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PENN SERIES FUNDS INC

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PENN SERIES FUNDS, INC.

SEMI-ANNUAL REPORT
JUNE 30, 1996

PENN SERIES FUNDS, INC.
MANAGEMENT'S DISCUSSION OF FUND PERFORMANCE

QUALITY BOND FUND

Interest rates continued to move up across the yield curve. The bear market in bonds was pushed further along by strong economic growth, which threatens inflation and brings about fears of Federal Reserve tightening.

Although longer term interest rates have moved up 100-150 basis points this year, there has been very little signs of economic slowdown. Housing, the most sensitive economic sector to changes in interest rates, continues on its upward trend with forward measures of housing strength still in evidence. Employment growth accelerated in the second quarter bringing along with it improvements in income and consumer confidence. Indeed, the unemployment rate at 5.3% is the lowest since 1989. These factors make it hard to predict a slowdown in consumption. Production is still playing catch-up with the strong consumer spending of the first half of 1996. Inventories are now near historical lows relative to sales. The economy would get an additional boost if manufacturers decided to actually build inventories rather than simply respond to large drawdowns.

Notwithstanding the aforementioned strong economic data, Alan Greenspan at the Humphrey-Hawkins testimony before Congress, indicated that no change in monetary policy would be likely in the very near term. It appears that because of the favorable inflation data seen in this cycle that there would not be the pre-emptive tightening bias that the FOMC used in 1994. However, Mr. Greenspan is expecting an economic slowdown in the second half of the year and if none materializes and/or the inflation data do worsen then a hike in the short term rates would be expected.

Performance has been good on both an absolute and relative basis. The Penn Series Quality Bond Fund continues to outperform the competition, besting the Lipper A average by 27 basis points in the second quarter. Since year-end the Fund has beaten the Lipper average by 183 basis points, which ranks the Fund #7 out of 119 bond funds in that category. Over the past 12 months, the Fund outperformed the average by 211 basis points, ranking the Penn Series Fund 5th out of 116.

Our longer term outlook for the bond market remains negative. We still think that the 30 year Treasury Bond will reach 7.50%. Our duration is still positioned roughly neutral as it has been since April but we think time is running out on this relative period of calmness in the fixed income markets.

INDEPENDENCE CAPITAL MANAGEMENT, INC.
INVESTMENT ADVISER

HIGH YIELD BOND FUND

The six months ended June 30 offered a textbook illustration of the differences between high-yield and high-grade bond dynamics. When the economy slowed and interest rates fell in the second half of 1995, high-grade bonds outperformed lower-quality bonds. But when the economy picked up and rates rose as 1996 progressed, the reverse was true, and high-yield bonds led the fixed income market.

The high-yield bond market and your fund performed well during the first half. While the overall high-yield bond market was stronger in the first quarter, the fund had better relative results in the second quarter. For the first half of 1996, the fund was generally in line with its Lipper peer group.

Market Environment

The months following the start of 1996 were a mirror image of the preceding six months. In the second half of 1995, the economy looked weak, federal deficit reduction seemed likely, the Federal Reserve was accommodative, and interest rates declined. As frequently happens in such an environment, investors favored high-quality bonds.

In 1996, everything changed. The economy strengthened, payroll employment rose sharply, and inflation increased. These were favorable developments for issuers of lower-quality bonds, because stronger growth could be expected to bolster corporate cash flows and rising inflation has the effect of easing the burden of debt service.

Within the high-yield market, trends also reversed after the start of the year. Whereas the "upper quality tier" had the best results in 1995 because of its greater interest-rate sensitivity, the opposite was true after the turn of the year for the same reason. Issues rated B and lower posted the best year-to-date returns.

Strategy Review

Our portfolio had a conservative tilt as we entered 1996 and was also positioned to capture appreciation as rates fell. While this emphasis had proved beneficial in the slow-growth, falling rate environment of 1995, it was a disadvantage when growth picked up and market conditions changed in 1996. Therefore, since we expected the economy to remain healthy over the coming months, we gradually shifted our focus from BB-rated bonds to single B issues, eliminated our zero coupon holdings, and trimmed our most defensive-type holdings, such as the media sector. In addition, we added investments in some cyclical industries, particularly consumer products and textiles, which should continue to do well if the economy maintains its momentum. Some of these also represent interesting value situations. The remaining sector change worth noting was a greater commitment to gaming, particularly higher-quality companies in Las Vegas and Atlantic City, to take advantage of that industry's consolidation trend.

Outlook

If the economy continues to perform well, which we expect, the environment should be generally favorable for high-yield bonds and the default rate should remain low. At the same time, we have grown more cautious in recent weeks, as the support provided by a buoyant stock market seems to be wavering. In summary, we are not optimistic enough to take a more aggressive stance in the portfolio, but neither do we see an immediate need to retrench. We will remain vigilant and attempt to provide solid exposure to high-yield bonds without undue risk, but shareholders should always keep in mind the greater credit risk of this area of the bond market.

T. ROWE PRICE ASSOCIATES, INC.
INVESTMENT ADVISER

GROWTH EQUITY FUND

Over the eighteen month period ended June 30, 1996, the S & P 500 generated a total return (appreciation plus dividends) of over 51%. During that time only one month saw the index post a negative return and that month's return of -0.29% was barely noticeable. Given this phenomenal run we would not be surprised by a 5% to 10% pull-back

in the stock market at any time. Already the bond market, which saw only one negative month from November 1994 through January 1996 while advancing over 20%, has produced negative returns four of the past five months. As is often the case, the stock market may soon follow the bond market's lead.

The Growth Equity Fund advanced 8.85% in the first half of 1996 which compares with the 7.99% return of the Lipper Growth Index, the 8.93% average return for the six comparable funds used as a benchmark and the 10.08% return for the broad-based Lipper Growth Fund average. The S&P 500, also, returned 10.08% for the six month period.

For the twelve month period ended June 30, a period roughly corresponding to the tenure of the current managers, the Growth Equity Fund has earned a return of 21.51%. This return is ahead of the Lipper Growth Index (20.68%) and is nearly one full percentage point better than the 20.54% average return for the comparable funds. The return is, also, competitive with the Lipper Growth Fund average return of 22.20%. Again, growth funds underperformed the S&P 500 (25.92%).

The Fund's first half improvement came primarily from strength in the Energy (+16.9%), Financials (+14.8%), Capital Goods (+13.2%), Consumer Cyclical (+12.2%), Consumer Staples (+12.0%), and Technology (+11.2%) sectors. Performance was negatively impacted by declines in Utility shares (-5.9%) and underperformance from Healthcare (+3.1%), Basic Material (+3.8%) and Transportation (6.0%) stocks.

Over the past year the Growth Equity Fund has evolved into large capitalization fund, oriented toward identifying above-average earnings growth among, primarily, America's dominant companies. As a result, the Fund's list of current holdings is replete with those companies capable of consistently outpacing their peers. Examples of long-held companies meeting our criteria are Pfizer, Microsoft, Intel, Nike, Paychex, Home Depot, Gillette, American International Group, Cisco Systems, Oracle and Merck. Additionally, the Fund's managers are continually striving to identify attractive new investment opportunities. Typical of recent purchases in the portfolio are Price-Costco, Gap Stores, Parametric Technology, Safeway, and CUC International. All of these companies are leaders in their respective industries and have market capitalizations of \$4 billion and up.

For months, concern has been building in the financial markets about the prospects for strength in the U.S. economy and the resultant rekindling of inflation. As noted above, this concern has negatively affected the bond market and would, if confirmed by Federal Reserve action during the summer or fall, impact the stock market as well. Particularly troublesome have been various employment reports pointing toward a tightening labor market. A tight labor market increases the probability that increases in labor costs may outpace improvements in labor productivity thereby creating inflationary pressure. Importantly, total labor costs to this point are being held in check by continued layoffs and slower growth in benefit costs, which are now rising at a pace below that of wages and salaries. If inflationary pressures in the economy can be contained corporate profit margins should hold up reasonably well and reported earnings should continue to, on balance, match or exceed expectations.

Concerns about accelerating growth may be diminishing as evidenced by the retreat in commodity prices, a halt to the rise in interest rates, and relative strength in growth stocks versus cyclicals. If earnings are on target, inflation remains subdued, and consequently the Fed does not boost interest rates, the stock market should resume its advance. Similarly, the long and intermediate-term areas of the bond market would take heart in the Fed's indication that inflation is not an imminent worry and likely rally from current levels. This would be positive for stocks, but uncertainty about the economy makes it imperative that investors focus on owning shares of those companies most likely to generate earnings in line with or above levels presently forecast.

INDEPENDENCE CAPITAL MANAGEMENT, INC.
INVESTMENT ADVISER

The Penn Series Value Equity Portfolio was in line with the market in the second quarter providing a total return of 2.9%. The stock market has now risen for nearly six years without as much as a 10% market decline, consistently defying predictions that it is overdue for a correction. Rather than attempting to predict the market, which we believe is virtually impossible, we focus on individual securities. We invest in superior companies at reasonable valuations and, by doing so, seek to minimize losses in down markets and match or exceed the popular indexes when prices are rising. Our approach has worked well through a variety of market conditions, providing above-average returns with below-average risk.

The portfolio owns a diverse group of quality undervalued stocks, including many insurance, banking and financial service company issues. Our ownership of these financial companies is not an interest rate bet nor is it a sector bet. Instead, these stocks are a somewhat eclectic group of companies, each with individual strengths, that we believe to be valued inexpensively by the market. Most are investments of long standing that appear undervalued to us regardless of the interest rate environment.

On balance, we believe the market is highly valued to overvalued. But when and whether it will take a tumble is another matter altogether. Predicting market turns is notoriously difficult, and even overvalued markets sometimes have a way of extending their gains well beyond reason.

And so the beat goes on -- sustained economic expansion with low inflation fueling investor confidence resulting in an even greater commitment to stocks. But the margin for error is less. In many ways, the Fed is trying to thread the needle of just the right amount of economic growth. This may prove difficult given the elevated state of the equity market. If the Federal Reserve is forced to tighten, the economic liquidity needed to sustain the bull market may evaporate.

Market speculation may already be correcting itself, although it never did reach the type of stocks we own. This provides a certain comfort level and offers opportunities for sustained investment

PENN SERIES FUNDS, INC.
MANAGEMENT'S DISCUSSION OF FUND PERFORMANCE

VALUE EQUITY FUND (CONT'D)

returns, even if it is not quite as much fun. Thus, we will continue to do what we do best, which is to find stocks offering value and solid prospects for growth.

OP CAP ADVISORS
INVESTMENT ADVISER

FLEXIBLY MANAGED FUND

The fund came out of the starting blocks just fine--befitting this Olympic year. First-quarter results for the fund and stocks in general were strong. Both were still running well in the second quarter despite some loss of momentum, and returns remained reasonable. Your fund has always taken a measured approach to investing, and we are pacing ourselves in an effort to maintain some performance consistency when the bull market eventually falters. Unfortunately, our conservative equity posture has prevented our full participation in the stock run-up, but should limit the damage when the markets become less favorable.

Market Environment

By the end of June, the market had completed six consecutive positive quarters. The principal driver of this success is never quite certain, but we suspect

that the usual factors--interest rates, corporate profits, dividend growth--were neutral at best. The major impetus probably came from the flood of money into equity mutual funds.

Most stock groups moved higher, with small companies doing particularly well. Electric utilities were one of the few groups that had negative returns, due largely to the jump in interest rates. High-quality bonds, of course, were hurt by the rate rise.

Portfolio Highlights

Our asset allocation among common stocks, preferred stocks, and convertible and other bonds was little changed over the period. We drew down cash reserves to fund the purchase of convertible bonds offering more upside potential. During the first half, all five asset classes in the fund had positive returns, which was especially pleasing in light of the weak bond market.

Four of our equity holdings were gold medal winners. Ciba-Geigy, Teledyne, New York Times, and Schuller all appreciated by more than 25% and had a significant effect on our performance. We had some losers, but none of serious magnitude. Centerior Energy drifted lower, and we used the decline to build it into the fund's largest position. Our investment there is about 60% common stock and 40% preferred. In the past, we have had great returns from troubled electric utilities and anticipate similar success with Centerior.

Managing Risk

We have always attempted to minimize and control risk consistent with our capital appreciation objective. The principal tools we use for risk management are as follows

- . Asset allocation: Typically, when factors other than interest rates are driving the market, a broad asset diversification can buffer the returns of the portfolio from extreme swings.
- . Value approach: Companies that sell at low price/earnings, price/book value ratios and high dividend yields tend to be less volatile in down markets. While their financial profiles may be less outstanding than those of blue chips, the potential for sudden investor disenchantment is much less.
- . Unusual securities: These are uncovered by intensive research. There may be situations bypassed by other investors but ones in which we see a catalyst for positive performance. They have usually provided good returns for us in up and down markets.
- . Convertibles: These offer value as fixed income investments as well as potential appreciation.

Outlook

Valuations are the big negatives; corporate profits, inflation, and interest rates are tough to call but probably neutral. Only the economy looks good, in our view. The next several months will be unduly influenced by the election. We intend as always to focus our efforts on finding promising individual securities.

T. ROWE PRICE ASSOCIATES, INC.
INVESTMENT ADVISER

INTERNATIONAL EQUITY FUND

For the second quarter of 1996, the Fund gained a total return of 3.59% vs. the EAFE Index at 1.58%. Year to date, the Fund posted a positive return of 9.61% outperforming the EAFE Index at 4.51%. At June 30, total net assets amounted to \$87,675,384, an increase of almost 12% for the quarter.

Prevailing negative sentiment was premature as international equity markets extended last year's good performance through the first half of 1996. Going

forward, the biggest concern will continue to be the direction of US rates. With interest rate cuts supporting the liquidity picture, most major European markets posted double-digit local currency returns year to date, and outperformed the broad US market for the period. Europe's best performers were Spain +17%, France +16%, the Netherlands, +16%, Sweden +15% and Ireland +13% (all local currency returns). The US dollar's strength against the continental European currencies reduced some of these gains to single-digit dollar returns, e.g., the German market, up 12% year to date in local currency, produced a 5.3% return to US investors. The UK market's 1% gain also made for a 1% dollar return as the pound held its own against the US currency.

The Japanese market hit a four-year high during the second quarter, but the currency effect produced only a 1% US\$ return year to date. The Pacific region fared less well as dollar-clone markets like Hong Kong and Singapore registered their customary sensitivity to rising US interest rates. Overall, the region, excluding Japan, produced a 2.5% gain for the first half vs. Europe at 5.3%.

