-K.

As of September 30, 1997, the Company has a working capital (deficiency) of approximately ($17,282,000) has a stockholders' equity (deficit) of approximately ($13,666,000) and has incurred a loss of approximately ($8,765,000) during the Nine months ended September 30, 1997, and is not in compliance with its financial covenants pursuant to its banking agreement and its convertible subordinated debenture agreement. In addition, the Company is delinquent in the payment of its payroll taxes and the Company's credit agreement with its banks expired June 30, 1997. These factors and other matters as discussed in Annual Report on Form 10-K at December 31, 1996, raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management's plans with respect to those conditions include seeking alternative sources of financing. In this regard, the Company (a) is reviewing several unsolicited expressions of interest from prospective joint venture partners and investors, (b) plans to refinance the Company's bank debt, (c) has sold the rights to one of its products to a major vendor and has received a commitment for future production of such product. The Company has submitted Abbreviated New Drug Applications ("ANDA"), for seven products, for approval by the Food and Drug Administration ("FDA") and has received approval on one ANDA for two products on September 25, 1997. There can be no assurance that management can obtain alternative sources of financing or obtain approvals for the ANDA's.

Note 2 - Inventories

(Amounts in thousands)

Inventories consists of the following:

	September 30, 1997	December 31, 1996
Finished Goods	$ 1,702	$ 2,121
Work In Process	1,319	1,018
Raw Materials	1,089	619
	$ 4,110	$ 3,758

NOTE 3 - Debt

As per the agreement with Mallinckrodt Acquisition, Inc. (Mallinckrodt), on January 9, 1997, the Bank Group received payment of $1,000,000, towards principal reduction, interest payments and legal expenses which reduced the principal balance outstanding to approximately $2,476,000.

Pursuant to a Letter Agreement with Mallinckrodt, dated September 21, 1997, debt to Mallinckrodt, in the amount of $1,900,000, relating to certain subordinated Notes, accrued interest and accounts payable, has been offset by $1,900,000 due to the Company as part of the Agreement for the sale of certain assets, dated March 25, 1995.

During the first quarter of 1997, the Company borrowed from and issued to certain debenture holders and shareholders, unsecured, demand promissory notes in the amount of $900,000, bearing interest at 12% per annum, with interest payable quarterly.

Borrowings under long-term debt consist of the following at:

(In thousands)	September 30, 1997	December 31, 1996
Convertible subordinated promissory note	--	$ 1,508
Subordinated promissory notes	--	1,400
Other	4,125	225
	4,125	3,133
Less: current maturities of long-term debt	(4,125)	(1,625)
	--	$ 1,508

Note 4 - Deferred Gain on Sale of Assets

As per the Agreement with Mallinckrodt, dated March 21, 1995, for the sale of assets, the Company was to receive payment in the amount of $1,900,000 at the earliest date of Mallinckrodt receiving certain authorizations from the FDA, or September 21, 1997. Pursuant to a letter agreement with Mallinckrodt, dated September 21, 1997, it was agreed between the parties to offset this amount due to the Company against outstanding Notes (subordinated), accrued interest and accounts payable due to Mallinckrodt. As a result of this Letter Agreement, the amount of $1,900,000 has been recorded as a deferred gain on the sale of assets. This gain will not be realized until March 21, 1998.

NOTE 5 - Contingencies

The Company currently is a defendant in several lawsuits involving product liability claims. The Company's insurance carriers have assumed the defense for all product liability and other actions involving the Company. The final outcome of these lawsuits cannot be determined at this time, and accordingly, no adjustment has been made to the consolidated financial statements.

A lawsuit was filed against the Company seeking payment of $164,000 in past due invoices. On August 6, 1997, a Stipulation of Settlement was entered into by the parties, specifying a fifteen month pay-out.

The Company was named as Defendant in a lawsuit filed on June 5, 1997. The Complaint seeks payment, in the amount of $35,000, for past due invoices. A Settlement Agreement reached between the parties on June 18, 1997. The debt was retired and the matter dismissed on October 10, 1997.

