FORM 424B1

Prospectus filed pursuant to Rule 424(b)(1)

Filing Date: **1996-02-08**
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FILER

LSI INDUSTRIES INC

CIK:**763532**| IRS No.: **310888951** | State of Incorp.:**OH** | Fiscal Year End: **0630**
Type: **424B1** | Act: **33** | File No.: **033-65043** | Film No.: **96512992**
SIC: **3640** Electric lighting & wiring equipment

Mailing Address
10000 ALLIANCE RD
P O BOX 42728
CINCINNATI OH 45242

Business Address
10000 ALLIANCE RD
P O BOX 42728
CINCINNATI OH 45242
5135796411

Filed pursuant to Rule 424(b)(1)
Registration No. 33-65043

P R O S P E C T U S

1,850,000 SHARES

[LOGO]

COMMON SHARES

Of the 1,850,000 Common Shares, without par value, offered hereby, 1,100,000 shares are being offered by LSI Industries Inc. and 750,000 shares are being offered by the Selling Shareholders. The Company will receive no proceeds from the sale of Common Shares by the Selling Shareholders. See "Selling Shareholders." The Company's Common Shares are listed on the Nasdaq National Market under the symbol "LYTS." On February 7, 1996, the last reported sale price of the Common Shares as reported on the Nasdaq National Market was $17.50 per share.

SEE "RISK FACTORS" ON PAGE 6 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE COMMON SHARES OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS(1)	PROCEEDS TO COMPANY(2)	PROCEEDS TO SELLING SHAREHOLDERS(3)
Per Share......	$17.25	$1.02	$16.23	$16.23
Total(3).......	$31,912,500	$1,887,000	$17,853,000	$12,172,500

(1) The Company and the Selling Shareholders have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting."

(2) Before deducting expenses of this Offering, all of which are payable by the Company, estimated at $500,000.

(3) The Company and the Selling Shareholders have granted to the Underwriters a 30-day option to purchase up to an additional 277,500 Common Shares at the Price to Public to cover over-allotments, if any. If such option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions, Proceeds to Company, and Proceeds to Selling Shareholders will be $36,699,375, $2,170,050, $20,530,950, and $13,998,375, respectively. See "Underwriting."

The Common Shares are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them and subject to certain conditions. The Underwriters reserve the right to withdraw, cancel, or modify such offer and to reject orders, in whole or in part. Delivery of the certificates representing the Common Shares against payment therefor is expected on or about February 13, 1996 through the Depository Trust Company or at the offices of Robert W. Baird & Co. Incorporated, Milwaukee, Wisconsin.

ROBERT W. BAIRD & CO.
INCORPORATED

A.G. EDWARDS & SONS, INC.

THE OHIO COMPANY

The date of this Prospectus is February 7, 1996.

IN ITS NEW IMAGE CENTER, LSI INDUSTRIES COMBINES LIGHTING TECHNOLOGY AND IMAGE CREATION THROUGH ADVANCED VISUALIZATION SYSTEMS, APPLICATIONS ENGINEERING AND PRODUCT DISPLAYS TO GIVE ITS CUSTOMERS LIGHTING AND IMAGE SOLUTIONS.

[INSERT GATEFOLD HERE]

AVAILABLE INFORMATION

LSI Industries Inc. is subject to the informational requirements of the Securities Exchange Act of 1934 (File No. 0-13375) and in accordance therewith files periodic reports and other information with the Securities and Exchange Commission. LSI Industries Inc. has filed a Registration Statement on Form S-3 together with all amendments and exhibits thereto with the Commission under the Securities Act of 1933 with respect to the offering (the "Offering") of 1,850,000 common shares, without par value (the "Common Shares"). This Prospectus does not contain all the information contained in the Registration Statement, to which reference is hereby made. Statements contained in this Prospectus as to the terms of any contract or other document are not necessarily complete with respect to each such contract, agreement or other document filed as an exhibit to the Registration Statement. Reference is made to the exhibits for a more complete description of the matter involved and each such statement is qualified in its entirety by such references. Such reports, proxy and information statements and other information filed with the Commission by LSI Industries Inc. may be inspected at and obtained from the Commission at its public reference facilities at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Commission's regional offices located at Northwestern Atrium, 500 West Madison Street, Suite 1400, Chicago, Illinois, and at 7 World Trade Center, Suite 1300, New York, New York. Copies of such material can also be obtained, at prescribed rates, by mail from the Public Reference Section of the Commission at its Washington, D.C. address set forth above. In addition, material filed by LSI Industries Inc. can be obtained and inspected at the offices of the Nasdaq National Market, 9513 Key West Avenue, Rockville, Maryland 20850, on which LSI's Common Shares are listed.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This Prospectus incorporates by reference certain documents relating to LSI Industries Inc. which are not delivered herewith. These documents (other than the exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents) are available, without charge, on oral or written request by any person to whom this Prospectus is delivered. Written or telephone requests should be directed to Ronald S. Stowell, Chief Financial Officer and Treasurer, 10000 Alliance Road, Cincinnati, Ohio 45242. The following documents, which have been filed by LSI Industries Inc. with the Commission, are hereby incorporated by reference in this Prospectus:

1. LSI Industries Inc.'s Annual Report on Form 10-K for the fiscal year ended June 30, 1995.

2. LSI Industries Inc.'s Quarterly Reports on Form 10-Q for the Quarters ended September 30 and December 31, 1995.

3. The description of LSI Industries Inc.'s Common Shares contained in the Registration Statement on Form 8-A filed on April 11, 1985.

All documents filed by LSI Industries Inc. pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the termination of this Offering shall be deemed to be incorporated by reference in this Prospectus. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON SHARES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN CONNECTION WITH THE OFFERING, CERTAIN UNDERWRITERS AND SELLING GROUP MEMBERS (IF ANY) OR THEIR RESPECTIVE AFFILIATES MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE COMMON SHARES ON THE NASDAQ NATIONAL MARKET IN ACCORDANCE WITH RULE 10b-6A UNDER THE SECURITIES EXCHANGE ACT OF 1934.

PROSPECTUS SUMMARY

The following is a summary of the more detailed information and financial statements appearing elsewhere in this Prospectus. Unless otherwise indicated, the information in this Prospectus assumes that the Underwriters' over-allotment option will not be exercised. Unless the context otherwise requires, references to the "Company" or "LSI" are to LSI Industries Inc.

THE COMPANY

LSI designs, engineers, manufactures and markets a broad array of quality, high-value lighting and graphics products for commercial/industrial lighting applications and corporate visual image programs. The Company's two core business segments are the Lighting Group and the Graphics Group. The Lighting Group is a leading supplier of outdoor, indoor, landscape and architectural lighting for the commercial/industrial and the petroleum/convenience store markets. The products of the Graphics Group comprise the major visual image elements for the petroleum/convenience store market and for multi-site retail operations. LSI integrates its lighting and graphics capabilities in order to provide the principal indoor and outdoor aspects of a retail customer's comprehensive image identification program.

The Company utilizes its lighting and graphics expertise and its nationwide service capabilities to position itself as a single-source provider of state-of-the-art lighting and graphics for image conscious retailers. To enhance its competitive position, the Company has recently developed and opened its Image Center which allows customers to create a computer generated "virtual" prototype of their facilities after undergoing an LSI lighting and graphics re-imaging program. The Company is the leading provider of lighting products and services to the petroleum/convenience store industry and has effectively used this leadership position to market its graphics expertise to customers in this industry. The Company continues to use this strategy to penetrate other national retailers with multi-site operations, including quick service and casual restaurants, video rental and eyewear chains, retail chain stores and automobile dealerships. Representative customers include Amoco, Arco, Chevron, Clark, Fina, Shell, Texaco, Circle K, National Convenience Stores, Boston Market, Burger King, Taco Bell, Wendy's, Best Buy, Target Stores, Chrysler, Ford, General Motors, Saturn and Toyota.

The Company's sales growth has been driven by a number of factors, including the general state of the economy and, in particular, LSI's core petroleum customers. Additionally, the Company believes it has benefitted and will continue to benefit from corporate downsizing and the related outsourcing of certain non-core activities, such as visual identification projects, in addition to several trends, including: (i) importance of improved lighting in deterring crime and improving overall safety and security at retail facilities; (ii) retailers' extended operating hours; (iii) consolidation within retailing and the commensurate need to re-image acquired properties; (iv) retailers' need to present a uniform visual corporate identity; and (v) retailers' efforts to improve the effectiveness of merchandising and advertising through the use of indoor and outdoor lighting and graphics.

LSI is a leader in both the commercial/industrial lighting market and in the graphics markets. The Company attributes its success to its focus on an ongoing business strategy, the principal components of which are to: maintain leadership in commercial/industrial lighting; target select markets; serve as a single-source provider of visual image programs; develop innovative products; optimize product mix and manufacturing; and pursue complementary acquisitions.

From fiscal 1993 to fiscal 1995 net sales increased from $72.6 million to $119.9 million while net income increased from $1.7 million to $6.2 million. In fiscal 1995 the Lighting and Graphics segments represented 60.7% and 39.3% of net sales and 48.1% and 51.9% of operating income, respectively.

THE OFFERING

Common Shares offered by the Company.........	1,100,000 shares
Common Shares offered by the Selling Shareholders..............................	750,000 shares
Total Common Shares offered.................	1,850,000 shares
Common Shares to be outstanding after the Offering(1)...............................	8,723,782 shares
Use of Proceeds.............................	To repay all bank indebtedness and for general corporate purposes, including possible acquisitions. See "Use of Proceeds."
Nasdaq National Market symbol...............	LYTS

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(1) Based upon Common Shares outstanding as of December 31, 1995.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	YEARS ENDED JUNE 30,					SIX MONTHS ENDED DECEMBER 31,	
	1991	1992	1993	1994	1995	1994	1995
INCOME STATEMENT DATA:							
Net sales.................	$68,782	$69,182	$72,563	$93,535	$119,927	$61,684	$81,443
Gross profit..............	21,730	21,793	22,774	31,105	39,771	21,032	25,766
Operating income..........	645	306	2,618	7,140	10,262	6,439	8,139
Income (loss) from continuing operations..	(99)	(531)	1,669	4,190	6,174	4,008	4,887
Discontinued operations(1)..........	(995)	(4,262)	--	--	--	--	(1,500)
Net income (loss).........	$(1,094)	$(4,793)	$ 1,669	$ 4,190	$ 6,174	$ 4,008	$ 3,387
PER SHARE DATA:							
Income (loss) from continuing operations..	$ (0.01)	$ (0.07)	$ 0.23	$ 0.55	$ 0.79	$ 0.52	$ 0.61
Net income (loss).........	(0.15)	(0.65)	0.23	0.55	0.79	0.52	0.42
Cash dividends............	0.03	0.03	0.03	0.03	0.15	0.10	0.13
Average shares outstanding(2).........	7,367	7,367	7,385	7,656	7,802	7,760	7,980

	DECEMBER 31,	
	ACTUAL	AS ADJUSTED(3)
BALANCE SHEET DATA:		
Working capital..	$18,789	$ 30,782
Total assets...	75,284	79,798
Long-term debt, including current maturities.......................	7,707	1,677
Total indebtedness...	14,516	1,677
Shareholders' equity...	32,011	49,364

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(1) For 1991 and 1992, reflects loss from operations and loss on sale of the Company's discontinued European operations, net of related income taxes. See "The Company." For the first half of fiscal year 1996, reflects settlement of an IRS audit related to the Company's 1992 discontinued European operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Average shares outstanding represents Common Shares outstanding plus common share equivalents.

(3) Adjusted to reflect the sale of 1,100,000 Common Shares by the Company and the application of the estimated net proceeds. See "Use of Proceeds" and "Capitalization."