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INTERNATIONAL EQUITY FUND (CONT'D)

Our top-down valuation model continued to indicate a shift in expected returns as several markets approached fair value, like Japan, or experienced a pronounced change in liquidity conditions, like Australia. Our large weighting in Japan, and Asia/Pacific in general, was no longer justified from a valuation perspective, especially with Europe continuing to offer good value. We therefore shifted assets out of this region, and increased our Europe weighting by about 9%.

VONTOBEL, USA
INVESTMENT ADVISER

SMALL CAPITALIZATION FUND

Small-cap stocks as a group slightly outperformed large-cap issues in the second quarter, driven in April and May by technology issues and a speculative initial public offering environment. As speculative excesses began to unwind in June, prices declined toward the quarter. Because of our more conservative approach and below-average volatility we underperformed in June. The market appears to be moving toward a renewed focus on company fundamentals, which favors our investment style.

We continue to perform the rigorous, in-depth analysis to identify quality businesses where the value of the franchise is underpriced in the market. WestPoint Stevens, one of our largest holdings, is the leading U.S. manufacturer of sheets and towels, with strong brand names such as Martex and Utica. It also holds an exclusive license to the Ralph Lauren brand name in towels and sheets. We like this company because of its high cash generation, strong business franchise and reasonable valuation. The company generates about \$3 per share of free cash flow, which is being used to repurchase stock, make acquisitions and reduce debt. Even though the stock was up about 25% in the second quarter, it still trades at a modest eight times free cash flow.

In June, we added to United Dominion Industries, now one of our largest positions. We reduced Martin Marietta Materials, which previously was in our top ten.

OP CAP ADVISORS
INVESTMENT ADVISER

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PENN SERIES FUNDS, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED)
THE MONEY MARKET FUND

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	MATURITY	SHORT TERM RATINGS	PAR (000)	VALUE
<S>	<C>	<C>	<C>	<C>
COMMERCIAL PAPER (30.6%)				

BROKERAGE (4.1%)				
Merrill Lynch & Co., Inc.				
5.33%	07/01/96	A-1+/P-1	\$ 900	\$ 900,000
5.40%	07/10/96	A-1/P-2/F-1	340	339,541

				1,239,541

FINANCIAL SERVICES (12.0%)				
American Express				
Credit Corp. 4.88%	08/09/96	A-1/P-1	350	348,150
Countrywide Funding Corp.				
5.42%	07/03/96	A-1/P-2/F-1	700	699,789
5.38%	07/08/96	A-1/P-2/F-1	500	499,477
General Motors				
Acceptance Corp.				
5.35%	07/03/96	A-2/P-1/D-1	500	499,851
IBM Credit Corp.				
5.36%	07/09/96	A-1/P-1	500	499,404
New York City General				
Obligation 5.35%	08/02/96	N/A	600	600,000
New York City (Societe				
General) 5.72%	08/02/96	N/A	500	500,000

				3,646,671

MISCELLANEOUS (4.0%)				
Emory University				
5.54%	07/18/96	N/A	1,200	1,200,000

TELECOMMUNICATIONS (3.4%)				
Bell Atlantic Corp.				
5.36%	07/12/96	A-1/P-1	500	499,181
BellSouth				
Telecommunications				
5.35%	07/24/96	A1/P+	535	533,171

				1,032,352

UTILITIES - ELECTRIC AND GAS (7.1%)				
Potomac Electric Power				
Co. 5.38%	07/08/96	A-1/P-1	750	749,216
San Diego Gas & Electric Co. 5.70%				
	08/15/96	A2/P-1	1,400	1,400,000

				2,149,216

TOTAL COMMERCIAL PAPER				
(Cost \$9,267,780)				9,267,780

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		LONG TERM RATINGS		
<S>	<C>	<C>	<C>	<C>
CORPORATE BONDS (15.0%)				

Ford Motor Credit				
Corp. 8.00%	10/01/96	A1	800	805,158
General Motors Corp.				
7.625%	02/15/97	A3	1,000	1,010,456

Hertz Corp. 9.125%.....	08/01/96	Baa1	650	652,023
Morgan Stanley 8.00%.....	10/15/96	A1	300	302,276
Transamerica Financial 5.85%.....	07/15/96	A2	500	500,081
Wells Fargo & Co. 8.20%.....	11/01/96	A1	1,250	1,261,513
TOTAL CORPORATE BONDS				-----
(Cost \$4,531,507).....				4,531,507

MEDIUM TERM NOTES (1.7%)

Discover Credit Corp. 8.73% (Cost \$501,660).....	08/15/96	A2	500	501,660

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	MATURITY	SHORT TERM RATINGS	PAR (000)	VALUE
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>

VARIABLE RATE DEMAND NOTES (43.8%)+

Alabama State Development Authority (LOC-First Fidelity Bank) 5.80%.....	07/07/96	A-1/P-1	\$ 650	\$ 650,000
Barton Healthcare (LOC-American National Bank & Trust) 5.60%.....	07/07/96	A-1/P-1	480	480,000
Baylis Group Partnership (LOC- Kredietbank) 5.65%.....	07/03/96	A-1/P-1	700	700,000
Berks County Industrial Development Authority (LOC- Meridian Bank) 5.55%.....	07/07/96	A-1/P-1	545	545,000
Bloomfield New Mexico (LOC- LaSalle National Bank & Trust) 5.80%.....	07/07/96	A-1/P-1	600	600,000
Columbia County Georgia Development Authority (LOC- Trust Co. Bank) 5.60%.....	07/03/96	A-1/P-1	470	470,000
Community Health Systems, Inc. (LOC- First Union National Bank) 5.70%.....	07/07/96	A-1/P-1	765	765,000
Durham Risk Management Co. (LOC-Wachovia Bank) 5.54%.....	07/07/96	A-1+/P-1	500	500,000
Fairview Hospital and Healthcare Services (MBIA Insurance) 5.55%.....	07/07/96	A-1+/P-1	500	500,000
GMG Warehouse (LOC-American National Bank & Trust) 5.60%.....	07/03/96	A-1/P-1	1,050	1,050,000
Health Insurance Plan of Greater NY (LOC-				

Morgan Guaranty 5.55%.....	07/07/96	A-1+/P-1	1,000	1,000,000
Illinois Development Finance Authority (LOC-Harris Trust & Savings) 5.60%.....	07/07/96	A-1/P-1	200	200,000
Liliha Partners (LOC- First Hawaiian Bank) 5.95%.....	07/03/96	A-1/P-1	800	800,000
Montgomery County, PA Industrial Development Authority (LOC- Meridian Bank) 5.55%.....	07/07/96	A-1/P-1	805	805,000
New York, New York (FGIC Securities) 5.20%.....	08/13/96	A-1/P-1	1,000	1,000,000

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	MATURITY	SHORT TERM RATINGS	PAR (000)	VALUE
<S>	<C>	<C>	<C>	<C>
Poplar Bluff, Missouri Public Building Corp. Revenue Bonds (MBIA Insurance) 5.55%.....	09/01/96	A-1/P-1	\$ 410	\$ 410,000
Richmond County, Georgia Industrial Development Authority (Monsanto) 6.01%.....	06/01/97	A-1+/P-1	1,000	1,000,000
San Bernardino, County California (LOC- Canadian Imperial Bank) 5.55%.....	07/07/96	A-1+/P-1	700	700,000
Saint Francis Health (LOC-First Hawaiian Bank) 5.85%.....	07/07/96	A-1/P-1	490	490,000
Silver City, New Mexico (LOC- LaSalle National Bank & Trust) 5.80%.....	07/07/96	A-1/P-1	600	600,000
TOTAL VARIABLE RATE DEMAND NOTES (Cost \$13,265,000).....				13,265,000
AGENCY OBLIGATIONS (7.2%)				
Federal Home Loan Bank Discount Note 5.52%.....	07/01/96	N/A	1,400	1,400,000
Federal National Mortgage Assoc. Discount Note 8.00%.....	07/10/96	N/A	785	785,414
TOTAL AGENCY OBLIGATIONS (Cost \$2,185,414).....				2,185,414

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	MATURITY	SHORT TERM RATINGS	PAR (000)	VALUE
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VARIABLE RATE OBLIGATIONS (1.7%)++				

Student Loan				
Marketing Assoc.				
5.41%				
(Cost \$499,768).....	07/02/96	A-1/P-1	\$ 500	\$ 499,768

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			SHARES	
<S>	<C>	<C>	<C>	<C>
SHORT TERM INVESTMENTS (0.0%)				

Temporary Investment				
Fund Class B				
(Cost \$5,591).....			5,591	5,591

TOTAL INVESTMENTS (100.0%)				
(Cost \$30,256,720) (a).....				\$30,256,720

</TABLE>

- (a) Cost for Federal income tax purposes.
- + Reset Demand Notes - The rate shown is the rate as of June 30, 1996, and the maturity shown is the next interest readjustment date.
 - ++ Variable Rate Obligations - The rate shown is the rate as of June 30, 1996, and the maturity shown is the next interest readjustment date.

The Standard & Poor's Corporation, Moody's Investors Service, Fitch Investors Service and Duff & Phelps Credit Rating Co. ratings are the most recent ratings available at June 30, 1996.

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MATURITY SCHEDULE	AMOUNT PAR	PERCENTAGE OF PORTFOLIO	
-----	-----	-----	(CUM)
<S>	<C>	<C>	<C>
1 - 7 days	\$14,855,000	49.1%	49.1%
8 - 14 days	3,375,000	11.2%	60.3%
15 - 30 days	2,235,000	7.4%	67.7%
31 - 60 days	5,000,000	16.5%	84.2%
61 - 90 days	410,000	1.4%	85.6%
91 - 120 days	1,100,000	3.6%	89.2%
121 - 150 days	1,250,000	4.2%	93.4%
Over 150 days	2,000,000	6.6%	100.0%
	-----	-----	-----
	\$30,225,000	100.0%	
	=====	=====	

</TABLE>

Average Weighted Maturity - 39 days

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

PENN SERIES FUNDS, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED)
THE QUALITY BOND FUND

<TABLE>
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	MATURITY	RATING	PAR (000)	VALUE
<S>	<C>	<C>	<C>	<C>
CORPORATE BONDS (25.0%)				

BROADCASTING (2.1%)				
News America Holdings				
8.50%.....	02/23/25	BBB	\$ 360	\$ 384,300
9.25%.....	02/01/13	BBB	400	435,500

				819,800

CANADIAN GOV'T AGENCY (4.1%)				
Hydro Quebec				
7.50%.....	04/01/16	A+	400	388,500
8.05%.....	07/07/24	A+	1,150	1,221,875

				1,610,375

ELECTRIC POWER (1.9%)				
Korea Electric Power				
7.75%.....	04/01/13	AA-	500	492,500
Minnesota Power & Light				
First Mortgage 7.375%.....	03/01/97	BBB+	250	251,875

				744,375

FINANCE & CREDIT (0.7%)				
American Express Credit				
Corp. Senior Note				
7.75%	03/01/97	A+	250	252,990

FINANCIAL (7.2%)				
African Development Bank				
6.875%.....	10/15/15	AA-	500	468,125
Associates Corp. N.A.				
7.75%.....	02/15/05	AA-	500	518,125
General Electric Capital				
Corp. 6.66%.....	05/01/18	AAA	1,000	996,250
8.125%.....	02/01/99	AAA	500	519,375
General Motors				
Acceptance Corp. Note				
6.40%.....	07/30/97	A-	300	300,840

				2,802,715

INDUSTRIAL - OTHERS (0.6%)				
Cargill, Inc. 7.375%.....				
	10/01/25	AA-	250	242,500

INSURANCE (4.6%)				
John Hancock Surplus				
Notes 7.375%.....	02/15/24	AA-	1,000	923,750
Metropolitan Life				
Insurance Co. 7.00%.....	11/01/05	AA-	875	847,656

				1,771,406

MANUFACTURING (1.2%)				
ITT Industries 7.40%.....				
	11/15/25	BBB	500	472,500

RAILROADS (0.7%)				
Union Pacific Co. 8.35%.....				
	05/01/25	BBB	250	255,625

RETAIL (0.5%)				
Penney (J.C.) Inc. Note				
9.45%.....	07/15/02	A+	175	188,781

SERVICES - EQUIPMENT RENTING & LEASING (0.2%)				

Service Co. International	7.00%	06/01/15	BBB+	100	99,000

TELEPHONE (1.2%)					
U.S. West Communications	7.20%	11/10/26	A+	500	462,500

TOTAL CORPORATE BONDS					
(Cost \$9,751,341)					9,722,567

</TABLE>

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				PAR	
	MATURITY	RATING	(000)	VALUE	
<S>	<C>	<C>	<C>	<C>	<C>
U.S. TREASURY OBLIGATIONS (55.3%)					

U.S. Treasury Notes					
8.00%	10/15/96	N/A	\$ 10	\$ 10,074	
6.38%	07/15/99	N/A	4,500	4,512,690	
7.88%	11/15/99	N/A	750	783,915	
7.75%	12/31/99	N/A	1,000	1,043,000	
6.75%	04/30/00	N/A	500	505,800	
6.25%	05/31/00	N/A	500	497,230	
7.88%	11/15/04	N/A	3,500	3,764,495	
7.50%	02/15/05	N/A	1,240	1,304,864	
6.50%	05/15/05	N/A	750	740,498	
5.88%	11/15/05	N/A	3,500	3,298,750	
6.88%	05/15/06	N/A	2,250	2,274,615	

					18,735,931

U.S. Treasury Bond					
7.25%	05/15/16	N/A	2,700	2,768,607	

TOTAL U.S. TREASURY OBLIGATIONS					
(Cost \$21,494,602)					21,504,538

AGENCY OBLIGATIONS (14.2%)

Federal Home Loan Bank					
5.52%	07/01/96	N/A	900	900,000	
Federal National Mortgage					
Assoc. 6.50% due					
11/01/25 to 12/01/25		N/A	1,871	1,750,859	
Government National					
Mortgage Assoc. 8.00%					
due 06/15/23 to					
12/15/25		N/A	2,375	2,397,581	
Sasco 96-CFL Class B					
6.30%	02/25/28	N/A	500	476,953	

TOTAL AGENCY OBLIGATIONS					
(Cost \$5,677,039)					5,525,393

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<TABLE>

<CAPTION>

			SHARES	
<S>			<C>	<C>

PREFERRED STOCK (1.2%)				

Cleveland Electric Illuminating 9.125%				
(Cost \$448,695)			4,515	450,936

SHORT TERM INVESTMENTS (4.3%)

Temporary Investment Fund Class B (Cost \$1,666,573).....	1,666,573	1,666,573

TOTAL INVESTMENTS (100.0%) (Cost \$39,038,250) (a).....		\$38,870,007
		=====

</TABLE>

(a) At June 30, 1996, the cost for Federal income tax purposes was \$39,038,595. The excess of value over tax cost was \$242,582, and the excess of tax cost over value was \$411,170.