On August 5, 1997, a Stipulation of Dismissal was filed by the Plaintiff in the matter of Lexington Insurance Company vs. Halsey Drug Co., Inc. 95 CIV 3403.

A lawsuit was filed against the Company, on July 20, 1997, seeking payment of $9,750 in past due invoices. A Settlement Agreement was reached, specifying satisfaction of the debt on or before December 31, 1997.

A Landlord-Tenant action was commenced against the Company on March 11, 1997, for back rent and other charges allegedly due to the Plaintiff. Pursuant to a Stipulation of Settlement entered into by the parties, all arrearages will be retired on, or before February 10, 1998.

NOTE 6 - New Accounting Pronouncement

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, Earnings Per Share, which is effective for financial statements for both interim and annual periods ending after December 31, 1997. Early adoption of the new standard is not permitted. The new standard eliminates primary and fully diluted earnings per share and requires presentation of basic and diluted earnings per share together with disclosure of how the per share amounts were computed. The adoption of this new standard is not expected to have material impact on the disclosure of earnings per share in the financial statements.

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

	Nine months ended September 30			Three months ended September 30		
			Percentage Change Year-to-Year Increase (decrease) 1997 as compared to 1996	Percentage of Net Sales		Percentage Change Year-to-Year Increase (decrease) 1997 as compared to 1996
	1997	1996		1997	1996	
Net Sales	100.0	100.0	(30.5)	100.0	100.0	(21.7)
Cost of goods sold	145.1	114.3	(11.8)	144.0	148.2	(24.0)
Gross profit(loss)	(45.1)	(14.3)	(118.9)	(44.0)	(48.2)	28.7
Research & Development	10.4	7.8	(6.6)	12.3	6.5	48.2
Selling, general and administrative expenses	52.7	44.2	(17.1)	51.9	52.2	(22.2)
Loss from Operations	(108.2)	(66.3)	13.5	(108.2)	(106.9)	20.8
Interest expense	11.0	12.5	(38.7)	11.8	15.1	(33.4)
Loss before income taxes	(119.2)	(78.8)	5.2	(120.0)	(122.0)	23.0
Provision for income taxes	--	--	--	--	--	--
Net loss	(119.2)	(78.8)	5.2	(120.0)	(122.0)	23.0

- --
Nine months ended September 30, 1997 vs Nine months ended September 30, 1996
- --

Net Sales

The Company's net sales for the Nine months ended September 30, 1997 of $7,352,000 represents a decrease of $3,228,000 (21.7%) as compared to net sales for the Nine months ended September 30, 1996 of $10,580,000. This decrease is as a result of the removal from the marketplace of four products and the withdrawal of four ANDA's by the Company, pursuant to a requirement by the FDA in October 1996.

Cost of Goods Sold

For the Nine months ended September 30, 1997, cost of goods sold of $ 10,666,000 decreased as compared to the Nine months ended September 30, 1996 of $12,094,000. This is attributable a reduction in sales combined with unabsorbed manufacturing costs which directly impact upon the Company's cost of sales and gross margin. Gross margin as a percentage of sales for the Nine months ended September 30, 1997 was (45.1%) as compared to (14.3%) for the Nine months ended September 30, 1996. This is attributable to a reduction in sales combined with the unabsorbed manufacturing costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of sales for the Nine months ended September 30, 1997 and 1996 were 52.8% and 44.2%, respectively. Selling, general and administrative expenses for 1997 are $3,876,000 as compared to 1996 of $ 1,534,000. This decrease of $ 802,000 is due to a reduction in staff as well as other cost reduction methods implemented by the Company.

Research and Development Expenses

Research and development expenses as a percentage of sales for the Nine months ended September 30, 1997 and 1996 were 10.4% and 7.8%, respectively. The Company's research and development program continues to concentrate its efforts toward the submission of new products to the FDA. The Company has submitted five Abbreviated New Drug Applications(ANDA's) for seven new products.