RISK FACTORS

Prospective investors should consider carefully, in addition to the other information contained in this Prospectus, the following factors in evaluating the Company and its business before purchasing the Common Shares offered hereby.

DEPENDENCE ON THE PETROLEUM INDUSTRY

During the most recent five years, approximately 44% to 53% of the Company's net sales have been to the retail marketing segment of the petroleum industry. Sales to this market segment are dependent upon the general conditions prevailing in and the profitability of the petroleum industry. As such, the Company's business is subject to reactions of the petroleum industry to world political events, particularly those in the Middle East, and to the price and supply of oil. Major disruptions in the petroleum industry generally result in a curtailment of retail marketing efforts by the industry and thereby adversely affect the Company's business.

CUSTOMER CONCENTRATION AND EARNINGS FLUCTUATIONS

Although the Company's primary customers change from time-to-time, the Company has derived a significant portion of its sales from one or two large petroleum companies in recent years. There can be no assurance that this pattern will continue and that such major customers will always be replaced as major visual image programs are completed. In addition, LSI's operating results fluctuate due to the unpredictable nature and timing of orders from and shipments to major corporate customers.

SEASONALITY

The Company's revenues are affected by the impact of weather on construction and installation programs and the annual budget cycles of major customers. Because of these seasonal factors, the Company typically experiences its lowest sales for each year in the third quarter ending March 31. Third quarter results in several fiscal years prior to 1994 show losses for that quarter. The quarter ending March 31, 1996 may be adversely affected by business interruptions associated with recent severe winter weather conditions.

COMPETITION

The lighting and graphics industries are highly competitive. LSI encounters strong competition in all its markets. Competitors include manufacturers of various sizes, some of which have greater financial and other resources than does the Company.

THE COMPANY

LSI was founded by its current senior management in 1976 to capitalize on the experience of its founders in the lighting industry. LSI's business originally emphasized sales of lighting products in the retail petroleum market. LSI became a publicly held corporation in 1985.

Since 1985, the Company has expanded its original lighting business through acquisitions and internal development, resulting in the Company's ability to combine lighting and graphics products to meet the image development needs of its large multi-site retail customers. The Company also produces menu boards for restaurant operations and is a major supplier of outdoor, indoor, landscape and architectural lighting for the commercial/industrial and the petroleum/convenience store markets.

Acquisitions have been important to the Company's growth. Key acquisitions have included Abolite Lighting which manufactures indoor commercial and industrial lighting products and lighting fixtures, Greenlee Lighting Inc. which manufactures specialty outdoor landscape and architectural feature lighting, and SGI Integrated Graphic Systems, Inc. which produces corporate identity and graphic elements including decals, structural graphics and fleet markings. The Company's acquisition in December 1989 of a United Kingdom company, Duramark, proved to be unsuccessful and the Company disposed of Duramark in the fourth quarter of fiscal 1992 and reported losses from discontinued operations from that business.

The Company's sales growth has been driven by a number of factors, including the general state of the economy and, in particular, LSI's core petroleum customers. Additionally, the Company believes it has benefitted and will continue to benefit from corporate downsizing and the related outsourcing of certain non-core activities, such as visual identification projects, in addition to several trends, including: (i) importance of improved lighting in deterring crime and improving overall safety and security at retail facilities; (ii) retailers' extended operating hours; (iii) consolidation within retailing and the commensurate need to re-image acquired properties; (iv) retailers' need to present a uniform visual corporate identity; and (v) retailers' efforts to improve the effectiveness of merchandising and advertising through the use of indoor and outdoor lighting and graphics.

LSI is a leader in both the commercial/industrial lighting market and in the graphics markets. The Company attributes its success to its focus on an ongoing business strategy, the principal components of which are to: maintain leadership in commercial/industrial lighting; target select markets; serve as a single source provider of visual image programs; develop innovative products; optimize product mix and manufacturing; and pursue complementary acquisitions.

From fiscal 1993 to fiscal 1995 net sales increased from $72.6 million to $119.9 million while net income increased from $1.7 million to $6.2 million. In fiscal 1995 the Lighting and Graphics segments represented 60.7% and 39.3% of net sales and 48.1% and 51.9% of operating income, respectively.

The Company's executive offices are located at 10000 Alliance Road, P. O. Box 42728, Cincinnati, Ohio 45242, and its telephone number is (513) 793-3200.

USE OF PROCEEDS

The net proceeds to the Company from the sale of 1,100,000 Common Shares offered hereby at an offering price of $17.25 per share are estimated to be $17.4 million, after deducting estimated underwriting commissions and Offering expenses payable by the Company ($20.0 million if the Underwriters' over-allotment option is exercised in full). LSI will not receive any of the proceeds from the sale of 750,000 Common Shares by the Selling Shareholders.

The Company intends to use a portion of the net proceeds to repay all outstanding indebtedness under its revolving lines of credit and its term loan facility with its banks. This indebtedness bears interest at rates from 6.8% to 7.3% per annum and was incurred for capital expenditures and working capital purposes. At December 31, 1995, approximately $6.8 million was outstanding under the Company's two revolving lines of credit which expire on November 21, 1996 and December 31, 1996, respectively. At the same date, approximately $6.0 million was outstanding under the Company's term loan facility which matures December 2004. The revolving lines of credit will remain in place after the Offering.

LSI intends to use the balance of the net proceeds for general corporate purposes, including working capital to finance its planned growth and for potential acquisitions. Although the Company frequently evaluates potential acquisitions, the Company has no current understandings, agreements or commitments with respect to any acquisition. Pending application, the net proceeds will be invested in short-term investment grade securities.

CAPITALIZATION

The following table sets forth the capitalization of the Company at December 31, 1995, and as adjusted to give effect to the sale by the Company of 1,100,000 Common Shares offered hereby, and the application of the net proceeds therefrom. See "Use of Proceeds." The table should be read in conjunction with the Company's Consolidated Financial Statements and related Notes thereto appearing elsewhere in this Prospectus.

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	DECEMBER 31, 1995		
	ACTUAL	ADJUSTMENTS	AS ADJUSTED
		(IN THOUSANDS)	

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SHORT-TERM DEBT:			
Notes payable to banks	$ 6,809	$(6,809)	$ --
Current maturities of long-term debt	844	(670)	174
Total short-term debt	$ 7,653	$(7,479)	$ 174
LONG-TERM DEBT	$ 6,863	$(5,360)	$ 1,503
SHAREHOLDERS' EQUITY(1):			
Preferred shares, without par value; 1,000,000 shares authorized, none issued	--	--	--
Common shares, without par value; 30,000,000 shares authorized, 7,623,782 shares outstanding, 8,723,782 as adjusted	8,075	17,353	25,428
Retained earnings	23,936	--	23,936
Total shareholders' equity	32,011	17,353	49,364
Total capitalization	$38,874	$11,993	$50,867

</TABLE>

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(1) As of December 31, 1995, there were 904,704 Common Shares reserved for issuance under the Company's stock option plans, of which 163,000 shares were available for future grant, and options for 741,704 shares were outstanding.

DIVIDEND POLICY

LSI has paid cash dividends each year since 1988. Cash dividends of three cents per share were paid in fiscal 1994 and fifteen cents per share in fiscal 1995. In addition, the Company paid a five percent stock dividend in fiscal 1995. In September 1995, the Company paid a special year-end cash dividend of five cents per share plus a regular quarterly cash dividend of four cents per share, and in November 1995 the Company paid a regular quarterly cash dividend of four cents per share. In January 1996, the Board of Directors declared a regular quarterly cash dividend of four cents per share payable February 9, 1996 to shareholders of record as of February 2, 1996.

The Company's dividend policy is to pay regular cash dividends on a quarterly basis which are expected to represent a payout ratio of between 10 and 20 percent of expected net income in the year of payment. In addition, the policy calls for the payment of special year-end dividends in cash and/or stock that, in conjunction with regular quarterly dividends, would achieve a target payout ratio of between 20 and 40 percent of reported net income. Although the Company intends to continue this policy, the payment of future dividends is at the discretion of the Board of Directors and will depend upon, among other things, future earnings, capital requirements, the general financial condition of the Company, general business conditions and other factors.

PRICE RANGE OF COMMON SHARES

LSI's Common Shares are traded on the Nasdaq National Market under the symbol LYTS. The following table sets forth for the fiscal periods indicated the high and low closing sale prices for the Common Shares, as adjusted to give effect to all stock splits and stock dividends, as reported on the Nasdaq National Market.

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	HIGH	LOW
FISCAL YEAR ENDED JUNE 30, 1994		
First Quarter	$ 4.29	$ 3.10
Second Quarter	6.75	4.37
Third Quarter	7.46	6.03
Fourth Quarter	7.30	5.72
FISCAL YEAR ENDED JUNE 30, 1995		
First Quarter	$ 8.17	$ 6.35
Second Quarter	8.00	6.67
Third Quarter	9.67	7.33

Fourth Quarter	12.92	9.33
FISCAL YEAR ENDED JUNE 30, 1996		
First Quarter	$21.50	$12.17
Second Quarter	19.63	14.25
Third Quarter (through February 7, 1996)	17.50	13.50

</TABLE>

On February 7, 1996, the last reported sale price for the Common Shares on the Nasdaq National Market was $17.50 per share. As of December 31, 1995, there were approximately 500 holders of record of the Common Shares, which the Company believes represent approximately 2,500 beneficial holders.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial information for each of the years in the five-year period ended June 30, 1995 has been derived from the consolidated financial statements of the Company which have been audited by Price Waterhouse LLP, independent accountants. The report of Price Waterhouse LLP for each of the three years in the period ended June 30, 1995 appears elsewhere in this Prospectus. The financial data for the six months ended December 31, 1994 and 1995 are derived from the Company's unaudited consolidated financial statements. In the opinion of management, the six month financial data reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of such data and are not necessarily indicative of results to be expected for the full year. The selected consolidated financial data should be read in conjunction with the Consolidated Financial Statements and Notes thereto appearing elsewhere in this Prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>
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	YEARS ENDED JUNE 30,					SIX MONTHS ENDED DECEMBER 31,	
	1991	1992	1993	1994	1995	1994	1995
	(IN THOUSANDS, EXCEPT PER SHARE DATA)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
INCOME STATEMENT DATA:							
Net sales	$68,782	$69,182	$72,563	$93,535	$119,927	$61,684	$81,443
Cost of products sold	47,052	47,389	49,789	62,430	80,156	40,652	55,677
Gross profit	21,730	21,793	22,774	31,105	39,771	21,032	25,766
Selling and administrative expenses	21,085	19,351	20,156	23,965	29,509	14,593	17,627
Restructuring charges(1)	--	2,136	--	--	--	--	--
Operating income	645	306	2,618	7,140	10,262	6,439	8,139
Interest expense	718	580	503	199	459	179	350
Other (income) expense	38	539	(481)	290	160	19	16
Income (loss) from continuing operations before income taxes	(111)	(813)	2,596	6,651	9,643	6,241	7,773
Income taxes	(12)	(282)	927	2,461	3,469	2,233	2,886
Income (loss) from continuing operations	(99)	(531)	1,669	4,190	6,174	4,008	4,887
Discontinued operations(2)	(995)	(4,262)	--	--	--	--	(1,500)
Net income (loss)	$(1,094)	$(4,793)	$ 1,669	$ 4,190	$ 6,174	$ 4,008	$ 3,387
PER SHARE DATA:							
Income (loss) from continuing operations	$ (0.01)	$ (0.07)	$ 0.23	$ 0.55	$ 0.79	$ 0.52	$ 0.61
Net income (loss)	(0.15)	(0.65)	0.23	0.55	0.79	0.52	0.42
Cash dividends	0.03	0.03	0.03	0.03	0.15	0.10	0.13
Average shares outstanding(3)	7,367	7,367	7,385	7,656	7,802	7,760	7,980

</TABLE>

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	JUNE 30,					DECEMBER 31,	
	1991	1992	1993	1994	1995	1994	1995

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	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE SHEET DATA:							
Working capital	$10,846	$12,241	$10,268	$11,223	$ 17,788	$17,158	$18,789
Total assets	43,651	41,231	38,051	46,287	62,553	53,635	75,284
Long-term debt, including current maturities	9,840	8,454	3,957	3,600	8,099	7,242	7,707
Total indebtedness	9,840	8,454	5,269	3,600	8,099	7,545	14,516
Shareholders' equity	23,246	18,220	19,655	23,981	29,453	27,474	32,011

</TABLE>

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(1) 1992 results include a non-recurring restructuring charge of $2,136,000 resulting from the consolidation of facilities.