The Standard & Poors Corporation ratings are the most recent ratings available at June 30, 1996.

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

 PENN SERIES FUNDS, INC.
 SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED)
 THE HIGH YIELD BOND FUND
 <TABLE>
 <CAPTION>

	MATURITY	RATING	PAR (000)	VALUE
<S>	<C>	<C>	<C>	<C>

COLLATERALIZED MORTGAGE SECURITIES (1.3%)				

Airplanes Pass Through Trust 10.875% (Cost \$496,300).....	03/15/19	BB	\$490	\$ 509,600

CORPORATE BONDS (93.2%)				

AEROSPACE & DEFENSE (4.8%)				
BE Aerospace, Inc. 9.875%.....	02/01/06	B	500	491,250
K & F Industries, Inc. 11.875%.....	12/01/03	B+	550	588,500
Tracor, Inc. 10.875%.....	08/15/01	B	250	263,750
UNC, Inc. 11.00%.....	06/01/06	B	500	505,000

				1,848,500

AUTOMOBILES & RELATED (1.6%)				
Collins & Aikman Products				
11.50%.....	04/15/06	B	500	506,250
Hayes Wheels International, Inc. 11.00%.....	07/15/06	B	100	101,250

				607,500

BEVERAGES (2.8%)				
Dr. Pepper Bottling				
Holdings, Inc. 0.00%.....	02/15/03	CCC+	700	593,250
Texas Bottling Group, Inc. 9.00%.....	11/15/03	B+	500	485,000

				1,078,250

BROADCASTING (2.8%)				
Chancellor Broadcasting				
9.375%.....	10/01/04	B-	500	472,500

Heritage Media Corp.					
11.00%.....	10/01/02	B	550	580,250	
# Spectravision, Inc. 12.65%.....	12/01/02	D	204	21,420	

				1,074,170	

BUILDING & REAL ESTATE (1.3%)					
B.F. Saul REIT 11.625%.....					
04/01/02	B-	500	512,500		

BUILDING PRODUCTS (2.3%)					
Maxxam Group, Inc.					
11.25%.....	08/01/03	B-	500	500,000	
Overhead Door Corp.					
12.25%.....	02/01/00	B-	375	377,812	

				877,812	

CABLE OPERATORS (1.3%)					
Fundy Cable Limited					
11.00%.....	11/15/05	BB	500	505,000	

COMMUNICATIONS SERVICES (1.4%)					
Communication & Power					
Industries 12.00%.....	08/01/05	NR	500	528,750	

CONGLOMERATES (4.0%)					
Alpine Group, Inc. 12.25%.....					
07/15/03	B	500	503,750		
Interlake Corp. 12.125%.....					
03/01/02	CCC+	475	475,000		
Jordan Industries, Inc.					
10.375%.....	08/01/03	B+	600	570,000	

				1,548,750	

CONTAINER (5.6%)					
Gaylord Container 12.75%.....					
05/15/05	B-	350	368,813		
Plastic Containers 10.75%.....					
04/01/01	B+	750	743,438		
Portola Packaging, Inc.					
10.75%.....	10/01/05	B	500	508,750	
Silgan Corp. 11.75%.....					
06/15/02	B-	500	507,500		

				2,128,501	

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	MATURITY	RATING	PAR (000)	VALUE
<S>	<C>	<C>	<C>	<C>
ELECTRONIC COMPONENTS (1.3%)				
Exide Electronics Group				
11.50%.....	03/15/06	B	\$500	\$ 500,000

ENERGY SERVICES (2.7%)				
Mesa Operating Co.				
10.625%.....	07/01/06	B	500	510,000
Petroleum Heat & Power,				
Inc. 12.25%.....	02/01/05	B+	500	545,000

				1,055,000

ENTERTAINMENT & LEISURE (1.3%)				
Six Flags Theme Parks				
2.4799%**.....	06/15/05	B	600	504,000

EXPLORATION & PRODUCTION (2.2%)				
Dual Drilling Co. 9.875%.....				
01/15/04	B-	500	522,500	
Tuboscope Vetco				
International, Inc.				

10.75%	04/15/03	B	300	309,000
				831,500
FOOD/PROCESSING (1.4%)				
Mac Andrews & Forbes Co.				
11.875%	11/15/02	B	500	527,500
GAS TRANSMISSION (0.8%)				
Ferrellgas Partners L.P.				
9.375%	06/15/06	B+	300	291,000
HEALTHCARE (4.8%)				
Dade International, Inc.				
11.125%	05/01/06	NR	500	517,500
Owens & Minor, Inc.				
10.875%	06/01/06	B+	500	506,875
Regency Health Services				
9.875%	10/15/02	B-	350	336,000
Wright Medical				
Technology, Inc. 10.75%	07/01/00	NR	500	492,500
				1,852,875
HOTELS & GAMING (7.4%)				
#Capital Gaming				
International, Inc.				
45.6951%**	08/01/96	NR	5	450
Courtyards by Marriott				
10.75%	02/01/08	NR	350	342,125
Grand Casinos, Inc.				
10.125%	12/01/03	BB	500	512,500
Majestic Star Casino LLC				
12.75%	05/15/03	NR	200	216,500
Players International, Inc.				
10.875%	04/15/05	BB	500	508,750
President Riverboat				
Casinos, Inc. 13.00%	09/15/01	B	500	410,000
Stratosphere Corp. 14.25%	05/15/02	B	250	277,500
Trump Atlantic City				
11.25%	05/01/06	BB-	575	577,875
				2,845,700
INDUSTRIAL - OTHER (3.4%)				
Coda Energy, Inc. 10.50%				
	04/01/06	B-	250	246,875
Doane Products Co.				
10.625%	03/01/06	B+	500	500,000
HMC Acquisition Properties				
9.00%	12/15/07	NR	400	364,000
Plains Resources, Inc.				
10.25%	03/15/06	B-	200	197,500
				1,308,375

</TABLE>

PENN SERIES FUNDS, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED) (CONTINUED)
THE HIGH YIELD BOND FUND

<TABLE>
<CAPTION>

	MATURITY	RATING	PAR (000)	VALUE
<S>	<C>	<C>	<C>	<C>

MANUFACTURING (2.0%)						
Coltec Industries, Inc.	10.25%	04/01/02	BB-	\$750	\$	761,250

MISCELLANEOUS (4.1%)						
Coleman Holdings, Inc.	9.1752%**	05/27/98	B	650		543,562
First Nationwide Holdings	9.125%	01/15/03	B	500		475,000
Herff Jones, Inc.	11.00%	08/15/05	B	500		515,000
Intermedia Communications	13.50%	06/01/05	B-	50		56,000

						1,589,562

MISCELLANEOUS CONSUMER PRODUCTS (4.6%)						
American Safety Razor	9.875%	08/01/05	BB-	500		505,000
International Semi-Tech	7.5545%**	08/15/03	B+	400		229,000
Marvel Holdings	12.6892%**	04/15/98	B-	650		520,000
Revlon Worldwide Corp.	12.3999%**	03/15/98	B-	600		498,750

						1,752,750

NATURAL RESOURCE (1.3%)						
Gulf Canada Resources Limited	9.625%	07/01/05	B+	500		495,000

PAPER & PAPER PRODUCTS (3.2%)						
Container Corp.	11.25%	05/01/04	B+	250		258,125
Repap Wisconsin, Inc.	9.875%	05/01/06	B+	500		445,000
S.D. Warren Co.	12.00%	12/15/04	B+	500		527,500

						1,230,625

RETAIL (2.2%)						
Hills Store Co.	12.50%	07/01/03	NR	500		490,000
Loehmann's, Inc.	11.875%	05/15/03	B	350		362,250

						852,250

SAVINGS & LOAN ASSOCIATIONS (1.3%)						
First Federal Financial Corp.	11.75%	10/01/04	B+	500		497,500

SERVICE (1.7%)						
Coinmach Corp.	11.75%	11/15/05	B+	632		662,020

SPECIALTY CHEMICALS (4.8%)						
Agricultural Minerals, Inc.	10.75%	09/30/03	B+	750		787,500
Arcadian Partners L.P.	10.75%	05/01/05	BB-	500		540,000
IMC Fertilizer Group, Inc.	9.45%	12/15/11	BB-	500		502,500

						1,830,000

SPECIALTY MERCHANDISERS (1.2%)						
Barry's Jewelers, Inc.	11.00%	12/22/00	NR	500		462,500

SPECIALTY RETAILER (1.7%)						
Michaels Stores, Inc.	10.875%	06/15/06	BB	650		663,000

SUPERMARKETS (1.3%)						
Brunos, Inc.	10.50%	08/01/05	B-	500		493,125

TELECOMMUNICATIONS (4.4%)						
Echostar Satellite	6.4354%**	03/15/04	B-	700		432,250
Pricellular Wireless Corp.	4.4398%**	10/01/03	CCC+	600		471,000
Pronet, Inc.	11.875%	06/15/05	B-	500		490,000
Wireless One, Inc.	13.00%	10/15/03	B-	275		284,625

						1,677,875

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PAR

	MATURITY	RATING	(000)	VALUE
<S>	<C>	<C>	<C>	<C>
TEXTILES & APPAREL (3.0%)				
Dan River, Inc. 10.125%.....	12/15/03	B	\$500	\$ 480,000
# Plaid Clothing Corp. 11.00%.....	08/01/03	D	375	28,125
Synthetic Industries 12.75%.....	12/01/02	B-	600	634,500

				1,142,625

TOBACCO CONSOLIDATED (2.0%)				
Consolidated Cigar Corp. 10.50%.....	03/01/03	B	750	778,125

TRANSPORTATION - MISCELLANEOUS (1.2%)				
Sea Containers Limited 12.50%.....	12/01/04	BB-	400	448,000

TOTAL CORPORATE BONDS				
(Cost \$36,035,942).....				35,761,890

COMMERCIAL PAPER (1.3%)				

Bell Atlantic Financial Services, Inc.				
5.40%.....	07/26/96	NR	317	315,811
National Rural Utilities Coop Financial				
5.34%.....	07/08/96	NR	165	164,829

TOTAL COMMERCIAL PAPER				
(Cost \$480,640).....				480,640

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	SHARES	
<S>	<C>	<C>
COMMON STOCK (3.2%)		

* Berg Electronics Corp.....	7,498	178,078
Borg Warner Automotive, Inc.....	6,100	240,950
* Capital Gaming International, Inc.....	13,335	1,867
* Dr. Pepper Bottling Holdings, Inc., Class A.....	53,000	437,250
* Dr. Pepper Bottling Holdings, Inc., Class B.....	7,000	57,750
* Gaylord Containers Corp., Class A.....	7,500	58,594
* Loehmanns Holdings, Inc.....	7,091	146,386
* Loehmanns Holdings, Inc., Class B.....	2,475	51,094
* Protection One, Inc.....	4,200	68,775

TOTAL COMMON STOCK		
(Cost \$550,143).....		1,240,744

PREFERRED STOCK (0.9%)		

Kelley Oil & Gas (Cost \$265,425)	14,700	330,750

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	WARRANTS	
<S>	<C>	<C>
WARRANTS (0.1%)		

* Capital Gaming International, Inc.....	11,375	796
* Exide Electronics 144A.....	500	12,500
* Intermedia Communicaton.....	50	2,000
* President Riverboat Casinos, Inc.....	7,415	3,311
* Wireless One, Inc.,.....	825	6,188
* Wright Medical Technology, Inc.....	2,676	34,794

TOTAL WARRANTS		
(Cost \$86,446).....		59,589

TOTAL INVESTMENTS (100.0%)
 (Cost \$37,914,896) (a) (b) \$38,383,213
 =====

</TABLE>

- * Non-income Producing.
 ** Effective Yield.
 # Securities in default.
 (a) Cost for Federal income tax purposes.
 (b) At June 30, 1996, the excess of value over tax cost was \$1,653,952, and the excess of tax cost over value was \$1,185,635.

The Standard & Poor's Corporation ratings are the most recent ratings available at June 30, 1996.

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

 PENN SERIES FUNDS, INC.
 SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED)
 THE GROWTH EQUITY FUND

<TABLE>
 <CAPTION>

	SHARES	VALUE
	-----	-----
<S>	<C>	<C>
COMMON STOCK (97.8%)		

AEROSPACE - DEFENSE (3.1%)		
Boeing Co.	15,000	\$ 1,306,875
United Technologies Corp.	15,000	1,725,000

		3,031,875

AIRLINES (1.8%)		
* AMR Corp.	10,000	910,000
Delta Air Lines, Inc.	10,000	830,000

		1,740,000

AUTOMOBILES - CARS (1.3%)		
Chrysler Corp.	20,000	1,240,000

BEVERAGES - SOFT DRINKS (1.4%)		
PepsiCo, Inc.	40,000	1,415,000

CHEMICALS (1.2%)		
Du Pont (E.I.) de Nemours & Co.	15,000	1,186,875

COMMERCIAL SERVICES (1.7%)		
* CUC International, Inc.	20,000	710,000
Paychex, Inc.	20,000	961,250

		1,671,250

COMPUTER SOFTWARE & SERVICES (9.1%)		
* Cisco Systems, Inc.	20,000	1,133,750
Computer Associates International, Inc.	15,000	1,068,750
* Computer Sciences Corp.	10,000	747,500
Electronic Data Systems Corp.	15,000	806,250
First Data Corp.	20,000	1,592,500
* Microsoft Corp.	15,000	1,800,938
Oracle Corp.	25,000	985,938
* Parametric Technology Corp.	20,000	866,250

		9,001,876

COMPUTER SYSTEMS (4.4%)		
* Ceridian Corp.	20,000	1,010,000
* Dell Computer Corp.	15,000	744,750
Hewlett-Packard Co.	10,000	996,250
* 3Com Corp.	35,000	1,599,063

		4,350,063

CONTAINER (0.8%)		
* Sealed Air Corp.	25,000	840,625

COSMETICS (1.0%)		
Gillette Co.	15,000	935,625

ELECTRICAL EQUIPMENT (1.1%)		
Raychem Corp.	15,000	1,078,125

ELECTRONICS (1.3%)		
General Electric Co.	15,000	1,297,500

ELECTRONICS - SEMICONDUCTORS (4.0%)		
* Adaptec, Inc.	30,000	1,419,375
* Atmel Corp.	30,000	905,625
Intel Corp.	10,000	734,375
Motorola, Inc.	15,000	943,125

		4,002,500

ENTERTAINMENT (2.0%)		
Mattel, Inc.	35,000	1,001,875
The Walt Disney Co.	15,000	943,125