On September 25, 1997, the Company received FDA approval for two ANDA's submitted during 1997. These approvals represent the first ANDA's approved for the Company, by the FDA, since the Company's release from the FDA's Application Integrity Policy on December 19, 1996.

Currently, the Company is working on twenty-five additional products which include six submissions scheduled for this year and twelve submissions scheduled for 1998.

Net Earnings (Loss)

For the Nine months ended September 30, 1997, the Company had net loss of $8,765,000 as compared to a net loss of $8,333,000 for the Nine months ended September 30, 1996. This decrease is as a result of unabsorbed manufacturing costs and the removal from the marketplace of four products and the withdrawal of four ANDA's by the Company, pursuant to a requirement by the FDA.

Except for historical matters contained herein, the statements in this Report are looking forward and are made pursuant to the safe harbor provisions of the Securities involve risks and uncertainties which may affect Halsey's business and prospects, including economic, competitive, governmental technological and other factors discussed in filings with the Securities and Exchange Commission. No assurance can be given concerning the timing of the FDA's review of the Company's ANDA's submitted, that the FDA will grant marketing clearance with respect to such submissions, or that, if such clearance is obtained, Halsey will be able to successfully commercialize the launching of Halsey's products.

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Three months ended September 30, 1997 vs Three months ended September 30, 1996
- --

Net Sales

The Company's net sales for the three months ended September 30, 1997 of $2,300,000 represents a decrease of ($637,000) (21.7%) as compared to net sales for the three months ended September 30, 1996 of $2,937,000. This decrease is as a result of the removal from the marketplace of four products and the withdrawal of four ANDA's by the Company, pursuant to a requirement by the FDA in October 1996.

Cost of Goods Sold

For the three months ended September 30, 1997, cost of goods sold were $3,311,000 as compared to $4,354,000 for 1996. This represents a decrease of approximately $1,043,000(24.0%). The decrease for 1997 is attributable to the reduction in shipments which directly impact upon the Company's cost of sales and gross margin. Gross margin as a percentage of sales for the three months ended September 30, 1997 was (44.00%) as compared to (48.25%) for the three months ended September 30, 1996.

Selling, General and Administrative Expenses

Selling, general and administrative expenses as a percentage of sales for the three months ended September 30, 1997 and 1996 are 51.9% and 52.2%, respectively. Selling, general and administrative expenses of $1,194,000 decreased by approximately $340,000 or 22.2% as compared to 1996, which were $ 1,534,000. This decrease is due to a reduction in staff as well as other cost reduction methods implemented by the Company.

Research and Development Expenses

Research and development expenses as a percentage of sales for the three months ended September 30, 1997 and 1996 are 12.3% and 6.5%, respectively. The Company's research and development program continues to concentrate its efforts toward the submission of new products to the FDA. The Company has submitted five Abbreviated New Drug Applications (ANDA's) for seven new products as of this date.

On September 25, 1997, the Company received FDA approval for two ANDA's submitted during 1997. These approvals represent the first ANDA's approved for the Company, by the FDA, since the Company's release from the FDA's Application Integrity Policy on December 19, 1996.

Currently, the Company is working on twenty-five additional products which include six submissions scheduled for this year and twelve submissions scheduled for 1998.

Net Earnings (Loss)

For the three months ended September 30, 1997, the Company had net loss of $2,760,000 as compared to a net loss of $3,584,000 for the three months ended September 30, 1996. This loss is as a result of unabsorbed manufacturing costs and the removal from the marketplace of four products and the withdrawal of four ANDA's by the Company, pursuant to a requirement by the FDA.

Except for historical matters contained herein, the statements in this Report are forward looking and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. Investors are cautioned that forward looking statements involve risks and uncertainties which may affect Halsey's business and prospects, including economic, competitive, governmental, technological and other factors discussed in filings with the Securities and Exchange Commission. No assurance can be given concerning the timing of the FDA's review of the Company's ANDA's submitted, that the FDA will grant marketing clearance with respect to such submissions, or that, if such clearance is obtained, Halsey will be able to successfully commercialize the launching of Halsey products.