(2) For 1991 and 1992, reflects loss from operations and loss on sale of the Company's discontinued European operations, net of related income taxes. See "The Company." For the first half of fiscal year 1996, reflects settlement of an IRS audit related to the Company's 1992 discontinued European operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(3) Average shares outstanding represents Common Shares outstanding plus common share equivalents.

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

The following discussion and analysis should be read in conjunction with the Company's Consolidated Financial Statements and the Notes thereto appearing elsewhere in this Prospectus.

OVERVIEW

LSI designs, engineers, manufactures and markets a broad array of quality, high-value lighting and graphics products for commercial/industrial lighting applications and for corporate visual image programs. The Company's two core business segments are the Lighting Group and the Graphics Group. The Lighting Group is a major supplier of outdoor, indoor, landscape and architectural lighting for the commercial/industrial and the petroleum/convenience store markets and is a producer and marketer of menu board systems. The Graphics Group's products comprise the major visual image elements for the petroleum/convenience store market and for multi-site retail operations. LSI integrates its lighting and graphics capabilities in order to manufacture all indoor and outdoor aspects of a retail customer's comprehensive image identification program.

Net sales have increased from $72.6 million in fiscal 1993 to $119.9 million in fiscal 1995. Net income grew from $1.7 million to $6.2 million over the same period. In fiscal 1995 the Lighting segment represented 60.7% of net sales and 48.1% of operating income. The Graphics segment in fiscal 1995 represented 39.3% of net sales and 51.9% of operating income. This mix of net sales and operating income demonstrates the emergence of LSI as a lighting and graphics company from its origins as a lighting business.

Net sales are affected by the annual budget cycles of major customers and by the impact of weather on construction and installation programs. Due to these seasonal factors, the third fiscal quarter ending March 31 typically contributes the lowest net sales in each fiscal year. Third quarter results in several fiscal years prior to 1994 show losses for that quarter. The quarter ending March 31, 1996 may be adversely affected by business interruptions associated with recent severe winter weather conditions.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated certain income statement data as a percentage of total revenues and the percentage change between periods.

<TABLE>
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	PERCENTAGE OF NET SALES		PERCENTAGE CHANGE	
		SIX MONTHS	YEARS ENDED JUNE 30,	SIX MONTHS ENDED DECEMBER 31,

	YEARS ENDED JUNE 30,			ENDED DECEMBER 31,		1994 OVER 1993	1995 OVER 1994	1995 OVER 1994
	1993	1994	1995	1994	1995			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales..................................	100.0%	100.0%	100.0%	100.0%	100.0%	28.9%	28.2%	32.0%
Cost of products sold......................	68.6	66.7	66.8	65.9	68.4	25.4	28.4	37.0
Gross profit...............................	31.4	33.3	33.2	34.1	31.6	36.6	27.9	22.5
Selling and administrative expenses.........	27.8	25.7	24.6	23.7	21.6	18.9	23.1	20.8
Operating income............................	3.6	7.6	8.6	10.4	10.0	172.7	43.7	26.4
Interest expense............................	.7	.2	.4	.3	.5	(60.4)	130.7	95.5
Other (income) expense......................	(.7)	.3	.2	--	--	--	(44.8)	(15.8)
Income from continuing operations before income taxes.............................	3.6	7.1	8.0	10.1	9.5	156.2	45.0	24.5
Income tax expense..........................	1.3	2.6	2.8	3.6	3.5	165.5	41.0	29.2
Income from continuing operations...........	2.3	4.5	5.2	6.5	6.0	151.0	47.4	21.9
Discontinued operations.....................	--	--	--	--	1.8	--	--	--
Net income..................................	2.3%	4.5%	5.2%	6.5%	4.2%	151.0%	47.4%	(15.5)%

</TABLE>

Six Months Ended December 31, 1995 Compared to Six Months Ended December 31, 1994

Net sales of $81.4 million increased 32.0% over first half net sales last year of $61.7 million. Lighting segment sales increased 46.1% and Graphics segment sales increased 12.2%, as a result of strong lighting sales

in both the petroleum/convenience store and the multi-site retail market. One customer, Chevron U.S.A., accounted for 10.9% of net sales in the first half of fiscal 1996 and 14.9% of net sales in the corresponding period of 1995. The Company believes that it continues to maintain a good business relationship with this major customer; however, the level of total sales is never assured in the future. The increase in net sales in the six months ended December 31, 1995 was primarily the result of increased volume. While sales prices were increased, inflation did not have a significant impact on sales in the first half of fiscal 1996 as competitive pricing pressures held price increases to a minimum.

Gross profit of $25.8 million, or 31.6% of net sales, increased over last year's first half gross profit of $21.0 million or 34.1% of net sales. The increase in amount of gross profit is attributed primarily to the 32.0% increase in net sales. A sales mix shift in the Company's Graphics segment to somewhat lower margin programs, lower utilization of manufacturing capacity in the graphics segment and an increase in lighting sales to the petroleum/convenience store market provided influences that reduced the gross profit percentage. Increased capacity utilization and improved direct labor efficiencies in the lighting segment favorably impacted gross profit. Selling and administrative expenses increased to $17.6 million primarily as a result of increased sales volume, and were reduced to 21.6% of net sales in the first half of fiscal 1996 from 23.7% of net sales in the comparable period last year.

Interest expense increased from $179,000 to $350,000, primarily as a result of increased average borrowings on the Company's revolving lines of credit and term loan facilities in addition to increased effective borrowing rates. The Company's effective tax rate increased to 37.1% as a result of the increased provision for state income taxes.

Income from continuing operations of $4.9 million or $.61 per share increased 21.9% from last year's first half income from continuing operations of $4.0 million or $.52 per share as a result of increased sales and gross profit, partially offset by increased selling and administrative expenses and an increased provision for taxes.

As discussed in Note 9 to the financial statements and as previously discussed in the Company's prior reports on Form 10-Q, the Company had been involved in a dispute with the Internal Revenue Service (IRS) in which the IRS proposed audit adjustments which could have resulted in a payment of income taxes by the Company of approximately $2.0 million, plus interest. The proposed adjustments related to the Company's 1992 discontinued operations and were associated with income tax which had been refunded to the Company with the filing of its 1992 income tax return. During the second quarter of fiscal 1996, the Company exhausted all alternatives to mitigate this issue and reached a settlement agreement in December 1995 which re-characterized a portion of the 1992 loss associated with discontinued European operations as a long term capital loss. The agreement will result in payment of approximately $1.7 million (composed of interest and taxes), of which approximately $1.2 million was paid late in the second quarter of fiscal 1996. The Company recorded a charge to discontinued operations of $1.5 million, or $.19 per share, in the second quarter of fiscal 1996 to increase the reserve for remaining liabilities associated with the discontinued operations. The Company anticipates no further charges associated with the discontinued European operations.

Net income of $3.4 million, or $.42 per share, in the first half of fiscal 1996 compares to net income of $4.0 million, or $.52 per share, in last year's first half. The change resulted from increased income from continuing operations and the reduction associated with the discontinued operations.

Comparison of Fiscal Years Ended June 30, 1995 and June 30, 1994

Net sales of $119.9 million increased 28.2% over 1994 net sales of $93.5 million. Lighting segment sales increased 29.6% with sales increases in all major markets served: the petroleum/convenience store market, the multi-site retail market, and the commercial/industrial lighting market. Graphics segment sales increased 26.1%, primarily as a result of strong sales into the petroleum/convenience store market. One customer, Chevron U.S.A., accounted for 13.8% of net sales in 1995 and 12.6% of net sales in 1994. The Company believes that it continues to maintain a good business relationship with this major customer; however, the level of total sales is never assured in the future. The increase in sales in 1995 was primarily the result of increased volume. While sales prices were increased, inflation did not have a significant impact on sales in 1995 as competitive pricing pressures held price increases to a minimum.

Gross profit of $39.8 million or 33.2% of net sales, increased over last year's gross profit of $31.1 million or 33.3% of net sales. The increase in amount of gross profit is attributed primarily to the 28.2% increase in net sales. Increased sales volume caused some manufacturing inefficiencies, increased employment levels and related training, and overtime and additional shifts in the first half of the year. The Company experienced cost increases in several raw materials and components from suppliers in the first half for which sales price increases were implemented in the second half of the year. Selling and administrative expenses of $29.5 million increased from $24.0 million but decreased as a percentage of net sales to 24.6% from 25.7%, primarily as a result of increased sales volume.

Interest expense increased in 1995 from $199,000 to $459,000 as a result of increased average borrowings on the Company's revolving lines of credit and long-term debt facilities in addition to increased effective borrowing rates. Other expense consists primarily of losses on disposition of assets of $122,000 and $250,000 in 1995 and 1994, respectively. Income tax expense of $3.5 million or 36.0% of income before taxes compares to tax expense of $2.5 million or 37.0% last year. The increase in income tax expense is related primarily to the increased taxable income. Net income of $6.2 million or $.79 per share increased from last year's net income of $4.2 million or $.55 per share as a result of increased sales and gross profit, partially offset by increased selling and administrative expenses and an increased provision for taxes.

Comparison of Fiscal Year ended June 30, 1994 and June 30, 1993

Net sales of $93.5 million increased 28.9% over 1993 net sales of $72.6 million. Lighting segment sales increased 34.5% with sales increases in all major markets served: the commercial/industrial lighting market, the petroleum/convenience store market, and the multi-site retail market. Graphics segment sales increased 21.4% with increases in sales of both graphics and printed products in the petroleum/convenience store market, the multi-site retail market, as well as other markets served. One customer, Chevron U.S.A., accounted for 12.6% of consolidated net sales in 1994 and 12.9% in 1993. The Company believes that it continues to maintain a good business relationship with this major customer; however, the level of total sales is never assured in the future. Inflation did not have a significant impact on sales in 1994 as competitive pricing pressures held price increases to a minimum.

Gross profit of $31.1 million, or 33.3% of net sales, increased over last year's gross profit of $22.8 million or 31.4% of net sales. The 36.6% increase in amount of gross profit is directly related to the 28.9% increase in net sales, to economies associated with increased production and manufacturing throughput, to facilities consolidation, and to an improved materials cost percentage related to product mix and cost reduction programs. Selling and administrative expenses of $24.0 million increased from $20.2 million, but decreased as a percentage of net sales to 25.7% from 27.8%. The increase in amount is primarily related to the increased sales volume and improved operating performance.

Interest expense decreased in 1994 from $503,000 to $199,000 primarily as a result of decreased average borrowings and also due to reduced effective borrowing rates. Other expense consists primarily of $250,000 net loss on disposition of assets in 1994 and a $520,000 gain on sale of an asset in 1993. Income tax expense of $2.5 million or 37.0% of income before taxes compares to tax expense of $0.9 million or 35.7% in 1993. The increase in income tax expense is related primarily to the increased taxable income.