		1,945,000

ENVIRONMENTAL CONTROL (0.9%)		
* U.S.A. Waste Services, Inc.	30,000	888,750

FINANCIAL BANKS, COMMERCIAL (1.7%)		
First Bank Systems, Inc.	15,000	870,000
MBNA Corp.	30,000	855,000

		1,725,000

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	SHARES	VALUE
	-----	-----
<S>	<C>	<C>
FINANCIAL SERVICES (10.6%)		
Advanta Corp., Class B.....	25,000	\$ 1,140,625
American Express Co.	25,000	1,115,625
Citicorp.....	20,000	1,652,500
Federal National Mortgage Association.....	25,000	837,500
First USA, Inc.	20,000	1,100,000
Green Tree Financial Corp.	40,000	1,250,000
* Imperial Credit Industries, Inc.	35,000	1,069,687
The Money Store, Inc.	50,000	1,096,875
Wells Fargo & Co.	5,000	1,194,375

		10,457,187

FOOD - PROCESSING (1.1%)		
CPC International, Inc.	15,000	1,080,000

HOSPITAL MANAGEMENT (2.4%)		
* HEALTHSOUTH Corp.	30,000	1,080,000

United Healthcare Corp.	20,000	1,010,000
* Universal Health Services, Inc.	10,000	261,250

		2,351,250

HOUSEHOLD PRODUCTS (1.4%)		
Procter & Gamble Co.	15,000	1,359,375

INSURANCE (1.0%)		
American International Group, Inc.	10,000	986,250

MACHINERY - DIVERSIFIED (0.6%)		
* Thermo Electron Corp.	15,000	624,375

MANUFACTURING - DIVERSIFIED (3.0%)		
Eastman Kodak Co.	20,000	1,555,000
* Oakley, Inc.	30,000	1,365,000

		2,920,000

MEDICAL SUPPLIES (1.9%)		
Guidant Corp.	15,000	738,750
Medtronic, Inc.	20,000	1,120,000

		1,858,750

OFFICE EQUIPMENT & SERVICE (1.9%)		
Alco Standard Corp.	20,000	905,000
Danka Business Systems PLC ADR.....	35,000	1,021,562

		1,926,562

OIL/GAS - DOMESTIC (1.0%)		
Williams Cos., Inc.	20,000	990,000

OIL/GAS - EQUIPMENT & SERVICE (3.1%)		
* Global Marine, Inc.	70,000	971,250
Halliburton Co.	15,000	832,500
Schlumberger Limited.....	15,000	1,263,750

		3,067,500

OIL/GAS - EXPLORATION (0.8%)		
Sonat Offshore Drilling, Inc.	15,000	757,500

OIL - INTEGRATED INTERNATIONAL (2.0%)		
Amoco Corp.	15,000	1,085,625
Chevron Corp.	15,000	885,000

		1,970,625

PAPER & FOREST PRODUCTS (0.9%)		
International Paper Co.	25,000	921,875

PHARMACEUTICALS (10.1%)		
American Home Products Corp.	20,000	1,202,500
* Amgen, Inc.	20,000	1,077,500
Johnson & Johnson, Inc.	30,000	1,485,000
Merck & Co., Inc.	20,000	1,292,500
Pfizer, Inc.	25,000	1,784,375
Schering-Plough Corp.	15,000	941,250
Warner-Lambert Co.	20,000	1,100,000
* Watson Pharmaceuticals, Inc.	30,000	1,136,250

		10,019,375

</TABLE>

PENN SERIES FUNDS, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED) (CONTINUED)
THE GROWTH EQUITY FUND
<TABLE>
<CAPTION>

	SHARES	VALUE
	-----	-----
<S>	<C>	<C>
RAILROADS (0.8%)		
Burlington Northern, Santa Fe Corp.	10,000	\$ 808,750

RESTAURANTS (1.9%)		
* Lone Star Steakhouse & Saloon.....	20,000	753,750
McDonald's Corp.	25,000	1,168,750

		1,922,500

RETAIL STORES - DEPARTMENT (2.1%)		
* Federated Department Stores, Inc.	30,000	1,023,750
* Kohl's Corp.	30,000	1,098,750

		2,122,500

RETAIL STORES - FOOD (0.8%)		
* Safeway, Inc.	25,000	825,000

RETAIL STORES - GENERAL MERCHANDISE (1.1%)		
* Price/Costco, Inc.	50,000	1,075,000

RETAIL - SPECIALTY (3.3%)		
Gap, Inc.	30,000	963,750
Home Depot, Inc.	25,000	1,350,000
* OfficeMax, Inc.	40,000	955,000

		3,268,750

SHOES (1.0%)		
Nike, Inc.	10,000	1,027,500

TELECOMMUNICATIONS (6.3%)		
Ameritech Corp.	15,000	890,625
* Glenayre Technologies, Inc.	15,000	749,062
MCI Communications Corp.	30,000	766,875
NYNEX Corp.	15,000	712,500
SBC Communications, Inc.	15,000	738,750
* Tellabs, Inc.	15,000	1,003,125
* U.S. Robotics Corp.	10,000	853,750
* WorldCom, Inc.	10,000	553,125

		6,267,812

TEXTILE - APPAREL (1.9%)		
Liz Claiborne, Inc.	30,000	1,038,750
* Tommy Hilfiger Corp.	15,000	804,375

		1,843,125

TOTAL COMMON STOCK		
(Cost \$81,539,028).....		96,801,625

SHORT TERM INVESTMENTS (2.2%)		

Temporary Investment Fund Class B (Cost \$2,132,300).....	2,132,300	2,132,300

TOTAL INVESTMENTS (100.0%)		
(Cost \$83,671,328) (a) (b).....		\$98,933,925
		=====

</TABLE>

* Non-Income Producing.

(a) Cost for Federal income tax purposes.

(b) At June 30, 1996, the excess of value over tax cost was \$16,482,946, and the excess of tax cost over value was \$1,220,349.

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

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PENN SERIES FUNDS, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED)
THE VALUE EQUITY FUND

<TABLE>

<CAPTION>

	SHARES	VALUE
<S>	<C>	<C>
COMMON STOCK (84.9%)		

AEROSPACE & DEFENSE (5.2%)		
Lockheed Martin Corp.....	45,000	\$ 3,780,000
McDonnell Douglas Corp.....	93,000	4,510,500

		8,290,500

AIRLINES (2.6%)		
* AMR Corp.....	46,000	4,186,000

AUTOMOTIVE PARTS - EQUIPMENT (3.0%)		
* Varsity Corp.....	99,000	4,764,375

CHEMICALS (4.0%)		
DuPont (E.I.) de Nemours & Co.....	30,000	2,373,750
Hercules, Inc.....	21,000	1,160,250
Monsanto Co.....	85,000	2,762,500

		6,296,500

COSMETICS (1.4%)		
Avon Products, Inc.....	50,000	2,256,250

ELECTRONICS (3.7%)		
* Arrow Electronics, Inc.....	53,000	2,285,625
General Electric Co.....	42,000	3,633,000

		5,918,625

FINANCIAL BANKS (7.5%)		
Citicorp.....	75,000	6,196,875
Wells Fargo & Co.....	24,333	5,812,545

		12,009,420

FINANCIAL SERVICES (8.1%)		
American Express Co.....	39,000	1,740,375
Countrywide Credit Industries, Inc.....	210,000	5,197,500
Federal Home Loan Mortgage Corp.....	69,000	5,899,500

		12,837,375

HOSPITAL MANAGEMENT (4.2%)		
Columbia/HCA Healthcare Corp.....	55,000	2,935,625
* Tenet Healthcare Corp.....	175,000	3,740,625

		6,676,250

INSURANCE (23.1%)		
Ace Limited.....	161,000	7,567,000
AFLAC, Inc.....	105,375	3,148,078
American International Group, Inc.....	37,500	3,698,438
Everest Reinsurance Holdings, Inc.....	160,000	4,140,000
Exel Limited.....	103,800	7,317,900
General Re Corp.....	13,000	1,979,250
Mid Ocean Limited.....	83,000	3,397,813
Progressive Corp., Ohio.....	63,000	2,913,750
Transamerica Corp.....	33,000	2,673,000
		36,835,229
MACHINERY AND MINING (2.5%)		
Caterpillar, Inc.....	59,000	3,997,250
MANUFACTURING (1.9%)		
AlliedSignal, Inc.....	52,000	2,970,500
MEDICAL SUPPLIES (3.4%)		
Becton, Dickinson & Co.....	67,000	5,376,750
METALS (0.9%)		
Freeport-McMoRan Copper & Gold, Inc. Class B.....	47,016	1,498,635
</TABLE>		
<TABLE>		
<CAPTION>		
	SHARES	VALUE
<S>	<C>	<C>
OIL/GAS - EXPLORATION (1.6%)		
* Triton Energy Corp.....	52,000	\$ 2,528,500
PAPER & FOREST PRODUCTS (0.5%)		
Champion International Corp.....	20,000	835,000
PHARMACEUTICALS (0.9%)		
Warner Lambert Co.....	26,000	1,430,000
RAILROADS (1.1%)		
Union Pacific Corp.....	24,000	1,677,000
RETAIL - DEPARTMENT STORE (3.7%)		
May Department Stores Co.....	134,000	5,862,500
TELECOMMUNICATIONS (2.4%)		
Sprint Corp.....	72,250	3,034,500
* Tele-Communications, Inc.....	40,000	725,000
		3,759,500
TEXTILES (1.1%)		
Shaw Industries, Inc.....	140,000	1,837,500
TOYS (2.1%)		
Mattel, Inc.....	114,531	3,278,450
TOTAL COMMON STOCK (Cost \$96,766,432).....		
		135,122,109

</TABLE>
<TABLE>
<CAPTION>

PAR
MATURITY (000)

<S>	<C>	<C>	<C>
COMMERCIAL PAPER (12.1%)			

Ford Motor Credit Co. 5.26%.....	07/03/96	\$6,100	6,098,217
John Deere Credit Corp. 5.30%.....	07/10/96	4,000	3,994,700
Household Finance Corp. 5.31%.....	07/17/96	5,200	5,187,728
Norwest Financial Corp. 5.35%.....	07/24/96	4,000	3,986,328

TOTAL COMMERCIAL PAPER			19,266,973
(Cost \$19,266,973).....			-----

</TABLE>
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 <CAPTION>

	SHARES		

<S>	<C>	<C>	<C>
SHORT TERM INVESTMENTS (3.0%)			

Temporary Investment Fund Class B			
(Cost \$4,834,155).....	4,834,155	4,834,155	-----
TOTAL INVESTMENTS (100.0%)			
(Cost \$120,867,560) (a) (b).....		\$159,223,237	=====

</TABLE>

* Non-income Producing.
 (a) Cost for Federal income tax purposes.
 (b) At June 30, 1996, the excess of value over tax cost was \$38,474,533, and the excess of tax cost over value was \$118,856.

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

 PENN SERIES FUNDS, INC.
 SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED)
 THE FLEXIBLY MANAGED FUND
 <TABLE>
 <CAPTION>

	SHARES	VALUE
	-----	-----
<S>	<C>	<C>
COMMON STOCK (50.4%)		

CHEMICALS (0.8%)		
Great Lakes Chemical Corp.	40,000	\$ 2,490,000
Petrolite Corp.	1,000	31,750

		2,521,750

COMMERCIAL SERVICES (1.2%)		
PHH Corp.	70,000	3,990,000

COMPUTERS (0.5%)		
International Business Machines Corp.	17,000	1,683,000

CONSTRUCTION (1.1%)		
* Schuller Corp.	345,000	3,579,375

ELECTRIC UTILITIES (5.2%)		
Centerior Energy Corp.	1,410,000	10,398,750
Entergy Corp.	150,000	4,256,250
Public Service Co. of New Mexico.....	105,000	2,152,500

		16,807,500

ELECTRONICS (1.1%)		
Polaroid Corp.	80,000	3,650,000
FINANCIAL SERVICES (4.1%)		
American Express Co.	72,000	3,213,000
Federal National Mortgage Assoc.	70,000	2,345,000
Fund American Enterprises Holdings, Inc.	24,000	1,944,000
Green Point Financial Corp.	10,000	282,500
Salomon, Inc.	25,000	1,100,000
Student Loan Marketing Assoc.	60,000	4,440,000
		13,324,500
FOOD/PROCESSING (1.2%)		
McCormick & Co., Inc.	12,000	264,000
Philip Morris Companies, Inc.	35,000	3,640,000
		3,904,000
HOLDING COMPANY - DIVERSIFIED (2.9%)		
Hanson PLC ADR.....	35,000	498,750
Loews Corp.	104,000	8,203,000
Lonrho PLC.....	252,000	724,104
		9,425,854
HOSPITAL SUPPLIES/ HOSPITAL MANAGEMENT (0.0%)		
* Lynx Therapeutics, Inc.	162	324
INSURANCE (1.7%)		
Harleysville Group, Inc.	30,000	870,000
Home Beneficial Corp. Class B.....	25,000	643,750
Unitrin, Inc.	45,000	2,115,000
Willis Corroon Group PLC ADR.....	70,000	831,250
* Zurich Reinsurance Centre Holdings, Inc.	35,300	1,111,950
		5,571,950
LEISURE TIME (1.2%)		
* Chris-Craft Industries, Inc.	85,000	3,740,000
MANUFACTURING (1.2%)		
Cross (A.T.) Co. Class A.....	38,000	674,500
Teledyne, Inc.	90,000	3,251,250
		3,925,750

</TABLE>

<TABLE>

<CAPTION>

	SHARES	VALUE
<S>	<C>	<C>
MINING (2.4%)		
* Hecla Mining Co.	60,000	\$ 420,000
Homestake Mining Co.	40,000	685,000
Newmont Mining Corp.	115,000	5,678,125
Santa Fe Pacific Gold Corp.	80,000	1,130,000
		7,913,125
MISCELLANEOUS (0.2%)		
Republic of Austria Stock Index Growth Notes.....	37,100	728,088
MISCELLANEOUS CONSUMER DURABLES (0.9%)		
Corning, Inc.	75,000	2,878,125
OIL/GAS (3.6%)		

Atlantic Richfield Co.	35,000	4,147,500
Kerr McGee Corp.	6,000	365,250
Murphy Oil Corp.	105,000	4,764,375
Pennzoil Co.	26,000	1,202,500
Sun Company, Inc.	35,000	1,063,125

		11,542,750

OIL/GAS - EXPLORATION (2.6%)		
Mitchell Energy & Development Corp. Class B.....	78,000	1,482,000
* Oryx Energy Co.	100,000	1,625,000
Petro-Canada.....	175,000	2,173,077
Union Texas Petroleum Holding, Inc.	142,000	2,769,000
Unocal Corp.	10,000	337,500