Liquidity and Capital Resources

At September 30, 1997, the Company had cash and cash equivalents of $83,000 as compared to $118,000 at December 31, 1996. The Company had a working capital deficiency at September 30, 1997 of $17,282,000 and $12,201,000 at December 31, 1996.

The removal from the marketplace of four products and the withdrawal of our ANDA's pursuant to a requirement by the FDA, as a pre-condition to the release of the Company from the AIP on December 19, 1996 combined with the lack of available borrowing under the Company's credit agreement, materially, and adversely affected the Company cash position and has severely limited the Company's capital resources. The Company has a working capital deficiency of approximately $17,282,000, a stockholders' equity (deficit) of approximately $13,666,000, has incurred a loss of approximately $8,765,000 during the Nine months ended September 30, 1997 and $14,495,000 during the year ended December 31, 1996 and is not in compliance with its financial covenants pursuant to its banking agreement and its convertible subordinated debenture agreement. In addition, the Company is delinquent in the payment of its payroll taxes and the Company's credit agreement with its banks expired June 30, 1997. The Company has insufficient resources to meet both its current and long-term obligations. These factors and other matters as discussed in Annual Report on Form 10-K at December 31, 1996, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans with respect to those conditions include seeking alternative sources of financing. In this regard, the Company (a) is reviewing several unsolicited expressions of interest from prospective joint venture partners and investors, (b) plans to refinance the Company's bank debt, (c) has sold the rights to one of its products to a major vendor and has received a commitment for future production of such product and submitted Abbreviated New Drug Applications ("ANDA") for approval by the Food and Drug Administration ("FDA"). On September 25, 1997, the Company received FDA approval for two ANDA's submitted during 1997. These approvals represent the first ANDA's approved for the Company, by the FDA, since the Company's release from the FDA's Application Integrity Policy on December 19, 1996. There can be no assurance that management can obtain alternative sources of financing or obtain approvals for the ANDA's. Failure to obtain alternative sources of financing or infusion of capital in the near term will have a material adverse effect on the Company's operations and financial condition.

The Company's Credit Agreement with its banks, which expired on December 31, 1996, was extended to June 30, 1997. As per the agreement with Mallinckrodt, on January 9, 1997, the Bank Group received payment of $1,000,000, towards principal reduction, interest payments and legal expenses that reduced the principal balance outstanding to approximately $2,476,000.

Debt

During the second quarter of 1997, the Company received funds, in the amount of $3,000,000, from the proposed purchaser of the Company's Indiana facility. These funds were tendered during the due diligence period, as an unsecured advance against anticipated payment, by the proposed purchaser, at the consummation of the transaction. In the event that the transaction is not realized, the funds convert to a non-collaterized, one year loan to the Company.

As per an Agreement with Mallinckrodt, dated March 21, 1995, for the sale of assets, the Company was to receive payment in the amount of $1,900,000 at the earliest date of Mallinckrodt receiving certain authorizations from the FDA, or September 21, 1997. During the third quarter of 1997, pursuant to a letter agreement with Mallinckrodt, dated September 21, 1997, it was agreed between the parties to offset the amount due to the Company against outstanding Notes (subordinated), accrued interest and accounts payable due to Mallinckrodt.

SIGNATURES
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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.

HALSEY DRUG CO., INC.

Date: November 14, 1997

BY:s/s Rosendo Ferran
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Rosendo Ferran
President and Chief
Executive Officer

Date: November 14, 1997

BY:s/s Robert J. Mellage
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Robert J. Mellage
Corporate Controller

EXHIBIT INDEX

Exhibit No.	Description
27	Financial Data Schedule, which is submitted electronically to the Securities and Exchange Commission for information only and not filed.

This schedule contains summary financial information extracted from the Condensed Consolidated Statement of Financial Condition at September 30, 1996 (Unaudited) and the Condensed Consolidated Statement of Income for the Three Months Ended September 30, 1996 (Unaudited) and is qualified in its entirety by reference to such financial statements.

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JUN-30-1997
83
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926
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