Net income of $4.2 million or $.55 per share increased from 1993 net income of $1.7 million or $.23 per share due to the increased gross profit on higher sales volume and to reduced interest expense, partially offset by the increased selling and administrative expenses, loss on disposition of assets, and increased tax provision.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1995 the Company had working capital of $18.8 million, compared to $17.8 million at June 30, 1995. The ratio of current assets to current liabilities decreased to 1.54 to 1 from 1.74 to 1 at June 30, 1995. The increased working capital is primarily attributed to increases in accounts receivable and inventories, and to a reduction in accrued expenses, partially offset by increases in notes payable to banks, increases in accounts payable (related to increased sales and production volumes), and decreases in cash and refundable income taxes.

The Company generated $1.8 million in cash from operating activities in fiscal year 1995 as compared to $7.6 million in fiscal year 1994. The Company generated less cash from operating activities in 1995 due to payment of $5.8 million of income tax (includes fiscal 1994 taxes as well as fiscal 1995 estimated tax payments), a $4.9 million increase in accounts receivable related entirely to increased net sales, and a $7.5 million increase in inventories related generally to increased sales and production volumes. Approximately $4.9 million of the $7.5 million increase in inventories between years is specifically related to a temporary inventory stocking program for the Company's largest customer, with approximately $4.2 million having been received from this customer as a cash prepayment that has been classified as a current liability until the inventory is shipped and revenue is recorded.

Total long-term debt increased $4.5 million in fiscal year 1995 primarily in support of $5.1 million of facilities and equipment expansion, and for increased working capital to fund both the growth in business and a total of $1.1 million of cash dividend payments. The Company used $3.8 million in cash for operating activities in the first half of fiscal year 1996 as compared to a use of $2.3 million in the first half of fiscal year 1995. The Company used more cash in the first half of fiscal 1996 primarily because of the payment of approximately $1.2 million associated with the settlement of the IRS audit related to the discontinued European operations. In fiscal 1996, the increased level of business resulted in significant increases in accounts receivable, inventories, as well as increases in notes payable from banks and accounts payable which supported the increased working capital need. As of December 31, 1995, the Company experienced an increase in days sales outstanding to approximately 56 days, as compared to 53 days at June 30, 1995, along with the overall increase in amounts due from customers related to the increased level of sales, especially late in the quarter. Accrued expenses decreased by $2.4 million in the first half of fiscal 1996 primarily as a result of a reduction in customer prepayments resulting from inventory shipments, and decreased by $2.6 million in the first half of fiscal 1995 primarily as a result of payment of federal income taxes.

The combined effect during the first half of fiscal 1996 of inventories increasing by $2.3 million with continued increased sales and production requirements, receivables increasing by $10.3 million, capital spending of $2.0 million, and cash dividend payments of $1.0 million resulted in a slight reduction of cash and in a $6.8 million increase in short term borrowings on the Company's revolving lines of credit. The debt to equity ratio of .45 to 1 at December 31, 1995 increased from .28 to 1 as of June 30, 1995. The Company's primary source of liquidity continues to be its lines of credit, which carried $8.5 million of available borrowing capacity as of February 6, 1996.

Capital expenditures of $2.0 million in the first half of fiscal year 1996 compare to $1.6 million in the comparable period last year. Spending in fiscal year 1996 is primarily related to manufacturing equipment and process improvements and is expected to total approximately $4.4 million for the full year, with funding principally out of cash flows from operations as well as from the Company's lines of credit. In January 1996, the Board of Directors declared a regular quarterly cash dividend of four cents per share to be paid February 9, 1996 to shareholders of record February 2, 1996.

The Company has two revolving lines of credit totaling $13.0 million. After the Offering, the Company will have approximately $30.8 million in working capital and will have $13.0 million available under its two bank revolving lines of credit. The Company believes that the total of available lines of credit plus cash flows from operating activities is adequate for the Company's 1996 operational and capital expenditure needs. The Company is in compliance with all of its loan covenants.

The Company continues to seek opportunities to invest in new products and markets, and in acquisitions which fit its strategic growth plans in the lighting and graphics markets. The Company believes that adequate financing for any such investments or acquisitions will be available through future borrowings due to the enhanced financial condition of the Company after the Offering or through the issuance of Common Shares in payment for acquired businesses.

QUARTERLY RESULTS

The following table presents certain unaudited financial information for the last ten fiscal quarters:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED									
	9/30/93	12/31/93	3/31/94	6/30/94	9/30/94	12/31/94	3/31/95	6/30/95	9/30/95	12/31/95
	(IN THOUSANDS, EXCEPT PER SHARE DATA)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales................	$ 23,571	$ 25,312	$ 20,273	$ 24,379	$ 29,320	$ 32,364	$ 26,920	$ 31,323	$ 35,882	$ 45,561
Gross profit.............	8,169	8,764	6,325	7,847	9,858	11,174	8,570	10,169	11,942	13,824
Operating income.........	2,162	2,340	850	1,788	2,953	3,486	1,291	2,532	3,630	4,509
Income from continuing operations.............	1,317	1,403	453	1,017	1,849	2,159	749	1,417	2,194	2,693
Net income...............	1,317	1,403	453	1,017	1,849	2,159	749	1,417	2,194	1,193
Per share data										
Income from continuing operations...........	$ 0.18	$ 0.18	$ 0.06	$ 0.13	$ 0.24	$ 0.28	$ 0.10	$ 0.18	$ 0.28	$ 0.34
Net income.............	$ 0.18	$ 0.18	$ 0.06	$ 0.13	$ 0.24	$ 0.28	$ 0.10	$ 0.18	$ 0.28	$ 0.15

</TABLE>

BUSINESS

OVERVIEW

LSI designs, engineers, manufactures and markets a broad array of quality, high-value lighting and graphics products for commercial/industrial lighting applications and corporate visual image programs. The Company's two core business segments are the Lighting Group and the Graphics Group. The Lighting Group is a leading supplier of outdoor, indoor, landscape and architectural lighting for the commercial/industrial and the petroleum/convenience store markets. The products of the Graphics Group comprise the major elements of visual image programs for the petroleum/convenience store market and for multi-site retail operations. LSI integrates its lighting and graphics capabilities in order to provide the principal indoor and outdoor aspects of a retail customer's comprehensive image identification program.

The Company utilizes its lighting and graphics expertise and its nationwide service capabilities to position itself as a single-source provider of state-of-the-art lighting and graphics for image conscious retailers. The Company is the leading provider of lighting products and services to the petroleum/convenience store industry and has effectively used this leadership position to market its graphics expertise to customers in this industry. The Company continues to use this strategy to penetrate other national retailers with multi-site operations, including quick service and casual restaurants, video rental and eyewear chains, retail chain stores and automobile dealerships. Representative customers include Amoco, Arco, Chevron, Clark, Fina, Shell, Texaco, Circle K, National Convenience Stores, Boston Market, Burger King, Taco Bell, Wendy's, Best Buy, Target Stores, Chrysler, Ford, General Motors, Saturn and Toyota.

The integration of LSI's lighting and graphics capabilities allows its customers to outsource to LSI the development of an entire visual image program from design stage through installation. The Company believes national retailers increasingly are seeking single-source suppliers that possess the ability to combine a wide offering of lighting and graphics solutions with the project management skills necessary to execute a comprehensive visual image program. Management believes that LSI's unique ability to combine its extensive line of lighting and graphics products and services differentiates the Company from its competition.

The Company's sales growth has been driven by a number of factors, including the general state of the economy and, in particular, LSI's core petroleum customers. Additionally, the Company believes it has benefitted, and will continue to benefit, from corporate downsizing and the related outsourcing of certain non-core activities, such as visual identification projects, in addition to several trends, including:

- importance of improved lighting in deterring crime and improving overall safety and security at retail facilities;

- retailers' extended operating hours;

- consolidation within retailing and the commensurate need to re-image acquired properties;

- retailers' need to present a uniform visual corporate identity; and

- retailers' efforts to improve the effectiveness of merchandising and advertising through the use of indoor and outdoor lighting and graphics.

The Company has further increased the demand for both lighting and graphics products by improving the energy efficiency and maintenance requirements of several of its products. These improvements, together with the trends described above, motivate customers to upgrade or "retrofit" older, established retail locations. Such upgrades and "retrofits" account for a significant portion of the Company's net sales.

[CAMERA READY ART]

[The Schematic drawing on pages 18 and 19 shows the integration of the Company's Lighting and 9 graphic products]

LSI Industries Inc. designs, engineers and manufactures a wide array of lighting and graphics products for corporate identity programs. The Company can coordinate all elements of a customer's program - design, color schemes, materials, and products - to create a consistent image both day and night. Supported by a strong manufacturing base, LSI offers a family of services to develop, produce and implement these products.

- Site Lighting
- Building Lighting
- Interior Lighting
- Landscape Lighting
- Illuminated Fascia
- Structural Graphics
- Menu Board Systems
- Lightboxes
- Graphics
    - Interior
    - Exterior
    - Window
    - Fleet
- Graphic Overlays
- Membrane Switches

The rendering below shows LSI's Lighting and graphics elements in a typical petroleum/convenience store application. Many of these elements can be used in any retail application.

[CAMERA READY ART]

BUSINESS STRATEGY

The Company is a leader in both the commercial/industrial lighting market and in the graphics market. The Company attributes its success to its focus on an on-going business strategy, the principal components of which are to:

- Maintain Leadership in Commercial/Industrial Lighting. LSI has established itself as a leading supplier to the commercial/industrial lighting market. With its wide selection of outdoor, indoor, landscape and architectural lighting products and its large manufacturers' representative force, LSI believes it is well positioned to increase its penetration in this broad market.

- Target Select Markets. The Company focuses its marketing and manufacturing activities on specific niche markets. Markets are evaluated on the basis of size, profit opportunity, and market share potential. LSI targets national retail customers who seek vendors that can provide a consistent customer image across the country on a high volume basis. By offering a full-range of industry-specific lighting and graphic products and services, the Company believes it can offer unparalleled value to its customers, thereby gaining competitive advantage. The Company is the leading supplier of lighting products and a leading supplier of graphics products to the petroleum/convenience store industry. The Company believes its market share is in excess of 70% in the lighting segment of the petroleum/convenience store industry.

- Serve as Single-Source Provider. LSI has positioned itself as a single-source provider of integrated lighting and graphics products and services for its customers, thereby allowing the Company to successfully distinguish itself from its competitors. As the trend toward outsourcing continues, the Company believes its customers place increasingly high value on its one-stop service approach.

- Develop Innovative Products. LSI continually seeks to develop and introduce technologically advanced and innovative products that anticipate the changing needs of its customers. The Company pursues alliances with certain key suppliers for the purpose of developing high-value lighting and graphics products, such as the recently introduced Scottsdale(TM) (patent pending) canopy lighting fixture. This fixture, which was designed for new and "retrofit" canopy installations primarily in the petroleum/convenience store market, generates levels of light output equivalent to higher wattage fixtures while using significantly less energy. In addition to cost advantages, the new fixture provides ease of installation, low maintenance, and superior long-term operating performance. The Scottsdale lighting fixture was designed and developed in alliance with leading lamp and ballast manufacturers.

- Optimize Product Mix and Manufacturing. The Company's products are designed and manufactured to provide maximum value and meet the high-quality, moderately-priced product requirements of the niche markets served. LSI generally avoids specialty or custom-designed, low-volume products and concentrates on relatively high-volume, standard product lines. By focusing its product offerings, the Company achieves significant manufacturing and cost efficiencies. The Company's lighting products are generally produced and shipped within two weeks after receipt of order. LSI believes its prompt shipment capability is important to its customers.

- Pursue Complementary Acquisitions. LSI will continue to pursue acquisitions of companies engaged in various aspects of the lighting and graphics industries that it believes will be complementary to its existing business. The Company's past acquisitions have contributed to its historical growth in its commercial/industrial markets, provided entry into new market segments and product line diversification, as well as facilitated the integration of the Company's lighting and graphics disciplines.