		8,386,577

OIL/GAS - INTERNATIONAL (1.9%)		
Helmerich & Payne, Inc.	34,000	1,245,250
Texaco, Inc.	60,000	5,032,500

		6,277,750

PAPER & FOREST PRODUCTS (1.2%)		
International Paper Co.	28,000	1,032,500
Weyerhaeuser Co.	70,000	2,975,000

		4,007,500

PHARMACEUTICALS (6.1%)		
Ciba-Geigy AG.....	6,700	8,172,692
* Genetech, Inc. Special Common.....	190,000	9,951,250
Schering-Plough Corp.	25,000	1,568,750

		19,692,692

PUBLISHING NEWS (5.1%)		
New York Times Co., Class A.....	280,000	9,135,000
Times Mirror Co., Class A.....	23,500	1,022,250
Washington Post Co., Class B.....	20,000	6,480,000

		16,637,250

PUBLISHING/PRINTING (0.7%)		
Harland, (John H.) Co.	14,000	344,750
Meredith Corp.	47,000	1,962,250

		2,307,000

RETAIL - SPECIALITY (0.2%)		
* Toys 'R' Us, Inc.	25,000	712,500

RETAIL STORES - DEPARTMENT (0.3%)		
* Hills Stores Co.	65,000	576,875
Wal-Mart Stores, Inc.	10,000	253,750

		830,625

</TABLE>

 <TABLE>
 <CAPTION>

	SHARES	VALUE
	-----	-----
<S>	<C>	<C>

SHOES (1.1%)		
Reebok International Ltd.	105,000	\$ 3,530,625

TEXTILES & APPAREL (0.8%)		
* Petrie Stores Corp.	900,000	2,475,000

TRANSPORTATION - MISCELLANEOUS (1.1%)		
Overseas Shipholding Group, Inc.	85,000	1,540,625
Ryder System, Inc.	70,000	1,968,750

		3,509,375

TOTAL COMMON STOCK		
(Cost \$130,664,786)		163,552,985

PREFERRED STOCK (4.3%)		

Cleveland Electric Illum. Series L 7.00%.....	33,260	2,378,090
Cleveland Electric Illum. Series R 8.80%.....	1,850	1,743,625
Cleveland Electric Illum. Series S		
9.00%.....	2,650	2,471,125
Entergy Gulf States Utilities, Inc. Series B 7.20%..	15,553	739,740
Kemper Co. Series E 5.75%.....	100,000	5,200,000
Niagara Mohawk Power Corp. Series A 6.50%.....	24,000	384,000
Niagara Mohawk Power Corp. Series B 7.50%.....	7,000	122,500
Niagara Mohawk Power Corp. Series C 7.20%.....	29,500	523,625
Teledyne, Inc. Series E \$1.20.....	3,670	56,426
Unocal Corp. 7.0% Convertible.....	4,000	226,716

TOTAL PREFERRED STOCK		
(Cost \$12,999,967)		13,845,847

<CAPTION>

	NUMBER OF CONTRACTS	

<S>	<C>	<C>
PUT OPTIONS (0.2%)		

* Allegheny Ludlam \$20 January 18,1997.....	45	11,250
* Allegheny Ludlam \$22.50 October 19, 1996.....	135	51,469
* Allegheny \$22.50 January 18, 1997.....	45	19,406
* Aud \$45 August 17, 1996.....	50	31,875
* Automatic Data Processing, Inc.		
\$40 October 16, 1996.....	100	23,125
* IBM \$120 July 20, 1996.....	50	103,125
* IBM \$100 July 20, 1996.....	50	16,875
* IBM \$130 October 19, 1996.....	100	311,250
* Kerr McGee \$70 July 20, 1996.....	30	27,375
* Phillip Morris \$105 September 22, 1996.....	32	15,800
* Times Mirror \$40 September 22, 1996.....	30	2,625
* Times Mirror \$45 December 21, 1996.....	50	17,812
* Toys R US \$35 December 21, 1996.....	195	127,969
* Toys R US \$30 September 21, 1996.....	30	6,375
* Unocal \$32.5 July 20, 1996.....	80	3,000

TOTAL PUT OPTIONS		
(Cost \$667,344)		769,331

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<TABLE>

<CAPTION>

	MATURITY	RATING	PAR (000)	

<S>	<C>	<C>	<C>	<C>
U.S. TREASURY OBLIGATIONS (2.1%)				

U.S. Treasury Bill				
5.00%.....	08/29/96	N/A	\$ 315	312,307

U.S. Treasury Notes					
5.75%.....	10/31/97	N/A	2,500	2,493,750	
7.375%.....	11/15/97	N/A	2,000	2,035,620	
6.75%.....	05/31/99	N/A	2,000	2,023,120	
TOTAL U.S. TREASURY OBLIGATIONS					
(Cost \$6,820,153).....				6,864,797	

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<CAPTION>

	MATURITY	RATING	PAR (000)	VALUE
<S>	<C>	<C>	<C>	<C>
MEDIUM TERM NOTES (0.5%)				

FNMA Medium Term Note 5.37%				
(Cost \$1,576,000).....	02/07/01	N/R	\$ 1,600	\$ 1,519,856

COMMERCIAL PAPER (20.2%)				

Bell Atlantic Financial 5.35%.....	07/18/96	A+	9,500	9,475,999
Cargill, Inc. 5.35%.....	07/10/96	AA-	10,000	9,986,625
Ciesco				
5.27%.....	07/08/96	AAA	1,181	1,179,790
5.35%.....	08/07/96	AAA	650	646,426
Corporate Asset Funding				
5.27%.....	07/08/96	AAA	3,119	3,115,804
5.32%.....	07/16/96	AAA	1,000	997,783
Ford Motor Credit Co. 5.34%.....	07/29/96	A+	5,000	4,979,233
H.J. Heinz Co. 5.35%.....	07/23/96	A+	2,400	2,392,153
Home Depot 5.35%.....	07/01/96	AA-	500	500,000
Northern States Power				
5.30%.....	07/09/96	AA-	5,840	5,833,122
Norfolk Southern Corp.				
5.40%.....	07/02/96	AA	12,000	11,998,200
Mobil Australia Finance				
5.30%.....	07/26/96	AA	1,450	1,444,663
Preferred Receivable Funding 5.35%.....	08/05/96	NR	13,000	12,931,255

TOTAL COMMERCIAL PAPER				
(Cost \$65,482,181).....				65,481,053

CONVERTIBLE BONDS (22.0%)				

Automatic Data Processing, Inc.				
5.1212%**.....	02/20/12	AA	29,500	15,303,125
Cellular Communications 6.7496%**.....	07/27/99	B+	2,800	2,275,000
CHUBB Capital Euro Bond 6.00%.....	05/15/98	AA	2,400	2,863,848
Comcast Corp. 3.375%.....	09/09/05	BB-	2,500	2,337,500
Cooper Industries, Inc. 7.05%.....	01/01/15	BBB+	594	637,065
Ensearch Corp. 6.375%.....	04/01/02	BBB+	1,815	1,794,019
Food Lion, Inc. 5.00%.....	06/01/03	NR	1,300	1,391,806
Gencorp, Inc. 8.00%.....	08/01/02	BB-	350	378,875
Grand Metropolitan PLC Euro Bond 6.50%..	01/31/00	A+	1,300	1,417,000
Grand Metropolitan PLC 6.50%.....	01/31/00	A+	1,300	1,417,000
Homestake Mining Co. 5.50%.....	06/23/00	BBB-	3,750	3,712,500
Istituto Nazionale Delle Assicurazioni				
(Republic of Italy) 5.00%.....	06/28/01	AA	1,250	1,275,000
Lonhro Conv. Euro Bond 6.00%.....	02/27/04	NR	1,250	1,953,738
McKesson Corp. 4.50%.....	03/01/04	A	650	568,750
Office Depot, Inc. 4.2615%**.....	11/01/08	BB-	1,500	881,265
Outboard Marine Corp. 7.00%.....	07/01/02	B+	1,850	1,863,875
Pennzoil Co. 4.75%.....	10/01/03	BBB	1,000	1,085,430
Potomac Electric Power Co. 5.00%.....	09/01/02	A-	2,100	1,890,000

</TABLE>

PENN SERIES FUNDS, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED) (CONTINUED)
THE FLEXIBLY MANAGED FUND
<TABLE>
<CAPTION>

	MATURITY	RATING	PAR (000)	VALUE
<S>	<C>	<C>	<C>	<C>
Price Co. Subordinated Debenture				
6.75%.....	03/01/01	BBB	\$ 1,750	\$ 1,894,375
5.50%.....	02/28/12	BBB	1,800	1,872,000
Rouse Company Euro Bond 5.75%.....	07/23/02	BBB-	6,300	6,221,250
Turner Broadcasting 7.1717%**.....	02/13/07	BB-	9,500	4,465,000
U.S. West, Inc. 7.1386%**.....	06/25/11	BBB	16,000	5,560,000
UBS Finance 2.00%.....	12/15/00	AAA	300	297,252
USF&G Corp. 4.3663%**.....	03/03/09	BBB-	7,000	4,077,500
WMX Technologies 2.00%.....	01/24/05	A	4,500	4,140,000
TOTAL CONVERTIBLE BONDS				
(Cost \$67,659,736).....				71,573,173

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			SHARES	
<S>	<C>	<C>	<C>	<C>
SHORT TERM INVESTMENTS (0.3%)				
Temporary Investment Fund Class B				
(Cost \$955,262)			955,262	955,262
TOTAL INVESTMENTS (100.0%)				
(Cost \$286,825,429) (a).....				\$324,562,304

</TABLE>

* Non-income producing.

** Effective Yield.

(a) At June 30, 1996, the cost for Federal income tax purposes was \$286,874,156. The excess of value over tax cost was \$40,232,375, and the excess of tax cost over value was \$2,972,219.

The Standard & Poors Corporation ratings are the most recent ratings available at June 30, 1996.

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

PENN SERIES FUNDS, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED)
THE INTERNATIONAL EQUITY FUND
<TABLE>
<CAPTION>

		SHARES	VALUE
<S>	<C>	<C>	<C>
COMMON STOCK (94.7%)			
AUSTRALIA (1.6%)			
Broken Hill Proprietary Co. Limited.....		40,000	\$ 552,385
M.I.M. Holdings Limited.....		140,000	180,461
News Corp. Limited.....		120,846	684,823

		1,417,669

BRAZIL (1.5%)		
Centrais Eletricas Barsileiras SA (ADR) Preferred B.....	35,000	508,935
Centrais Eletricas Brasileiras SA (ADR) Common.....	5,000	69,220
Telecomunicacoes Brasileiras SA (ADR) - Telebras.....	10,000	696,250

		1,274,405

FINLAND (0.9%)		
Cultor Oy, Series II.....	15,000	771,225

FRANCE (8.8%)		
AXA SA.....	18,434	1,009,513
Carrefour Supermarche SA.....	2,100	1,177,807
Compagnie Generale des Eaux.....	6,628	741,156
* Dassault Systemes SA.....	12,500	392,033
Grand Optical-Photoservice.....	3,750	483,509
LVMH (Moet-Hennessy Louis Vuitton).....	3,500	831,081
Marine-Wendel SA.....	6,050	501,215
Societe BIC SA.....	9,000	1,279,438
Total SA-B.....	11,000	816,748
Valeo SA.....	8,000	428,619

		7,661,119

GERMANY (7.4%)		
Adidas AG.....	11,000	916,908
Bayer AG.....	30,000	1,056,491
Bayerische Motoren Werke (BMW) AG.....	600	346,837
CKAG Colonia Konzern AG.....	440	351,572
Gehe AG.....	1,000	679,995
Muenchener Rueckversicherungs-Gesellschaft.....	150	246,613
Muenchener Rueckversicherungs-Gesellschaft E95.....	14	28,633
SGL Carbon AG.....	12,800	1,506,774
Siemens AG.....	12,000	643,799
VEBA AG.....	12,000	638,432

		6,416,054

HONG KONG (2.3%)		
Bank of East Asia, Limited.....	1	3
Cheung Kong Holdings Limited.....	115,000	828,273
Dah Sing Financial Group.....	165,000	499,871
Sun Hung Kai Properties Limited.....	70,000	707,642

		2,035,789

IRELAND (2.5%)		
Allied Irish Banks PLC.....	136,777	715,932
CRH PLC.....	60,715	612,025
Greencore Group PLC.....	170,000	889,831

		2,217,788

ITALY (0.9%)		
Danieli & Co.	132,000	469,766
Stet (Societa Finanziaria Telefonica).....	80,000	270,602

		740,368

</TABLE>

<TABLE>

<CAPTION>

<S>

SHARES VALUE

<C> <C>

JAPAN (29.2%)

Bank of Tokyo-Mitsubishi.....	11,550	\$ 268,236
Bridgestone Corp.	75,000	1,433,208
Canon, Inc.	40,000	833,867
Ezaki Glico Co. Limited.....	75,000	836,610
Fuji Photo Film Co. Limited.....	32,000	1,012,343
Hitachi Limited (Hitachi Seisakusho).....	75,000	699,461
Hitachi Maxell Limited.....	20,000	418,762
Ito-Yokado Co. Limited.....	12,000	725,245
JUSCO Co. Limited.....	42,000	1,378,623
Komatsu Limited.....	80,000	789,979
Kyocera Corp.	9,000	637,743
Kyushu Electric Power Co., Inc.	39,000	880,772
Mitsubishi Electric Corp.	100,000	698,546
Mitsubishi Heavy Industries Limited.....	230,000	2,004,114
Mitsui & Co. Limited.....	100,000	907,927
Murata Manufacturing Co. Limited.....	18,000	683,003
Nippon Steel Corp.	320,000	1,100,119
Nippon Telegraph & Telephone Corp.	100	742,434
Omron Corp.	80,000	1,704,306
Promise Co. Limited.....	8,000	394,989
Rohm Co. Limited.....	17,000	1,125,354
SMC Corp.	8,000	620,280
Sony Corp.	8,700	573,530
Suzuki Motor Co. Limited.....	47,000	618,817
Taisho Pharmaceutical Co. Limited.....	60,000	1,300,174
Toda Construction Co. Limited.....	35,000	342,416
Tokyo Broadcasting System, Inc.	30,000	532,139
Tokyo Denpa Co. Limited.....	7,000	288,013
Tokyu Corp.	120,000	916,156
Yamato Transport Co. Limited.....	80,000	943,586

		25,410,752

MALAYSIA (3.0%)