PRODUCTS AND SERVICES

LSI operates in two business segments, the Lighting Group and the Graphics Group. The schematic diagram on pages 18 and 19 shows the integration of some of the Company's lighting and graphics products and illustrates the convenience of using a single-source supplier.

The following table sets forth net sales and operating income data for the Company's two business segments for the past three fiscal years and for the six months ended December 31, 1995.

	FISCAL YEARS ENDED JUNE 30,			SIX MONTHS ENDED DECEMBER 31, 1995
	1993	1994	1995	
		(IN THOUSANDS)		
NET SALES:				
Lighting	$41,768	$ 56,159	$ 72,782	$52,741
Graphics	30,795	37,376	47,145	28,702
Total	$72,563	$ 93,535	$119,927	$81,443
OPERATING INCOME:				
Lighting	$ 1,004	$ 3,684	$ 4,937	$ 5,128
Graphics	1,614	3,456	5,325	3,011
Total	$ 2,618	$ 7,140	$ 10,262	$ 8,139

LIGHTING

The Company's lighting fixtures, poles and brackets are produced in a variety of designs, styles and finishes. Important functional variations include types of mounting, such as pole, bracket and surface, and the nature of the light requirement, such as down-lighting, wall-wash lighting, flood-lighting, area lighting and security lighting. The Company's engineering staff conducts site studies, photometric analyses, and windload safety studies for its customers and also designs the Company's fixtures and systems. The Company's lighting products utilize high-intensity lamps, particularly metal-halide. All of the Company's products are designed for economy and energy efficiency, reliability, ease of installation and service, as well as attractive appearance. The Company's Lighting Group, in descending order of contribution to net sales, consists of:

LSI Lighting Systems

Lighting Systems, founded in 1976, produces a wide range of outdoor lighting fixtures, poles and brackets. This business unit serves all major segments of the outdoor lighting market, including petroleum/convenience stores, automobile dealerships, recreational areas, landscaped areas, sports facilities, shopping centers, roadways, parking garages, warehouses and apartment and office complexes.

Abolite Lighting

Abolite, acquired in 1989, produces a select line of indoor and outdoor lighting products and specializes in designer-type fixtures focusing on several market areas, including retail/shopping centers, casual dining restaurants, sports facilities, theme parks, automotive dealerships (interior) and various specialty commercial and recreational facilities.

Greenlee Lighting Inc.

Greenlee, acquired in 1988, produces specialty outdoor lighting for commercial and residential landscape and architectural lighting applications.

LSI Images

Images, established in fiscal 1995, is a manufacturer of menu board systems. This business unit also markets the LSI family of products, both lighting and graphics, to the quick service restaurant industry. Images will focus on both freestanding quick service restaurants and less traditional locations such as food service areas in petroleum/convenience stores, food courts, retail stores, airports, and school lunchrooms. Sales of graphics products are reported with the results of the Graphics Group.

GRAPHICS

The Graphics segment designs, manufactures and sells a variety of interior and exterior screen printed graphics products used in visual image programs. LSI's extensive product offering, capability of managing nationwide installation programs, and lighting and graphics expertise provide significant competitive advantages. The Company's staff works with corporations and their design firms to establish and implement cost effective image programs. Increasingly, the Company is asked to be the primary supplier of exterior and interior graphics for its clients. The Company's Graphics Group, in descending order of contribution to net sales, consists of:

SGI Integrated Graphic Systems, Inc.

SGI, acquired in 1989, produces various corporate identity graphic elements including structural, point of purchase, fleet markings, and decal graphics. This business unit's major markets are the petroleum/convenience store, restaurant, and specialty retail markets. SGI also produces high-tolerance graphics for the electronics and instrumentation industries. In addition, SGI manages installation programs for its customers by hiring local and regional contractors.

Insight Graphic Systems

Insight produces illuminated and non-illuminated fascia systems for the petroleum/convenience store, quick service restaurant and banking markets.

LIGHTING + GRAPHICS = IMAGE

LSI has been successful in its efforts to market its lighting and graphics products and services on an integrated basis to customers in the petroleum/convenience store market. The Company is actively promoting this dual capability to other national retailers that have multi-site locations and require a consistent visual image. The Company's unique ability to integrate lighting and graphics allows it to position itself as a primary supplier of visual image programs. With LSI's capabilities, a customer can avoid having to separate its lighting and graphics projects among multiple suppliers. Consequently, customers can consolidate project coordination with LSI to ensure proper production, timely delivery of all elements and uniform presentation of colors, logos and graphics. With the recent opening of the Image Center in Cincinnati, Ohio, LSI can now offer its customers assistance with all phases of their nationwide image programs: planning, implementation, installation and maintenance.

The Image Center, unique within the lighting and graphics industry, is a facility that can produce a computer-generated "virtual" prototype of a customer's facility on a large screen through the combination of high tech computer software with sophisticated audio/visual presentation. With this system, the customer can instantly explore a wide variety of lighting and graphics options developing consistent day and nighttime images.

LSI's Image Center gives the customer more options, greater control, and more effective timing in the development of lighting and graphics solutions, all with much less expense than traditional prototyping. The Image Center's comprehensive product display areas, both inside and outside, aid the customer in making quick and effective lighting and graphic design decisions through hands-on product demonstration and training.

With the investment in the Image Center, LSI has further enhanced its position as a highly qualified outsourcing partner capable of guiding a customer through various image alternatives utilizing the Company's lighting and graphics products and services. LSI believes this capability distinguishes it from its competitors and will become increasingly beneficial in attracting customers in the future.

The following table sets forth the Company's principal product categories sold to representative major markets:

<TABLE>
<CAPTION>

MAJOR MARKETS SERVED

PRODUCT CATEGORIES	PETROLEUM/ CONVENIENCE STORE	COMMERCIAL/ INDUSTRIAL	AUTOMOTIVE DEALERSHIP	QUICK SERVICE RESTAURANT	SHOPPING CENTER	SPECIALTY RETAIL
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Site Lighting	X	X	X	X	X	X
Building Lighting	X	X	X	X	X	X
Landscape Lighting	X	X	X	X	X	X
Interior Lighting	X	X	X	X		X
Fascia	X		X	X		
Menu Boards				X		
Lightboxes	X	X	X	X	X	X
Decals	X		X	X		
Fleet Markings	X					
Point-of-Sale Products	X			X		X
Structural Graphics	X					

</TABLE>

MARKETING AND CUSTOMERS

The Company's lighting products are sold nationwide using a combination of regional sales managers, manufacturer representatives, and distributors. LSI utilizes over 450 commissioned manufacturers' representatives employed by approximately 100 independent sales agencies. Although in some cases the Company sells directly to national firms, more frequently LSI is designated as a preferred vendor for product sales to customer-owned as well as franchised, licensed and dealer operations. The Company's graphics products are sold through its own sales force and select manufacturer representatives. LSI's marketing approach and means of distribution vary by product line and by type of market. Both the Company's regional sales managers and its engineering staff provide recommendations and full technical support for site studies, photometric engineering, and windload safety factors.

Sales are developed by contacts with national retail marketers, franchise and dealer operations. In addition, sales are also achieved through planning departments, local architects, engineers, petroleum and electrical distributors and contractors.

Representative customers in each of the Company's primary markets are set forth in the following table:

<TABLE>
<CAPTION>

PETROLEUM/CONVENIENCE STORE	COMMERCIAL/ INDUSTRIAL	AUTOMOTIVE DEALERSHIP
<S>	<C>	<C>
Amoco	Celebration Stations	Chrysler
Arco	Disney Pleasure Island	Ford
Chevron	Kenosha Dog Track	General Motors
Circle K	MGM Studios	Honda
Clark	Paramount Entertainment	Nissan
Exxon	Pittsburgh Airport	Saturn
Fina	Washington Metro Transit Authority	Toyota
Shell		
Texaco		

</TABLE>

<TABLE>
<CAPTION>

QUICK SERVICE RESTAURANT	SHOPPING CENTER	SPECIALTY RETAIL
<S>	<C>	<C>
Boston Market	Albertson's	Ann Taylor
Burger King	Best Buy	Disney Imaginarium
Long John Silver's	Builders Square	Frank's Nursery
KFC	Kmart	The Limited
McDonald's	Kohl's	Tommy Hilfiger
Taco Bell	Target Stores	Value City

Wendy's	Winn Dixie

</TABLE>

MANUFACTURING AND PRODUCTION

LSI designs, engineers and manufactures substantially all of its lighting and graphics products. By emphasizing high-volume production of standard product lines LSI achieves significant manufacturing efficiencies. When appropriate, the Company utilizes alliances with vendors to outsource certain products and assemblies.

LSI Metal Fabrication, acquired in 1994, primarily serves as a support facility for all of LSI's business units providing a wide range of precision metal fabrication, metal stamping and powder coat finishing services.

The principal raw materials and purchased components used in manufacturing the Company's products are steel, aluminum, wire, sockets, lamps, certain fixture housings, acrylic and glass lenses, lighting ballasts, inks and various substrates (decal material, vinyls, etc. for graphics). LSI sources these materials and components from a variety of suppliers. Although an interruption of these supplies and components could disrupt the Company's operations, LSI believes that alternative sources of supply exist and could be readily arranged. LSI strives to reduce price volatility in its purchases of raw materials and components through quarterly and, in some cases, annual contracts with certain of its suppliers.

The Company's manufacturing operations are subject to various federal, state and local regulatory requirements relating to environmental protection and occupational health and safety. The Company does not expect to incur material capital expenditures with regard to these matters and believes its facilities are in compliance with such regulations.

LSI relies on proprietary expertise, trademarks and, to a lesser extent, patents to protect its rights regarding products, manufacturing processes, and product development, all of which the Company believes are important to its competitive position and success. The Company does not have any license agreements and does not believe that patent protection is critical to the success of its business.

COMPETITION

The lighting and graphics industries are highly competitive. LSI encounters strong competition in all markets served by the Company's product lines. The Company has many competitors, some of which have greater financial and other resources. LSI considers product quality and performance, price, customer service, prompt delivery and reputation to be important competitive factors.

EMPLOYEES

The Company has approximately 800 full-time employees, of whom 120 are sales and marketing, 90 administrative, 40 engineering, and the remainder manufacturing. In addition, the Company from time-to-time during high production periods uses a substantial number of temporary employees, which may average as high as 300, in order to meet customer demand for products. The Company has a comprehensive compensation and benefit program for employees, including competitive wages, a discretionary bonus plan, a profit-sharing plan, a retirement plan, a stock option plan, and medical and dental insurance. None of the Company's employees are covered by a collective bargaining agreement. LSI has never experienced any work stoppages or slowdowns and considers its relationship with its employees to be good.

FACILITIES

The Company's facilities are as follows:

<TABLE>
<CAPTION>

DESCRIPTION	SQ. FT.	LOCATION	STATUS
<S>	<C>	<C>	<C>
LSI Corporate Headquarters, and lighting fixture and graphics manufacturing............................	225,000	Cincinnati, Ohio	owned
LSI pole manufacturing and dry powder-coat			

painting	131,000	Cincinnati, Ohio	owned
LSI Metal Fabrication and LSI Images manufacturing and dry powder-coat painting	96,000	Independence, Kentucky	owned
SGI office, screen printing, manufacturing, and structural graphics manufacturing	221,000	Houston, Texas	leased
Greenlee office and manufacturing	33,000	Dallas, Texas	leased
Total	706,000		

</TABLE>

LSI considers these facilities adequate for its current level of operations and does not anticipate any difficulty in locating additional facilities, if required. The Company has sufficient property contiguous to its current owned facilities to expand such facilities if required. The Company's equipment consists primarily of metal-working, metal-treatment, painting and screen printing equipment.

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth certain information with respect to the directors and executive officers of the Company as of January 12, 1996:

<TABLE>
<CAPTION>

NAME	AGE	POSITION
Robert J. Ready	55	President and Chairman of the Board
James P. Sferra	56	Executive Vice President - Manufacturing and Director
Donald E. Whipple	60	President, LSI Lighting Systems and Insight Graphic Systems, Secretary and Director
John N. Taylor, Jr.	60	Director
Michael J. Burke	52	Director and Assistant Secretary
Allen L. Davis	53	Director
Peter F. Carey	48	President, SGI Integrated Graphic Systems, Inc.
Ronald S. Stowell	45	Chief Financial Officer and Treasurer

</TABLE>

Mr. Ready is the founder of the Company and has been its President and a Director since 1976. Mr. Ready was appointed Chairman of the Board of Directors in February 1985. Mr. Ready is also a Director of Meridian Diagnostics, Inc.

Mr. Sferra shared in the formation of the Company. Mr. Sferra has served as Corporate Vice President of Manufacturing from November 1989 to November 1992, and as Executive Vice President - Manufacturing since then. Prior to that, he served as Vice President - Manufacturing of the LSI Lighting Systems division. Mr. Sferra has served as a Director since 1976.

Mr. Whipple shared in the formation of the Company. Mr. Whipple has served as President of LSI Lighting Systems and Insight Graphics since November 1989 and November 1991, respectively. Prior to that, he served as Executive Vice President of the Company. Mr. Whipple has served as Director and as Secretary since 1976. Mr. Whipple will retire in June 1996 but will continue as a Director.

Mr. Taylor was elected a Director of the Company in November 1992. Mr. Taylor is Chairman and Chief Executive Officer of Kurz-Kasch, Inc., a specialty manufacturer of plastic-based components, precision solenoids, stators and coil products, headquartered in Dayton, Ohio. Mr. Taylor is a Director of Robbins & Myers, Inc.

Mr. Burke was elected a Director and Assistant Secretary of the Company in February 1985. Mr. Burke is a Managing Partner of the Cincinnati law firm of Keating, Muething & Klekamp, counsel to the Company, and has been associated with Keating, Muething & Klekamp since 1968.

Mr. Davis was elected a Director of the Company in February 1985. Mr. Davis has been the President and Chief Executive Officer, and a Director of Provident Bancorp, Inc. and The Provident Bank, Cincinnati, Ohio since 1986 and 1984, respectively.

Mr. Stowell has served as Chief Financial Officer since joining the Company in December 1992 and was appointed Treasurer in November 1993. Prior to that, and since 1985, Mr. Stowell served as Corporate Controller of Essef Corporation, Chardon, Ohio, a manufacturer of high performance composite and engineered plastics products.

Mr. Carey has been President of SGI Integrated Graphic Systems since November 1993 and was the Executive Vice President and Chief Operating Officer from October 1991 to November 1993. From 1990 to September 1991 he was Executive Vice President of Stout Industries, a screen printer of point-of-purchase signs. Prior to that he was Vice President of Marketing of PlastiLine, Inc., a manufacturer of outdoor signs.

None of the officers or directors is related.

SELLING SHAREHOLDERS

The following table sets forth beneficial ownership of LSI Common Shares at January 12, 1996, and after this Offering by each Selling Shareholder and by all Directors and Executive Officers.

<TABLE>
<CAPTION>

	PRIOR TO OFFERING			AFTER OFFERING	
NAME	COMMON SHARES BENEFICIALLY OWNED	PERCENTAGE	SHARES TO BE SOLD	COMMON SHARES BENEFICIALLY OWNED	PERCENTAGE
<S>	<C>	<C>	<C>	<C>	<C>
Robert J. Ready...............	721,032(1)	9.4%	140,000	581,032(1)	6.6%
James P. Sferra...............	493,945(2)	6.4%	250,000	243,945(2)	2.8%
Donald E. Whipple.............	436,419(3)	5.7%	260,000(5)	176,419(3)	2.0%
John N. Taylor, Jr.	361,450(4)	4.7%	100,000(6)	261,450(4)	3.0%
All Directors and Executive Officers....................	2,113,333	27.0%	750,000	1,363,333	15.3%

</TABLE>

----

(1) Includes exercisable options for 79,545 shares and 130,488 shares held in trust for Mr. Ready's children.

(2) Includes exercisable options for 38,286 shares and 26,931 shares held by Mr. Sferra's children.

(3) Includes exercisable options for 32,030 shares. Also includes 36,155 shares held by Mr. Whipple's children before the Offering; 26,155 shares after the Offering.

(4) Includes exercisable options for 5,500 shares. Also includes indirect beneficial ownership for Mr. Taylor of 207,900 shares before the Offering; 157,900 shares after the Offering.

(5) Includes 10,000 shares held by a child of Mr. Whipple.

(6) Includes 50,000 shares held indirectly by Mr. Taylor.

DESCRIPTION OF CAPITAL STOCK

The following description is a summary and is qualified in its entirety by the provisions of the Company's Articles of Incorporation, Code of Regulations and the Ohio Revised Code.

COMMON SHARES

Holders of Common Shares are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Shareholders do not have the right to cumulate their votes in the election of directors.

Holders of Common Shares are entitled to share in such dividends as the Board of Directors, in its discretion, may declare. In the event of liquidation, each outstanding Common Share entitles its holder to participate ratably in the assets remaining after payment of liabilities. Shareholders have no preemptive or other rights to subscribe for or purchase additional shares of any class of stock or any other securities of the Company. There are no redemption or sinking fund provisions with regard to the Common Shares. All outstanding Common Shares are fully paid, validly issued and non-assessable.

The vote of holders of 66 2/3% of all outstanding Common Shares is required to amend the Articles of Incorporation and to approve mergers, reorganizations, and similar transactions.

PREFERRED SHARES

Up to 1,000,000 preferred shares may be issued from time to time in series having such designated preferences and rights, qualifications, and limitations as the Board of Directors may determine without any approval of shareholders. Preferred shares could be given rights which would adversely affect the equity of holders of Common Shares and could have preferences to Common Shares with respect to dividend and liquidation rights. The preferred shares could have the effect of acting as an anti-takeover device to prevent a change of control of the Company.

PROVISIONS AFFECTING BUSINESS COMBINATIONS

LSI's Articles of Incorporation require approval by 66 2/3% of the voting power of disinterested shareholders for any business combination between an interested shareholder and the Company for five years after such party became an interested shareholder. An interested shareholder is one beneficially owning 15% or more of the voting power. Business combinations include mergers, sales of assets and similar transactions. The Articles of Incorporation also require any person who becomes an interested shareholder to offer to purchase all voting securities of LSI and securities convertible into or constituting warrants or options to purchase such securities within 25 days after achieving 15% ownership. The price to be paid would be the higher of the highest price paid by the interested shareholder in acquiring such beneficial ownership or the highest trading price during the 45 day period commencing 70 days prior to the date that such person became an interested shareholder. These provisions are not applicable if the proposed business combination is approved prior to its consummation by a majority of disinterested directors or if the transaction by which a person becomes an interested shareholder is approved any time prior to that time by a majority of disinterested directors.

The Company is also subject to Chapter 1704 of the Ohio Revised Code which prohibits the Company from entering into transactions with persons owning 10% or more of the outstanding voting power of the Corporation for at least three years after such person attains such 10% ownership unless the Board of Directors has approved the acquisitions of shares resulting in such ownership. The Company is also subject to sec.1701.831 of the Ohio General Corporation Law requiring shareholder approval of acquisitions by persons beyond 20%, 33 1/3% and 50% of the voting power of the Company. Ohio Revised Code sec.1707.043 requires a person or entity making a proposal to acquire the control of the Corporation to repay to the Company any profits made from trade in the Company's stock within 18 months after making the control proposal.

These provisions of the Company's Articles of Incorporation and Ohio Law would be important in any attempted takeover of the Company and could operate, depending on how utilized by the Board of Directors, either to discourage a hostile takeover or to enable the Board to negotiate a higher price than may be initially proposed in any such situation.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement, the Company and the Selling Shareholders have agreed to sell to each of the underwriters named below (the "Underwriters"), for whom Robert W. Baird and Co. Incorporated, A.G. Edwards & Sons, Inc. and The Ohio Company are acting as representatives (the "Representatives"), and each of the Underwriters has severally agreed to purchase from the Company and the Selling Shareholders, the respective number of Common Shares set forth opposite its name below:

<TABLE>
<CAPTION>

UNDERWRITERS	NUMBER OF COMMON SHARES
<S>	<C>
Robert W. Baird & Co. Incorporated..........................	406,667
A.G. Edwards & Sons, Inc....................................	406,667

The Ohio Company..	406,666
William Blair & Company.....................................	35,000
J.C. Bradford & Co.	35,000
Dain Bosworth Incorporated..................................	35,000
EVEREN Securities, Inc.	35,000
Gerard Klauer Mattison & Co., LLC...........................	35,000
Janney Montgomery Scott Inc.	35,000
Ladenburg, Thalmann & Co. Inc.	35,000
Legg Mason Wood Walker Incorporated.........................	35,000
McDonald & Company Securities, Inc.	35,000
Mesirow Financial, Inc.	35,000
Morgan Keegan & Company, Inc.	35,000
Needham & Company, Inc.	35,000
Parker/Hunter Incorporated..................................	35,000
Pennsylvania Merchant Group Ltd.	35,000
Raymond James & Associates, Inc.	35,000
The Robinson-Humphrey Company, Inc.	35,000
Roney & Company, LLC	35,000
Tucker Anthony Incorporated.................................	35,000
Total...	1,850,000

</TABLE>

In the Underwriting Agreement, the Underwriters have agreed, subject to the terms and conditions set forth therein, to purchase all 1,850,000 Common Shares offered hereby if any such Common Shares are purchased. In the event of a default by any Underwriter, the Underwriting Agreement provides that, in certain circumstances, purchase commitments of the non-defaulting Underwriters may be increased or the Underwriting Agreement may be terminated.

The Company and the Selling Shareholders have been advised by the Representatives that the several Underwriters propose to offer such Common Shares to the public at the public offering price set forth on the cover page of this Prospectus, and to certain dealers at such prices less a concession not in excess of $0.61 per share. The Underwriters may allow and such dealers may re-allow a concession not in excess of $0.10 per share to other dealers.

The Company and the Selling Shareholders have granted to the Underwriters an option, expiring 30 days from the date of this Prospectus, to purchase up to 277,500 additional Common Shares at the price to public less underwriting discounts and commissions set forth on the cover page of this Prospectus. The Underwriters may exercise such option solely to cover over-allotments, if any, made in connection with the sale of Common Shares that the Underwriters have agreed to purchase. To the extent the Underwriters exercise such option, each of the Underwriters will have a firm commitment, subject to certain conditions, to purchase a number of option shares proportionate to such Underwriter's initial commitment.

The Company and each of its officers and directors have agreed that they will not sell, without the consent of the Representatives, any Common Shares or any securities convertible into Common Shares during the 180 days following the date of this Prospectus, except for the Common Shares offered in this Offering. The Representatives will not consent to any shortening of such periods unless, in their judgment, the timing of the sales and the number of Common Shares sold as a result of any said consent would not have a material adverse effect on the market for the Common Shares. In such event, such sales would not necessarily be preceded by a public announcement of the Company or the Representatives that such consent has been given.

The Underwriting Agreement provides that the Company and the Selling Shareholders will indemnify the Underwriters against certain liabilities under the Securities Act of 1933 or contribute to payments the Underwriters may be required to make in respect thereof.

LEGAL MATTERS

The validity of the securities offered hereby will be passed upon for the Company by Keating, Muething & Klekamp, Cincinnati, Ohio. Certain legal matters in connection with this Offering will be passed upon for the Underwriters by Taft, Stettinius & Hollister, Cincinnati, Ohio.