Genting Berhad.....	75,000	586,172
Malayan Banking Berhad.....	80,000	769,539
Sime Darby Berhad.....	132,000	365,050
Telekom Malaysia Berhad.....	60,000	533,868
United Engineers (Malaysia) Limited.....	50,000	346,693

		2,601,322

NETHERLANDS (7.7%)

Aegon N.V. (ADR).....	9,681	446,536
Aegon N.V.	10,137	467,395
Ahrend N.V.	15,000	673,139
Elsevier N.V.	110,000	1,671,262
Hagemeyer N.V.	9,000	641,990
Oce-Van Der Griten N.V.	10,000	1,060,597
PolyGram N.V.	6,000	354,784
PolyGram N.V. (ADR).....	5,000	293,125
Vendex International N.V.	30,000	1,047,105

		6,655,933

PHILIPPINES (0.6%)

Manila Electric Co. - B.....	52,500	551,260

SINGAPORE (3.0%)

City Developments Limited.....	66,000	514,529
Cycle & Carriage Limited.....	50,000	535,082
Development Bank of Singapore Limited (Foreign).....	10,000	124,734
Keppel Corp. Limited.....	70,000	585,400
United Overseas Bank Limited (Foreign).....	85,000	813,253

		2,572,998

</TABLE>

 PENN SERIES FUNDS, INC.
 SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED) (CONTINUED)
 THE INTERNATIONAL EQUITY FUND
 <TABLE>
 <CAPTION>

	SHARES	VALUE
	-----	-----
<S>	<C>	<C>
SPAIN (1.5%)		
Banco Intercontinental Espanol SA.....	2,600	\$ 291,146
Banco Popular Espanol SA.....	2,500	446,198
Empresa Nacional de Electricidad SA (ADR).....	8,000	501,000
Omsa Alimentacion SA.....	24,000	81,019

		1,319,363

SWEDEN (3.6%)		
Astra AB B-F.....	33,000	1,440,221
Foreningsbanken AB-A.....	125,000	411,513
Hennes & Mauritz AB-B.....	4,000	371,495
OM Gruppen AB.....	15,000	412,268
Telefonaktiebolaget LM Ericsson-B.....	25,000	539,875

		3,175,372

SWITZERLAND (7.0%)		
Nestle AG.....	500	571,509
*Pharma Vision 2000 AG.....	305	1,422,292
Roche Holding AG-Genusshain.....	360	2,748,520
Union Bank of Switzerland B.....	1,352	1,324,748

		6,067,069

THAILAND (0.6%)		
Bangkok Bank Public Co. Limited (Foreign).....	30,000	406,700
Siam Cement Co. Limited (Foreign).....	3,000	147,310

		554,010

UNITED KINGDOM (12.6%)		
BAA PLC.....	80,723	586,775
British Petroleum Co. PLC (ADR).....	4,000	427,500
Dixons Group PLC.....	140,000	1,150,304
General Accident PLC.....	88,166	894,217
GKN PLC.....	82,504	1,266,079
HSBC Holdings PLC.....	51,875	812,171
PowerGen PLC.....	75,463	552,057
Powerscreen International PLC.....	115,000	814,501
Rank Organisation PLC.....	130,000	1,005,545
Reuters Holdings PLC.....	80,000	967,957
Siebe PLC.....	65,000	922,759
Smiths Industries PLC.....	60,000	656,074
THORN EMI PLC.....	32,000	891,664

		10,947,603

TOTAL COMMON STOCK		
(Cost \$68,793,438).....		82,390,099

</TABLE>
 <TABLE>
 <CAPTION>

	SHARES	VALUE
	-----	-----
<S>	<C>	<C>
WARRANTS (0.8%)		

* Bank Vision 01/15/97.....	15,000	\$ 260,958
* Pharma Vision 10/10/96.....	30,000	220,765
* Roche Holding 12/18/98.....	4,000	236,762

TOTAL WARRANTS		
(Cost \$892,214).....		718,485

</TABLE>
<TABLE>
<CAPTION>

	MATURITY	PAR	
	-----	(000)	-----
<S>	<C>	<C>	<C>
CORPORATE BONDS (0.0%)			

Michelin France 2.50%			
(Cost \$8,599).....	01/01/01	\$10	11,163

</TABLE>
<TABLE>
<CAPTION>

	SHARES	
	-----	-----
<S>	<C>	<C>
SHORT TERM INVESTMENTS (4.5%)		

Temporary Cash Investment Fund, Inc.....	1,959,591	1,959,591
Temporary Investment Fund, Inc.....	1,959,490	1,959,490

TOTAL SHORT TERM INVESTMENTS		
(Cost \$3,919,081).....		3,919,081

TOTAL INVESTMENTS (100.0%)		
(Cost \$73,613,332) (a) (b).....		\$87,038,828
		=====

</TABLE>

* Non-income Producing.
(a) Cost for Federal Income tax purposes.
(b) At June 30, 1996, the excess of value over tax cost was \$14,090,165 and the excess of tax cost over value was \$664,669.

ADR--American Depository Receipt

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

PENN SERIES FUNDS, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED)
THE SMALL CAPITALIZATION FUND

<TABLE>
<CAPTION>

	SHARES	VALUE
	-----	-----
<S>	<C>	<C>
COMMON STOCK (86.5%)		

ADVERTISING (1.5%)		
* Katz Media Group, Inc.....	12,300	\$ 176,812

AGRICULTURE (0.6%)		
Sylvan, Inc.	4,900	65,231

AUTO-PARTS/EQUIPMENT (1.6%)		
Borg-Warner Automotive, Inc.	1,600	63,200
* Jason, Inc.	15,100	123,631

		186,831

BUILDING MATERIALS (4.0%)		
Carlisle Companies, Inc.	3,800	201,875
* Falcon Building Products, Inc.	13,100	157,200
Martin Marietta Materials, Inc.	4,000	97,000

		456,075

CHEMICALS (1.2%)		
* McWhorter Technologies, Inc.	4,000	71,000
* Sybron Chemicals, Inc.	5,400	76,275

		147,275

COMPUTER SERVICES & SOFTWARE (3.7%)		
* BancTec, Inc.	17,600	356,400
* Exabyte Corp.	6,400	83,600

		440,000

ELECTRICAL EQUIPMENT (1.2%)		
AVX Corp.	2,700	49,950
* Exide Electronics Group, Inc.	9,900	94,669

		144,619

ELECTRONICS (9.3%)		
EG&G, Inc.	25,000	534,375
* Oak Industries, Inc.	19,060	564,653

		1,099,028

ELECTRONICS - SEMICONDUCTORS (4.6%)		
* Exar Corp.	19,000	244,625
* Marshall Industries.	10,400	291,200

		535,825

FINANCIAL BANKS - COMMERCIAL (0.6%)		
First Financial Corp.	3,300	74,662

FINANCIAL SERVICES (0.5%)		
First Financial Caribbean Corp.	3,200	64,400

FURNITURE - HOME APPLIANCES (0.4%)		
Singer Co. NV.	2,300	46,575

HOLDING COMPANY - DIVERSIFIED (3.3%)		
Crane Co.	9,600	393,600

HOSPITAL SUPPLIES/HOSPITAL MANAGEMENT (5.1%)		
* Magellan Health Services, Inc.	21,600	464,400
* Summit Care Corp.	6,300	140,963

		605,363

HOUSEHOLD PRODUCTS (1.8%)		
Armor All Products Corp.	6,400	96,000
Libbey, Inc.	4,200	116,550

		212,550

INSURANCE (13.8%)		
Ace Limited.....	4,900	230,300
Capitol American Financial Corp.	6,300	158,287
* Capsure Holdings Corp.....	6,300	112,612
* Delphi Financial Group, Inc. Class A.....	7,000	187,250
E.W. Blanch Holdings, Inc.	11,800	234,525
Everest Re Holdings, Inc.....	6,400	165,600
Horace Mann Educators Corp.	4,900	155,575

</TABLE>

<TABLE>

<CAPTION>

	SHARES	VALUE
	-----	-----
<S>	<C>	<C>
Protective Life Corp.....	3,500	\$ 122,938
United Wisconsin Services, Inc.....	2,700	70,200
W.R. Berkley Corp.....	4,700	197,988

		1,635,275

MACHINERY (DIVERSIFIED) (4.8%)		
Baldwin Technology Co., Inc. Class A.....	34,100	119,350
Briggs & Stratton Corp.....	2,400	98,700
United Dominion Industries Limited.....	14,900	342,700

		560,750

MANUFACTURED HOUSING (0.9%)		
McGrath Rentcorp.....	4,500	100,687

MANUFACTURING (1.0%)		
* Alltrista Corp.....	2,600	60,775
Harmon Industries, Inc.	3,800	60,800

		121,575

MEDICAL SUPPLIES (4.5%)		
Dentsply International, Inc.....	1,200	50,775
* SpaceLabs Medical, Inc.....	20,800	478,400

		529,175

METAL FABRICATE/HARDWARE (1.0%)		
Easco, Inc.....	15,100	119,856

OFFICE EQUIPMENT & SERVICES (1.0%)		
* NU-Kote Holdings, Inc. Class A.....	6,900	113,419

OIL & GAS (3.6%)		
* Belden & Blake Corp.....	7,400	156,325
* Global Natural Resources, Inc.....	4,200	68,775
* Nuevo Energy Co.	3,700	119,325
St. Mary Land & Exploration Co.	5,000	82,813

		427,238

PACKAGING & PAPER PRODUCTS (1.4%)		
* Shorewood Packaging Corp.	11,000	168,438

PAPER & FOREST PRODUCTS (1.0%)		
* Repap Enterprises, Inc.....	31,300	121,288

PRINTING/PUBLISHING (2.1%)		
* International Imaging Materials, Inc.	10,700	251,450

REAL ESTATE (2.3%)		
Security Capital Industrial Trust.....	5,400	95,175

Security Capital Pacific Trust.....	8,300	180,525

		275,700

RETAIL - SPECIAL LINE (2.0%)		
Blair Corp.....	1,500	35,437
* Maxim Group, Inc.....	6,600	94,050
Petroleum Heat & Power Co., Inc.....	15,000	113,438

		242,925

TELECOMMUNICATIONS (1.1%)		
ECI Telecommunications Limited.....	5,400	125,212

TEXTILES (3.2%)		
Culp, Inc.	3,900	53,625
Dyersberg Corp.	3,400	17,425
* WestPoint Stevens, Inc.....	12,900	309,600

		380,650

TRANSPORTATION (1.6%)		
Interpool, Inc.....	4,000	73,000
* MTL, Inc.....	6,500	112,125

		185,125

WHOLESALE - SPECIAL LINE (1.8%)		
* Arrow Electronics, Inc.....	4,800	207,000

TOTAL COMMON STOCK		
(Cost \$9,659,697).....		10,214,609

</TABLE>

PENN SERIES FUNDS, INC.
SCHEDULE OF INVESTMENTS - JUNE 30, 1996 (UNAUDITED) (CONTINUED)
THE SMALL CAPITALIZATION FUND

<TABLE>
<CAPTION>

	MATURITY	PAR (000)	VALUE
	-----	-----	-----
<S>	<C>	<C>	<C>
AGENCY OBLIGATIONS (11.4%)			

Federal Farm Credit Bank			
5.20%.....	07/17/96	\$255	\$ 254,401
Federal Home Loan Bank			
5.24%.....	08/07/96	395	392,837
Federal Home Loan Mortgage Corp. 5.17%.....	07/05/96	85	84,951
5.26%.....	08/16/96	350	347,610
Federal National Mortgage Assoc. 5.17%.....	08/16/96	270	268,188

TOTAL AGENCY OBLIGATIONS			
(Cost \$1,348,099).....			1,347,987

</TABLE>

<TABLE>
<CAPTION>

	SHARES

<S>	<C>
SHORT TERM INVESTMENTS (2.1%)	

Temporary Investment Fund Class B (Cost \$252,318) 252,318 \$ 252,318

TOTAL INVESTMENTS (100.0%)
 (Cost \$11,260,114) (a) (b) \$11,814,914
 =====

</TABLE>

* Non-income producing.

(a) Cost for Federal income tax purposes.

(b) At June 30, 1996, the excess of value over tax cost was \$841,069, and the excess of tax cost over value was 286,269.

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

 PENN SERIES FUNDS, INC.
 STATEMENT OF ASSETS AND LIABILITIES - JUNE 30, 1996 (UNAUDITED)

<TABLE>
 <CAPTION>

	MONEY MARKET FUND	QUALITY BOND FUND	HIGH YIELD BOND FUND	GROWTH EQUITY FUND
<S>	<C>	<C>	<C>	<C>
ASSETS:				
Investments at value (1).	\$30,256,720	\$38,870,007	\$38,383,213	\$98,933,925
Cash.....	--	270	533	--
Interest, dividends and reclaims receivable.....	260,066	584,930	794,467	84,506
Receivable for investment securities sold.....	--	--	378,436	1,930,903
Receivable for capital stock sold.....	--	87,909	--	--
Net unrealized apprecia- tion on forward foreign currency contracts.....	--	--	--	--
Other assets.....	576	403	377	1,033
Total Assets.....	30,517,362	39,543,519	39,557,026	100,950,367
LIABILITIES:				
Cash overdraft.....	52,494	--	--	6,807
Payable for investment securities purchased....	--	--	951,790	2,568,687
Payable for capital stock redeemed.....	--	1,890	40,010	30,217
Dividends payable.....	119,356	--	--	--
Payable to the investment advisor.....	9,868	14,554	15,800	40,800
Payable to The Penn Mu- tual Life Insurance Co.	11,026	14,889	14,149	36,859
Other liabilities.....	2,846	5,355	9,593	18,805
Total Liabilities.....	195,590	36,688	1,031,342	2,702,175
NET ASSETS.....	\$30,321,772	\$39,506,831	\$38,525,684	\$98,248,192
Shares of \$.10 par value capital stock issued and outstanding.....	30,323,268	3,875,847	4,359,359	4,511,746
NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER SHARE.....	\$ 1.00	\$ 10.19	\$ 8.84	\$ 21.78

NET ASSETS CONSIST OF:

Capital paid in.....	30,323,268	39,229,988	40,900,078	77,547,148
Undistributed net investment income.....	--	1,210,234	1,401,196	306,386
Accumulated net realized gain (loss) on investment transactions and foreign exchange.....	(1,496)	(765,148)	(4,243,907)	5,132,061
Net unrealized appreciation (depreciation) in value of investments, futures contracts and foreign currency related items.....	--	(168,243)	468,317	15,262,597
TOTAL NET ASSETS....	\$30,321,772	\$39,506,831	\$38,525,684	\$98,248,192
(1) Investments at cost...	\$30,256,720	\$39,038,250	\$37,914,896	\$83,671,328

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

<TABLE>
<CAPTION>

VALUE EQUITY FUND	FLEXIBLY MANAGED FUND	INTERNATIONAL EQUITY FUND	SMALL CAPITALIZATION FUND
<S>	<C>	<C>	<C>
\$159,223,237	\$324,562,304	\$87,038,828	\$11,814,914
--	--	--	--
87,980	1,109,545	385,250	6,449
--	1,000,327	1,466,705	96,359
135,098	411,877	71,615	2,265
--	--	222,945	--
1,563	2,134	987	65
159,447,878	327,086,187	89,186,330	11,920,052
--	--	--	--
1,654,545	277,173	1,316,814	317,457
--	223,477	13,170	5,399
--	--	--	--
64,330	132,120	52,516	3,322
56,599	117,052	30,880	3,432
168,564	40,562	44,925	5,845
1,944,038	790,384	1,458,305	335,455
\$157,503,840	\$326,295,803	\$87,728,025	\$11,584,597
8,718,656	17,524,097	5,530,501	961,669
\$ 18.07	\$ 18.62	\$ 15.86	\$ 12.05
115,047,839	275,665,839	70,095,635	10,739,387
956,492	6,973,766	(215,444)	30,595
3,143,832	5,919,323	4,195,562	259,815
38,355,677	37,736,875	13,652,272	554,800
\$157,503,840	\$326,295,803	\$87,728,025	\$11,584,597

</TABLE>

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

PENN SERIES FUNDS, INC.