EXPERTS

The Consolidated Financial Statements of the Company as of June 30, 1994 and June 30, 1995, and for each of the three years in the period ended June 30, 1995 included in this Prospectus have been so included in reliance upon the report of Price Waterhouse LLP, independent accountants, given on the authority of said firm as experts in accounting and auditing.

LSI INDUSTRIES INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
LSI Industries Inc.

In our opinion, the accompanying consolidated balance sheets and related consolidated statements of income, cash flows and shareholders' equity present fairly, in all material respects, the financial position of LSI Industries Inc. and its subsidiaries at June 30, 1994 and 1995, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 1995, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP
Cincinnati, Ohio
August 18, 1995

LSI INDUSTRIES INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	JUNE 30		DECEMBER 31
	1994	1995	1995
			(UNAUDITED)
<S>	<C>	<C>	<C>
ASSETS			
Current Assets			
Cash..	$ 1,614	$ 2,124	$ 1,917
Accounts receivable, less allowance for doubtful			

accounts of $265, $242, and $262, respectively	14,376	19,273	29,530
Inventories	11,079	18,584	20,862
Refundable income taxes	--	438	--
Other current assets	1,390	1,397	1,405
Total current assets	28,459	41,816	53,714
Property, Plant and Equipment, at cost			
Land	2,482	2,512	2,512
Buildings	7,536	8,967	10,247
Machinery and equipment	14,983	16,900	17,585
	25,001	28,379	30,344
Less accumulated depreciation	(8,550)	(8,981)	(10,093)
Net property, plant and equipment	16,451	19,398	20,251
Goodwill	1,377	1,339	1,319
	$46,287	$62,553	$ 75,284
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities			
Notes payable to banks	$ --	$ --	$ 6,809
Current maturities of long-term debt	265	842	844
Accounts payable	7,958	10,641	17,111
Accrued expenses	9,013	12,545	10,161
Total current liabilities	17,236	24,028	34,925
Long-Term Debt	3,335	7,257	6,863
Other Long-Term Liabilities	460	380	--
Deferred Income Taxes	1,275	1,435	1,485
Shareholders' Equity			
Preferred shares, without par value; authorized 1,000,000 shares, none issued	--	--	--
Common shares, without par value; authorized 30,000,000 shares; outstanding 7,466,951, 7,554,229 and 7,623,782 shares, respectively, including the effect of a three-for-two stock split (see Note 6)	7,539	7,915	8,075
Retained earnings	16,442	21,538	23,936
Total shareholders' equity	23,981	29,453	32,011
	$46,287	$62,553	$ 75,284

</TABLE>

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

LSI INDUSTRIES INC.

CONSOLIDATED INCOME STATEMENTS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	YEARS ENDED JUNE 30			SIX MONTHS ENDED DECEMBER 31	
	1993	1994	1995	1994	1995
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	$72,563	$93,535	$119,927	$61,684	$81,443
Cost of products sold	49,789	62,430	80,156	40,652	55,677
Gross profit	22,774	31,105	39,771	21,032	25,766
Selling and administrative expenses	20,156	23,965	29,509	14,593	17,627
Operating income	2,618	7,140	10,262	6,439	8,139
Interest expense	503	199	459	179	350
Other (income) expense	(481)	290	160	19	16
Income from continuing operations before income taxes	2,596	6,651	9,643	6,241	7,773
Income tax expense	927	2,461	3,469	2,233	2,886

Income from continuing operations....	1,669	4,190	6,174	4,008	4,887
Discontinued operations................	--	--	--	--	(1,500)
Net income..........................	$ 1,669	$ 4,190	$ 6,174	$ 4,008	$ 3,387
Net income per share					
Continuing operations................	$ .23	$ .55	$ .79	$ .52	$ .61
Discontinued operations..............	--	--	--	--	(.19)
Net income per share..............	$ .23	$ .55	$ .79	$ .52	$ .42
Average shares outstanding............ (see Note 6)	7,385	7,656	7,802	7,760	7,980

</TABLE>

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

LSI INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	YEARS ENDED JUNE 30			SIX MONTHS ENDED DECEMBER 31	
	1993	1994	1995	1994	1995
				(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES					
Income from continuing operations......	$ 1,669	$ 4,190	$ 6,174	$ 4,008	$ 4,887
Non-cash items included in income					
Depreciation and amortization.......	1,731	1,794	2,074	938	1,154
Deferred income taxes...............	691	(234)	85	60	50
Loss (gain) on disposition of fixed assets...........................	--	250	122	--	(4)
Change in					
Accounts receivable.................	(672)	(2,744)	(4,897)	(3,557)	(10,257)
Inventories.........................	44	(3,481)	(7,505)	(3,500)	(2,278)
Refundable income taxes.............	2,228	134	(438)	--	438
Accounts payable....................	208	2,087	2,683	2,452	6,470
Accrued expenses and other..........	(58)	5,833	3,590	(2,662)	(3,010)
Loss from discontinued operations......	--	--	--	--	(1,500)
Net cash used by discontinued operations					
Other changes in net assets.......	(1,232)	(245)	(70)	(30)	238
Net cash flows from operating activities..................	4,609	7,584	1,818	(2,291)	(3,812)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant, and equipment...........................	(1,253)	(4,609)	(5,117)	(1,647)	(1,987)
Proceeds from sale of fixed assets.....	--	13	12	--	4
Net cash flows from investing activities..................	(1,253)	(4,596)	(5,105)	(1,647)	(1,983)
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in lines of credit.............................	(1,458)	(1,312)	--	303	6,809
Payment of long-term debt.............	(1,727)	(3,957)	(451)	(58)	(392)
Increase in long-term debt............	--	3,600	4,950	3,700	--
Cash dividends paid...................	(234)	(234)	(1,078)	(676)	(989)
Exercise of stock options.............	--	370	376	161	160
Net cash flows from financing activities..................	(3,419)	(1,533)	3,797	3,430	5,588
Increase (decrease) in cash.............	(63)	1,455	510	(508)	(207)
Cash at beginning of period.............	222	159	1,614	1,614	2,124
Cash at end of period...................	$ 159	$ 1,614	$ 2,124	$ 1,106	$ 1,917

Supplemental cash flow information

Interest paid	$ 540	$ 210	$ 438	$ 579	$ 189
Income taxes paid (refunded), net	$(2,010)	$ 204	$ 5,831	$ 2,752	$ 4,162

</TABLE>

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

LSI INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	COMMON SHARES			
	NUMBER OF SHARES	AMOUNT	RETAINED EARNINGS	TOTAL
<S>	<C>	<C>	<C>	<C>
BALANCE AT JUNE 30, 1992	7,367	$7,169	$11,051	$18,220
Net income	--	--	1,669	1,669
Dividend -- $.03 per share	--	--	(234)	(234)
BALANCE AT JUNE 30, 1993	7,367	7,169	12,486	19,655
Net income	--	--	4,190	4,190
Stock options exercised	100	370	--	370
Dividend -- $.03 per share	--	--	(234)	(234)
BALANCE AT JUNE 30, 1994	7,467	7,539	16,442	23,981
Net income	--	--	6,174	6,174
Stock options exercised	87	376	--	376
Dividends -- $.15 per share	--	--	(1,078)	(1,078)
BALANCE AT JUNE 30, 1995	7,554	7,915	21,538	29,453
Net income (a)	--	--	3,387	3,387
Stock options exercised (a)	69	160	--	160
Dividends -- $.13 per share (a)	--	--	(989)	(989)
BALANCE AT DECEMBER 31, 1995 (a)	7,623	$8,075	$23,936	$32,011

</TABLE>

(a) Unaudited information

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

LSI INDUSTRIES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION:

The consolidated financial statements include the accounts of LSI Industries Inc. and its subsidiaries, all of which are wholly owned. All significant intercompany transactions have been eliminated.

RECLASSIFICATION:

Certain reclassifications have been made to prior year amounts in order to be consistent with the presentation for the current year.

REVENUE RECOGNITION:

Revenue is recognized when the customer accepts title and the resultant risks and rewards of ownership. Generally this occurs upon shipment of goods or shortly thereafter. Amounts received from customers prior to the recognition of revenue are accounted for as customer prepayments.

CASH:

The cash balance includes cash and cash equivalents which have maturities of less than three months.

INVENTORIES:

Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out basis.

PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION:

Property, plant and equipment are stated at cost. Major additions and betterments are capitalized while maintenance and repairs are expensed. For financial reporting purposes, depreciation is computed on the straight-line method over the estimated useful lives of the assets.

GOODWILL:

The excess of cost over fair value of assets acquired ("goodwill") is amortized over a forty year period. As of June 30, 1994 and 1995, accumulated amortization of goodwill was $210,000 and $248,000, respectively. The Company periodically evaluates goodwill and other long-lived assets for permanent impairment based upon anticipated cash flows. To date no impairments have been recorded, nor are any anticipated.

EMPLOYEE BENEFIT PLANS:

The Company has a defined contribution retirement plan and a discretionary profit sharing plan covering substantially all of its employees. The costs of employee benefit plans are charged to expense and funded annually. Total costs relating to continuing operations were $567,000 in 1993, $942,000 in 1994 and $1,004,000 in 1995.

INCOME TAXES:

Deferred income taxes are provided on items reported in income in different periods for financial reporting and tax purposes.

NET INCOME PER COMMON SHARE:

The computation of net income per common share is based on the weighted average common shares outstanding for the period, including common share equivalents (dilutive stock options). Dilutive stock options amounted to 18,000 shares in 1993, 236,000 shares in 1994 and 287,000 shares in 1995. See also Note 6.

UNAUDITED INTERIM FINANCIAL INFORMATION:

The interim financial information for the six month periods ended December 31, 1994 and 1995 and as of December 31, 1995 are unaudited. In the opinion of management, the accompanying interim financial information has been prepared on a basis consistent with the audited financial statements and include all adjustments, consisting of only normal, recurring adjustments, necessary to present fairly the Company's financial position and results of operations for the periods then ended.

SUPPLEMENTARY DATA (UNAUDITED):

The supplementary earnings per share information presented below for the year ended June 30, 1995 and for the six month periods ended December 31, 1994 and 1995 has been prepared assuming: (1) the offering of common shares described in this Prospectus had occurred at the beginning of fiscal year 1995, and subsequently as required during the periods presented, at the anticipated net offering proceeds per share to generate cash to repay bank debt, resulting in reduced interest expense, net of tax, and (ii) an increase in common shares outstanding sufficient to repay the bank debt during the periods presented.

<TABLE>
<CAPTION>

<S>	INCOME FROM CONTINUING OPERATIONS <C>
Fiscal year 1995	$0.77
Six months ended	
December 31, 1994	$0.50

December 31, 1995	$0.58

NOTE 2 -- DISCONTINUED OPERATIONS

In 1992 the Company sold the assets and operations of its U.K. subsidiary, Duramark, to its management and reported a loss from discontinued operations. Consideration received included cash, assumption of liabilities by management, and rights to a percentage of future profits of the operation earned on or before May 31, 1996 (to which no value was assigned). The maximum amount receivable is not material, is subject to a time limit, and realizability is believed not to be certain.

The remaining liabilities which were not assumed by the management buy-out group of the discontinued operations, net of related taxes, have been classified in the consolidated balance sheets as follows:

(in thousands)	JUNE 30 1994	JUNE 30 1995
Accrued expenses	$ 396	$ 429
Other long-term liabilities	460	380
Total	$ 856	$ 809

NOTE 3 -- BUSINESS SEGMENT INFORMATION

LSI operates in two business segments -- Lighting and Graphics. The Lighting segment manufactures and sells outdoor, indoor and landscape lighting fixtures as well as menu boards and light boxes to the petroleum/convenience store, multi-site retail and commercial/industrial markets. The Lighting segment includes the operations of LSI Lighting Systems, Abolite Lighting, Greenlee Lighting, LSI Images, and LSI Metal Fabrication. The Graphics segment manufactures and sells screen printed materials and architectural graphic structures for the petroleum/convenience store and multi-site retail markets. The Graphics segment includes the operations of SGI and Insight Graphics.