STATEMENT OF OPERATIONS - FOR THE SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)

<TABLE>

<CAPTION>

	MONEY MARKET FUND	QUALITY BOND FUND	HIGH YIELD BOND FUND	GROWTH EQUITY FUND
<S>	<C>	<C>	<C>	<C>
INVESTMENT INCOME:				
Dividends.....	\$ --	\$ 30,603	\$1,538,647	\$ 590,817
Interest.....	787,165	1,323,038	18,049	93,826
Foreign tax withheld.....	--	--	--	(340)
Total investment income.....	787,165	1,353,641	1,556,696	684,303
EXPENSES:				
Investment advisory fees (Note 3).....	53,187	84,623	93,121	233,114
Administration fees (Note 3).....	21,018	29,586	27,936	73,004
Accounting fees.....	10,493	14,796	13,986	36,474
Custodian fees and expenses..	5,193	6,554	7,797	14,092
Other expenses.....	5,947	7,848	12,660	21,233
Total expenses.....	95,838	143,407	155,500	377,917
Less: Expense waivers.....	--	--	--	--
Net expenses.....	95,838	143,407	155,500	377,917
NET INVESTMENT INCOME.....	\$691,327	\$ 1,210,234	\$1,401,196	\$ 306,386
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:				
Net realized gain (loss) on investment transactions.....	36	13,490	(229,663)	5,132,061
Net realized foreign exchange gain (loss).....	--	--	--	--
Change in net unrealized ap- preciation (depreciation) of investments, futures con- tracts and foreign currency related items.....	--	(1,422,246)	568,529	2,864,379
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS...	36	(1,408,756)	338,866	7,996,440
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERA- TIONS	\$691,363	\$ (198,522)	\$1,740,062	\$8,302,826

</TABLE>

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

<TABLE>
<CAPTION>

VALUE EQUITY FUND	FLEXIBLY MANAGED FUND	INTERNATIONAL EQUITY FUND	SMALL CAPITALIZATION FUND
<S>	<C>	<C>	<C>
\$ 855,229	\$ 4,636,839	\$ 814,385	\$ 33,297
660,401	3,500,368	131,483	35,753
--	(21,699)	(74,380)	--
1,515,630	8,115,508	871,488	69,050
357,655	743,869	292,523	19,242
107,296	223,165	58,507	5,772
48,197	86,129	55,230	13,443
13,243	29,697	33,153	3,306
32,747	58,882	20,453	2,776
559,138	1,141,742	459,866	44,539
--	--	--	(6,084)
559,138	1,141,742	459,866	38,455
\$ 956,492	\$ 6,973,766	\$ 411,622	\$ 30,595
3,143,832	5,759,421	3,386,973	262,411
--	(1,797)	1,867,223	--
10,475,311	6,992,761	1,485,939	388,614
13,619,143	12,750,385	6,740,135	651,025
\$14,575,635	\$19,724,151	\$7,151,757	\$681,620
=====	=====	=====	=====

</TABLE>

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

PENN SERIES FUNDS, INC.
STATEMENT OF CHANGES IN NET ASSETS
<TABLE>
<CAPTION>

	MONEY MARKET FUND		QUALITY BOND FUND	
	SIX MONTHS ENDED 6/30/96 (UNAUDITED)	YEAR ENDED 12/31/95	SIX MONTHS ENDED 6/30/96 (UNAUDITED)	YEAR ENDED 12/31/95
<S>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS: OPERATIONS:				
Net investment income..	\$ 691,327	\$ 1,042,271	\$ 1,210,234	\$ 2,141,403
Net realized gain (loss) on investment transactions.....	36	(416)	13,490	2,350,516
Net realized foreign				

exchange loss.....	--	--	--	--
Net change in unrealized appreciation (depreciation) of investments and foreign currency related items.....	--	--	(1,422,246)	1,752,675
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS.....	691,363	1,041,855	(198,522)	6,244,594
DISTRIBUTIONS TO SHAREHOLDERS FROM:				
Net investment income..	(691,327)	(1,042,271)	--	(2,141,403)
Net realized capital gains.....	--	--	--	--
In excess of net investment income.....	--	--	--	(28,700)
TOTAL DISTRIBUTIONS...	(691,327)	(1,042,271)	--	(2,170,103)
CAPITAL SHARE TRANSACTIONS:				
Net increase (decrease) in net assets from capital share transactions (Note 4)..	5,596,143	8,194,917	1,656,948	2,636,284
TOTAL INCREASE IN NET ASSETS.....	5,596,179	8,194,501	1,458,426	6,710,775
Net Assets, beginning of period.....	24,725,593	16,531,092	38,048,405	31,337,630
NET ASSETS, END OF PERIOD.....	\$ 30,321,772	\$ 24,725,593	\$ 39,506,831	\$ 38,048,405

<CAPTION>

VALUE EQUITY FUND		FLEXIBLY MANAGED FUND	
SIX MONTHS ENDED 6/30/96 (UNAUDITED)	YEAR ENDED 12/31/95	SIX MONTHS ENDED 6/30/96 (UNAUDITED)	YEAR ENDED 12/31/95

<S>	<C>	<C>	<C>	<C>
INCREASE (DECREASE) IN NET ASSETS: OPERATIONS:				
Net investment income..	\$ 956,492	\$ 1,794,849	\$ 6,973,766	\$ 7,533,134
Net realized gain (loss) on investment transactions.....	3,143,832	6,520,338	5,759,421	9,328,518
Net realized foreign exchange gain (loss)..	--	--	(1,797)	(3,841)
Net change in unrealized appreciation (depreciation) of investments and foreign currency related items.....	10,475,311	23,682,719	6,992,761	25,862,516
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS.....	14,575,635	31,997,906	19,724,151	42,720,327
DISTRIBUTIONS TO SHAREHOLDERS FROM:				

Net investment income..	--	(1,794,912)	--	(7,533,134)
Net realized capital gains.....	--	(6,520,338)	--	(9,122,820)
In excess of net investment income.....	--	--	--	(189,189)
TOTAL DISTRIBUTIONS...	--	(8,315,250)	--	(16,845,143)

CAPITAL SHARE TRANSACTIONS

Net increase in net assets from capital share transactions (Note 4).....	15,668,355	24,556,320	40,015,545	70,833,754
TOTAL INCREASE IN NET ASSETS.....	30,243,990	48,238,976	59,739,696	96,708,938
Net Assets, beginning of period.....	127,259,850	79,020,874	266,556,107	169,847,169
NET ASSETS, END OF PERIOD.....	\$157,503,840	\$127,259,850	\$326,295,803	\$266,556,107

</TABLE>

* For the period from March 1, 1995 (commencement of operations) through December 31, 1995.

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

<TABLE>

<CAPTION>

HIGH YIELD BOND FUND		GROWTH EQUITY FUND	
SIX MONTHS ENDED 6/30/96 (UNAUDITED)	YEAR ENDED 12/31/95	SIX MONTHS ENDED 6/30/96 (UNAUDITED)	YEAR ENDED 12/31/95
\$ 1,401,196	\$ 3,148,730	\$ 306,386	\$ 382,247
(229,663)	(1,070,877)	5,132,061	12,597,090
--	--	--	--
568,529	3,034,116	2,864,379	7,613,791
1,740,062	5,111,969	8,302,826	20,593,128
--	(3,148,730)	--	(382,247)
--	--	--	(12,597,090)
--	(15,253)	--	--
--	(3,163,983)	--	(12,979,337)
343,886	2,412,668	(5,647,928)	7,901,598
2,083,948	4,360,654	2,654,898	15,515,389
36,441,736	32,081,082	95,593,294	80,077,905
\$ 38,525,684	\$ 36,441,736	\$ 98,248,192	\$ 95,593,294

<CAPTION>

INTERNATIONAL EQUITY FUND		SMALL CAPITALIZATION FUND	
SIX MONTHS ENDED 6/30/96	YEAR ENDED	SIX MONTHS ENDED 6/30/96	PERIOD ENDED

(UNAUDITED)	12/31/95	(UNAUDITED)	12/31/95*
<S>	<C>	<C>	<C>
\$ 411,622	\$ 559,922	\$ 30,595	\$ 37,156
3,386,973	(551,350)	262,411	116,284
1,867,223	331,107	--	--
1,485,939	7,975,550	388,614	186,186
7,151,757	8,315,229	681,620	319,626
--	(559,922)	--	(37,156)
--	--	(21,218)	(97,682)
--	(1,014,490)	--	--
--	(1,574,412)	(21,218)	(134,818)
11,045,533	3,397,112	6,096,288	4,643,099
18,197,290	10,137,929	6,756,690	4,827,907
69,530,735	59,392,806	4,827,907	0
\$ 87,728,025	\$ 69,530,735	\$ 11,584,597	\$ 4,827,907

The accompanying notes are an integral part of these financial statements.
</TABLE>

PENN SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS

THE MONEY MARKET FUND

The table below sets forth financial data for a share outstanding throughout each period

<TABLE>
<CAPTION>

<S>	<C>	YEAR ENDED DECEMBER 31,				
		SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	1995	1994	1993	1992
Net asset value, beginning of period.....	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income....	0.0246	0.0538	0.0365	0.0250	0.0306	0.0536
Total from investment operations.....	0.0246	0.0538	0.0365	0.0250	0.0306	0.0536
LESS DIVIDENDS:						
Dividends from net investment income.....	(0.0246)	(0.0538)	(0.0365)	(0.0250)	(0.0306)	(0.0536)
Total dividends.....	(0.0246)	(0.0538)	(0.0365)	(0.0250)	(0.0306)	(0.0536)
Net asset value, end of period.....	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total return.....	2.48%	5.51%	3.71%	2.53%	3.08%	5.49%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (in thousands).....	\$ 30,322	\$ 24,726	\$ 16,531	\$ 13,005	\$ 11,862	\$ 12,811

Ratio of expenses to average net assets.....	0.69% (a)	0.69% (b)	0.73% (b)	0.74% (b)	0.77% (b)	0.79% (b)
Ratio of net investment income average net assets.....	4.94% (a)	5.37% (b)	3.74% (b)	2.51% (b)	3.07% (b)	5.47% (b)

</TABLE>

(a) Annualized.

(b) Had fees not been waived by the investment advisor and administrator of the Fund, the ratios of expenses to average net assets would have been .74%, .79%, .82%, .84%, and .83%, and the ratios of net investment income to average net assets would have been 5.32%, 3.68%, 2.43%, 3.00%, and 5.43% for the years ended December 31, 1995, 1994, 1993, 1992 and 1991, respectively.

THE QUALITY BOND FUND

The table below sets forth financial data for a share outstanding throughout each period

<TABLE>

<CAPTION>

	SIX MONTHS ENDED	YEAR ENDED DECEMBER 31,				
	JUNE 30, 1996 (UNAUDITED)	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period....	\$ 10.24	\$ 9.04	\$ 10.19	\$ 10.03	\$ 10.51	\$ 9.73
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income...	0.31	0.61	0.61	0.46	0.75	0.71
Net realized and unrealized gain (loss) on investment transactions.....	(0.36)	1.21	(1.15)	0.71	(0.06)	0.81
Total from investment operations.....	(0.05)	1.82	(0.54)	1.17	0.69	1.52
LESS DISTRIBUTIONS:						
Dividend from net investment income.....	--	(0.61)	(0.61)	(0.46)	(0.75)	(0.71)
Distribution from net realized gain.....	--	--	--	(0.54)	(0.42)	(0.03)
Distribution in excess of net realized gain...	--	(0.01)	--	(0.01)	--	--
Total distributions....	--	(0.62)	(0.61)	(1.01)	(1.17)	(0.74)
Net asset value, end of period.....	\$ 10.19	\$ 10.24	\$ 9.04	\$ 10.19	\$ 10.03	\$ 10.51
Total return.....	(0.49%)	20.14%	(5.29%)	11.67%	6.57%	15.62%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (in thousands)...	\$39,507	\$38,048	\$31,338	\$33,027	\$20,314	\$21,153
Ratio of expenses to average net assets....	0.73% (a)	0.73% (b)	0.78% (b)	0.79% (b)	0.84% (b)	0.83%
Ratio of net investment income to average net assets.....	6.14% (a)	6.20% (b)	6.14% (b)	5.21% (b)	6.25% (b)	7.41%

Portfolio turnover rate.	66.7%	449.2%	380.9%	389.4%	190.8%	44.1%
--------------------------	-------	--------	--------	--------	--------	-------

</TABLE>

(a) Annualized.

(b) Had fees not been waived by the investment advisor and administrator of the Fund, the ratio of expenses to average net assets would have been .78%, .83%, .84% and .87%, and the ratio of net investment income to average net assets would have been 6.15%, 6.09%, 5.16% and 6.22% for the years ended December 31, 1995, 1994, 1993 and 1992, respectively.