The following information is provided for the following periods:

	1993	1994	1995
		(IN THOUSANDS)	
NET SALES:			
Lighting	$41,768	$56,159	$ 72,782
Graphics	30,795	37,376	47,145
	$72,563	$93,535	$119,927
OPERATING INCOME:			
Lighting	$ 1,004	$ 3,684	$ 4,937
Graphics	1,614	3,456	5,325
	$ 2,618	$ 7,140	$ 10,262
IDENTIFIABLE ASSETS:			
Lighting	$23,465	$29,912	$ 36,433
Graphics	12,447	14,523	23,280
	35,912	44,435	59,713
Corporate	2,139	1,852	2,840
	$38,051	$46,287	$ 62,553
CAPITAL EXPENDITURES:			
Lighting	$ 904	$ 3,747	$ 3,814
Graphics	349	862	1,303
	$ 1,253	$ 4,609	$ 5,117

DEPRECIATION AND AMORTIZATION:			
Lighting	$ 1,103	$ 1,133	$ 1,404
Graphics	628	661	670
	$ 1,731	$ 1,794	$ 2,074

</TABLE>

Operating income of the business segments includes sales less all operating expenses including allocations of corporate expense, but excluding interest expense. Sales between business segments are immaterial.

Identifiable assets are those assets used by each segment in its operations, including allocations of shared assets. Corporate assets consist primarily of cash, and refundable income taxes and, in fiscal 1993, a net receivable related to an asset that had been held for sale.

NOTE 4 -- BALANCE SHEET DATA

<TABLE>
<CAPTION>

(in thousands)	JUNE 30 1994	JUNE 30 1995	DECEMBER 31 1995 (UNAUDITED)
<S>	<C>	<C>	<C>
INVENTORIES:			
Raw materials	$ 5,926	$ 9,821	$ 12,106
Work-in-process and finished goods	5,153	8,763	8,756
	$11,079	$18,584	$ 20,862
ACCRUED EXPENSES:			
Compensation and benefits	$ 3,447	$ 4,070	$ 2,668
Accrued income taxes	$ 2,490	$ 360	$ 757
Customer prepayments	$ 593	$ 5,648	$ 2,589

</TABLE>

NOTE 5 -- REVOLVING LINES OF CREDIT AND LONG-TERM DEBT

The Company has lines of credit with its banks in the aggregate amount of $13,000,000, all of which is available at June 30, 1995. These revolving lines of credit are unsecured and expire in fiscal year 1996. The Company has a $6,700,000 term loan agreement with one of its banks and as of June 30, 1995, $6,365,000 is outstanding. Equal quarterly principal payments, plus interest, continue through December 2004. The term loan is secured by the Company's Ohio real estate and selected equipment, with a total net carrying value of $11.3 million. Interest on the revolving lines of credit and the term loan is charged based upon a 1.0 and a 1.25 percentage point increment, respectively, over the LIBOR rate as periodically determined, or at the banks' base lending rate, at the Company's option. Under terms of these agreements, the Company has agreed to maintain minimum levels of profitability and net worth, and is subject to certain maximum levels of leverage.

In February 1995 the Company completed an Industrial Revenue Development Bond (IRB) borrowing in the amount of $1,250,000 associated with its facility in Northern Kentucky. The term of this IRB is 15 years with semi-annual interest payments and annual principal payments for retirement of bond principal in increasing amounts over the term of the bonds. The IRB interest rate is re-established semi-annually and is currently 6.15%, including a letter of credit fee. The IRB is secured by the Company's Kentucky real estate, which has a net carrying value of $1.2 million.

The Company has equipment loans outstanding totaling $484,000 with two governmental agencies in Kentucky. The loans are for terms of five years at a weighted average interest rate of 2.2% and are secured by the Company's Kentucky equipment which has a net carrying value of $1.3 million. The Company makes quarterly principal and interest payments of $32,000 through June 1999 and has committed to specified job growth in its Kentucky facility.

<TABLE>
<CAPTION>

JUNE 30

(in thousands)	1994	1995
LONG-TERM DEBT:		
Term loan at 7.25%	$3,000	$6,365
Industrial Revenue Development Bond at 6.15%	--	1,250
Equipment loans (average rate of 2.2%)	600	484
	3,600	8,099
Less current maturities	265	842
	$3,335	$7,257

Future maturities of long-term debt at June 30, 1995 are as follows (in thousands):

1996	1997	1998	1999	2000	2001 AND AFTER
$842	$850	$858	$860	$740	$3,949

NOTE 6 -- SHAREHOLDERS' EQUITY

The Company has stock option plans which cover all of its full-time employees and has a plan covering all non-employee directors. The stock option plan for directors and a new plan for employees were adopted by the Board of Directors in May 1995, subject to shareholder approval in November 1995. The options granted pursuant to these plans are granted at fair market value at date of grant and generally become exercisable 25% per year (cumulative) beginning one year after the date of grant at the fair market value of the Common Shares at the date of grant. The number of shares reserved for issuance is 982,800, of which 491,000 shares are available for future grant as of June 30, 1995. The plan allows for the grant of both incentive stock options and non-qualified stock options.

	SHARES (IN THOUSANDS)	AVERAGE PRICE
OPTIONS OUTSTANDING AT JUNE 30, 1992	450	$3.36
Options granted	113	2.23
Options terminated	(50)	3.45
OPTIONS OUTSTANDING AT JUNE 30, 1993	513	3.13
Options granted	182	4.58
Options terminated	(34)	3.37
Options exercised	(107)	3.28
OPTIONS OUTSTANDING AT JUNE 30, 1994	554	3.56
Options granted	42	9.71
Options terminated	(12)	3.37
Options exercised	(92)	3.37
OPTIONS OUTSTANDING AT JUNE 30, 1995	492	$4.13

At June 30, 1995, there were 281,000 options exercisable at an average price of $4.22 per share.

On August 18, 1995, the Board of Directors declared a regular quarterly dividend of $.04 per share and a special $.05 per share cash dividend to be paid September 22, 1995 to shareholders of record on September 11, 1995. Earnings per share and common shares outstanding for all periods reflect a three-for-two stock split effective August 4, 1995. Annual cash dividend payments made during fiscal years 1993, 1994 and 1995 were $.03, $.03, and $.15, respectively.

NOTE 7 -- SALES TO MAJOR CUSTOMERS

The Company made sales in both the Lighting and Graphics segments to a major customer which exceeded 10% of consolidated net sales. Sales to Chevron U.S.A. represented 14% of consolidated net sales in 1995 and 13% in both 1994 and 1993.

NOTE 8 -- LEASES

The Company leases certain of its facilities and equipment under operating lease arrangements. Rental expense was $788,000 in 1993, $846,000 in 1994, and $835,000 in 1995. Minimum annual rental commitments under non-cancelable operating leases are: $654,000 in 1996; $605,000 in 1997; $541,000 in 1998; and $352,000 in 1999.

NOTE 9 -- INCOME TAXES

The following information is provided for the years ended June 30:

	1993	1994	1995
		(IN THOUSANDS)	
PROVISION (BENEFIT) FOR INCOME TAXES:			
Current federal	$143	$2,582	$3,179
Current state and local	93	113	205
Deferred	691	(234)	85
	$927	$2,461	$3,469
DEFERRED INCOME TAX COMPONENTS:			
Depreciation	$112	$ (691)	$ 160
Accrued and prepaid expenses	74	(21)	(75)
Alternative minimum tax credit carry forward	--	283	--
Restructuring charges	305	195	--
Reserve established for sale of asset	200	--	--
	$691	$ (234)	$ 85
RECONCILIATION TO FEDERAL STATUTORY RATE:			
Federal statutory tax rate	34.0%	34.0%	34.0%
State and local taxes	2.4	1.1	1.4
Goodwill and other	(0.7)	1.9	.6
Effective tax rate	35.7%	37.0%	36.0%

The components of deferred income tax assets and liabilities at June 30, 1994 and 1995 are as follows:

	1994	1995
	(IN THOUSANDS)	
Current assets (liabilities):		
Reserves against current assets	$ 194	$ 269
Prepaid expenses	(226)	(106)
Accrued expenses	493	373
Deferred income tax asset included in Other Current Assets on the Consolidated Balance Sheets	$ 461	$ 536
Noncurrent liabilities:		
Depreciation	$1,275	$1,435
Deferred income tax liabilities as reported on the Consolidated Balance Sheets	$1,275	$1,435

The Internal Revenue Service (IRS) has completed its audit of the Company's 1989 through 1992 federal income tax returns. In October 1994, the IRS proposed audit adjustments which would result in a return of approximately $2 million of income taxes (plus interest) which had been refunded to the Company with the filing of its 1992 income tax return. The IRS has questioned the tax treatment of the loss associated with the discontinued operations, specifically as to whether it should receive ordinary loss or capital loss treatment. The Company vigorously protested these adjustments and filed a final protest with the IRS Appeals Division.

(Unaudited information):

The Company's settlement discussions with the IRS Appeals Division relating to the proposed audit assessment were concluded in December 1995. An agreement was reached that will re-characterize a portion

of the 1992 loss associated with discontinued European operations as a long term capital loss. The agreement will result in payment of approximately $1.7 million (composed of taxes and interest), and in a charge to discontinued operations of approximately $1.5 million to increase the Company's reserve for remaining liabilities associated with the discontinued operations. During the quarter ending December 31, 1995, the Company exhausted all alternatives to mitigate this issue and has recorded the $1.5 million additional reserve for discontinued operations in the second quarter of fiscal 1996.

NOTE 10 -- SUMMARY OF QUARTERLY RESULTS (UNAUDITED)

<TABLE>
<CAPTION>

	QUARTER ENDED				FISCAL
	SEPT. 30	DEC. 31	MARCH 31	JUNE 30	YEAR
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
<S>	<C>	<C>	<C>	<C>	<C>
1994					
Net sales	$23,571	$25,312	$20,273	$24,379	$ 93,535
Gross profit	8,169	8,764	6,325	7,847	31,105
Net income	1,317	1,403	453	1,017	4,190
Earnings per share	$ .18	$ .18	$ .06	$ .13	$ .55
Range of share prices					
High	$ 4.50	$ 7.09	$ 7.83	$ 7.67	
Low	$ 3.25	$ 4.59	$ 6.33	$ 6.00	
1995					
Net sales	$29,320	$32,364	$26,920	$31,323	$119,927
Gross profit	9,858	11,174	8,570	10,169	39,771
Net income	1,849	2,159	749	1,417	6,174
Earnings per share	$ .24	$ .28	$ .10	$ .18	$ .79(a)
Range of share prices					
High	$ 8.33	$ 8.00	$ 9.67	$ 12.92	
Low	$ 6.67	$ 6.67	$ 7.33	$ 9.33	

</TABLE>

(a) The total of the earnings per share for each of the four quarters does not equal the total earnings per share for the full year because the calculations are based on the average shares outstanding during each of the individual periods.

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[INSERT PHOTOS]

The inside back cover depicts pictures of the Company's products including pictures of the exterior of restaurants, site lighting at a shopping center and exterior lighting at an entertainment theme park.

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1,850,000 SHARES

[LOGO]

COMMON SHARES

P R O S P E C T U S

ROBERT W. BAIRD & CO.
INCORPORATED

A.G. EDWARDS & SONS, INC.

THE OHIO COMPANY

February 7, 1996