PENN SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS

THE HIGH YIELD BOND FUND

The table below sets forth financial data for a share outstanding throughout each period

<TABLE>
<CAPTION>

	SIX MONTHS ENDED	YEAR ENDED DECEMBER 31,				
	JUNE 30, 1996 (UNAUDITED)	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period....	\$ 8.44	\$ 7.94	\$ 9.55	\$ 8.63	\$ 8.23	\$ 6.70
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income...	0.32	0.80	0.90	0.77	0.87	0.93
Net realized and unrealized gain (loss) on investment transactions.....	0.08	0.50	(1.60)	0.94	0.43	1.55
Total from investment operations.....	0.40	1.30	(0.70)	1.71	1.30	2.48
LESS DISTRIBUTIONS:						
Dividend from net investment income.....	--	(0.80)	(0.90)	(0.77)	(0.87)	(0.93)
Distribution in excess of net investment income.....	--	--	(0.01)	(0.02)	(0.03)	(0.02)
Total distributions....	--	(0.80)	(0.91)	(0.79)	(0.90)	(0.95)
Net asset value, end of period.....	\$ 8.84	\$ 8.44	\$ 7.94	\$ 9.55	\$ 8.63	\$ 8.23
Total return.....	4.74%	16.41%	7.33%	19.81%	15.80%	37.01%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (in thousands)..	\$38,526	\$36,442	\$32,081	\$35,305	\$19,840	\$15,304
Ratio of expenses to average net assets....	0.98% (a)	0.87%	0.86%	0.87%	0.88% (b)	0.90% (b)
Ratio of net investment income to average net assets.....	8.80% (a)	9.20%	9.18%	9.21%	9.87% (b)	11.37% (b)

Portfolio turnover rate. 64.9% 84.3% 90.7% 118.7% 94.3% 83.7%

</TABLE>

(a) Annualized.

(b) Had fees not been waived by the investment advisor and administrator of the Fund, the ratios of expenses to average net assets would have been .93% and .98%, and the ratios of net investment income to average net assets would have been 9.82% and 11.29% for the years ended December 31, 1992 and 1991, respectively.

THE GROWTH EQUITY FUND

The table below sets forth financial data for a share outstanding throughout each period

<TABLE>

<CAPTION>

	SIX MONTHS ENDED	YEAR ENDED DECEMBER 31,				
	JUNE 30, 1996 (UNAUDITED)	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period....	\$ 20.00	\$ 18.30	\$ 20.49	\$ 18.82	\$ 21.47	\$ 16.35
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income...	0.07	0.09	0.13	0.06	0.16	0.23
Net realized and unrealized gain (loss) on investment transactions.....	1.71	4.75	(1.80)	2.28	1.12	5.45
Total from investment operations.....	1.78	4.84	(1.67)	2.34	1.28	5.68
LESS DISTRIBUTIONS:						
Dividend from net investment income.....	--	(0.09)	(0.13)	(0.06)	(0.16)	(0.23)
Distribution from capital gains.....	--	(3.05)	(0.39)	(0.61)	(3.77)	(0.33)
Total distributions....	--	(3.14)	(0.52)	(0.67)	(3.93)	(0.56)
Net asset value, end of period.....	\$ 21.78	\$ 20.00	\$ 18.30	\$ 20.49	\$ 18.82	\$ 21.47
Total return.....	8.90%	26.45%	8.12%	12.43%	5.96%	34.74%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (in thousands)..	\$98,248	\$95,593	\$80,078	\$83,938	\$73,977	\$59,670
Ratio of expenses to average net assets....	0.78% (a)	0.77% (b)	0.79% (b)	0.77% (b)	0.88% (b)	0.87%
Ratio of net investment income to average net assets.....	0.63% (a)	0.43% (b)	0.70% (b)	0.30% (b)	0.81% (b)	1.28%
Portfolio turnover rate.	78.9%	169.8%	156.2%	185.3%	120.7%	41.7%
Average commission rate paid (c).....	\$0.0767	--	--	--	--	--

</TABLE>

(a) Annualized.

- (b) Had fees not been waived by the investment advisor and administrator of the Fund, the ratio of expenses to average net assets would have been .82%, .84%, .82%, and .89% and the ratio of net investment income to average net assets would have been .38%, .65%, .25% and .80% for the years ended December 31, 1995, 1994, 1993 and 1992, respectively.
- (c) Computed by dividing the total amount of commissions paid by total number of shares purchased and sold during the period for which commissions were charged, as required by the SEC beginning after September 1, 1995.

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PENN SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS

THE VALUE EQUITY PORTFOLIO

The table below sets forth financial data for a share outstanding throughout each period

<TABLE>
<CAPTION>

	SIX MONTHS ENDED	YEAR ENDED DECEMBER 31,				
	JUNE 30, 1996 (UNAUDITED)	1995	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period.....	\$ 16.28	\$ 12.67	\$ 12.68	\$ 12.14	\$ 11.89	\$ 9.68
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income...	0.11	0.25	0.20	0.17	0.45	0.47
Net realized and unrealized gain (loss) on investment transactions.....	1.68	4.50	0.17	0.69	1.32	2.21
Total from investment operations.....	1.79	4.75	0.37	0.86	1.77	2.68
LESS DISTRIBUTIONS:						
Dividend from net investment income.....	--	(0.25)	(0.20)	(0.17)	(0.45)	(0.47)
Distribution from net realized gain.....	--	(0.89)	(0.18)	(0.15)	(1.07)	--
Total distributions....	--	(1.14)	(0.38)	(0.32)	(1.52)	(0.47)
Net asset value, end of period.....	\$ 18.07	\$ 16.28	\$ 12.67	\$ 12.68	\$ 12.14	\$ 11.89
Total return.....	11.00%	37.48%	2.92%	7.08%	14.89%	27.69%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (in thousands)....	\$157,504	\$127,260	\$ 79,021	\$ 69,980	\$49,199	\$33,610
Ratio of expenses to average net assets.....	0.78% (a)	0.80%	0.82%	0.83%	0.88% (b)	0.88%
Ratio of net investment income to average net assets.....	1.34% (a)	1.71%	1.59%	1.49%	3.87% (b)	4.44%
Portfolio turnover rate.	16.8%	34.3%	30.6%	17.2%	117.4%	32.4%
Average commission rate paid (c).....	\$ 0.0581	--	--	--	--	--

- (a) Annualized.
- (b) Had fees not been waived by the investment advisor and administrator of the Fund, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been .90% and 3.85%, respectively, for the year ended December 31, 1992.
- (c) Computed by dividing the total amount of commissions paid by total number of shares purchased and sold during the period for which commissions were charged, as required by the SEC beginning after September 1, 1995.

THE FLEXIBLY MANAGED FUND

The table below sets forth financial data for a share outstanding throughout each period

<CAPTION>

<S>	SIX MONTHS ENDED	YEAR ENDED DECEMBER 31,				
	JUNE 30, 1996 (UNAUDITED)	1995	1994	1993	1992	1991
<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period.....	\$ 17.40	\$ 15.19	\$ 15.70	\$ 14.31	\$ 13.73	\$ 12.30
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income...	0.40	0.53	0.43	0.34	0.58	0.52
Net realized and unrealized gain (loss) on investment transactions.....	0.82	2.86	0.22	1.92	0.74	2.14
Total from investment operations.....	1.22	3.39	0.65	2.26	1.32	2.66
LESS DISTRIBUTIONS:						
Dividend from net investment income.....	--	(0.53)	(0.43)	(0.34)	(0.58)	(0.52)
Distribution in excess of net investment income.....	--	(0.01)	(0.02)	--	--	--
Distribution from capital gains.....	--	(0.64)	(0.71)	(0.53)	(0.16)	(0.71)
Total distributions....	--	(1.18)	(1.16)	(0.87)	(0.74)	(1.23)
Net asset value, end of period.....	\$ 18.62	\$ 17.40	\$ 15.19	\$ 15.70	\$ 14.31	\$ 13.73
Total return.....	7.01%	22.28%	4.14%	15.79%	9.61%	21.63%
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (in thousands)....	\$326,296	\$266,556	\$169,847	\$113,492	\$70,979	\$47,141
Ratio of expenses to average net assets.....	0.77% (a)	0.79%	0.82%	0.85%	0.89% (b)	0.91%
Ratio of net investment income to average net assets.....	4.69% (a)	3.45%	3.14%	2.62%	4.56% (b)	4.45%
Portfolio turnover rate.	15.6%	37.2%	37.3%	42.6%	29.5%	53.6%
Average commission rate paid (c).....	\$ 0.0585	--	--	--	--	--

</TABLE>

PENN SERIES FUNDS, INC.
FINANCIAL HIGHLIGHTS

THE INTERNATIONAL EQUITY PORTFOLIO

The table below sets forth financial data for a share outstanding throughout each period

<TABLE>

<CAPTION>

	SIX MONTHS ENDED	YEAR ENDED DECEMBER 31,				
	JUNE 30, 1996 (UNAUDITED)	1995	1994	1993	1992*	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net asset value, beginning of period....	\$ 14.47	\$ 13.01	\$ 13.94	\$ 10.12	\$ 10.00	
INCOME FROM INVESTMENT OPERATIONS:						
Net investment income (loss).....	(0.04)	0.13	0.09	0.03	0.03	
Net realized and unrealized gain on investments and foreign currency related transactions.....	1.43	1.67	(0.97)	3.83	0.17	
Total from investment operations.....	1.39	1.80	(0.88)	3.86	0.20	
LESS DISTRIBUTIONS:						
Dividend from net investment income.....	--	(0.12)	(0.02)	(0.01)	(0.03)	
Distribution in excess of net investment income.....	--	(0.22)	--	--	(0.05)	
Distribution from capital gains.....	--	--	--	(0.03)	--	
Distribution from capital.....	--	--	(0.03)	--	--	
Total distributions....	--	(0.34)	(0.05)	(0.04)	(0.08)	
Net asset value, end of period.....	\$ 15.86	\$ 14.47	\$ 13.01	\$ 13.94	\$ 10.12	
Total return.....	9.61%	13.80%	6.31%	38.14%	2.00%	
RATIOS/SUPPLEMENTAL DATA:						
Net assets, end of period (in thousands)..	\$87,728	\$69,531	\$59,393	\$40,798	\$11,137	
Ratio of expenses to average net assets.....	1.18% (a)	1.23%	1.22%	1.21%	1.54% (a) (b)	

Ratio of net investment income to average net assets.....	1.06% (a)	0.91%	0.82%	0.63%	1.56% (a) (b)
Portfolio turnover rate.	30.5%	62.5%	15.6%	11.1%	--
Average commission rate paid (c).....	\$0.0409	--	--	--	--

</TABLE>

(a) Annualized.

(b) Had fees not been waived by the investment advisor and administrator of the Fund, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.90% annualized and 1.20% annualized, respectively, for the period ended December 31, 1992.

(c) Computed by dividing the total amount of commissions paid by total number of shares purchased and sold during the period for which commissions were charged, as required by the SEC beginning after September 1, 1995.

* For the period from November 2, 1992 (commencement of operations) to December 31, 1992.

THE SMALL CAPITALIZATION FUND

The table below sets forth financial data for a share outstanding throughout each period

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1996 (UNAUDITED)	PERIOD ENDED DECEMBER 31, 1995*
	-----	-----
<S>	<C>	<C>
Net asset value, beginning of period.....	\$ 10.96	\$10.00
	-----	-----
INCOME FROM INVESTMENT OPERATIONS:		
Net investment income.....	0.03	0.09
Net realized and unrealized gain (loss) on investment transactions.....	1.10	1.19
	-----	-----
Total from investment operations.....	1.13	1.28
	-----	-----
LESS DISTRIBUTIONS:		
Dividend from net investment income.....	--	(0.09)
Distribution from capital gains.....	(0.04)	(0.23)
	-----	-----
Total distributions.....	(0.04)	(0.32)
	-----	-----
Net asset value, end of period.....	\$ 12.05	\$10.96
	=====	=====
Total return.....	10.30%	12.76%
RATIOS/SUPPLEMENTAL DATA:		
Net assets, end of period (in thousands)...	\$11,585	\$4,828
	-----	-----
Ratio of expenses to average net assets....	1.00% (a) (b)	1.00% (a) (b)
	-----	-----
Ratio of net investment income to average net assets.....	0.80% (a) (b)	1.53% (a) (b)
	-----	-----
Portfolio turnover rate.....	24.3%	64.3%
	-----	-----
Average commission rate paid (c).....	\$0.0466	--
	-----	-----

</TABLE>

(a) Annualized.

(b) Had fees not been waived by the investment advisor and administrator of the

Fund, the ratio of expenses to average net assets and the ratio of net investment income to average net assets would have been 1.16% and 1.29%, respectively, for the period ended June 30, 1996 and the year ended December 31, 1995.

- (c) Computed by dividing the total amount of commissions paid by total number of shares purchased and during the period for which commissions were charged, as required by the SEC beginning after September 1, 1995.

* For the period from March 1, 1995 (commencement of operations) through December 31, 1995.

PENN SERIES FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1996 (UNAUDITED)

1 - SIGNIFICANT ACCOUNTING POLICIES

Penn Series Funds, Inc. (Penn Series) was incorporated in Maryland on April 22, 1982. Penn Series is registered under the Investment Company Act of 1940, as amended, as an open-end, diversified management investment company.

Penn Series is presently offering shares in its Money Market, Quality Bond, High Yield Bond, Growth Equity, Value Equity, Flexibly Managed, International Equity and Small Capitalization Funds (the Funds). It is authorized under its Articles of Incorporation to issue a separate class of shares in each of two additional funds. Each Fund would have its own investment objective and policy.

The following is a summary of significant accounting policies followed by Penn Series in the preparation of its financial statements. The preparation of financial statements requires the use of management's estimates.

INVESTMENT VALUATION:

MONEY MARKET FUND - Investments in securities are valued under the amortized cost method, which approximates current market value. Under this method, securities are valued at cost on the date of purchase and thereafter a proportionate amortization of any discount or premium until maturity is assumed. Penn Series has agreed to maintain a dollar weighted average portfolio maturity appropriate to the objective of maintaining a stable net asset value per share. The Penn Series Board of Directors (The Board) has established procedures reasonably designed to stabilize the net asset value per share for purposes of sales and redemptions at \$1.00. The Board performs regular review and monitoring of the valuation in an attempt to avoid dilution or unfair results to shareholders.

QUALITY BOND, HIGH YIELD BOND, GROWTH EQUITY, VALUE EQUITY, FLEXIBLY MANAGED, INTERNATIONAL EQUITY AND SMALL CAPITALIZATION FUNDS - Portfolio securities listed on a national securities exchange are valued at the last sale price on the securities exchange or securities market on which such securities primarily are traded or, if there has been no sale on that day, at the mean between the current closing bid and asked prices. All other securities for which over-the-counter market quotations are readily available will be valued on the basis of the mean between the last current bid and asked prices. When market quotation are not readily available, or when restricted or other assets are being valued, the securities or assets will be valued at fair value as determined by The Board.

The high yield securities in which the High Yield Bond Fund may invest are predominantly speculative as to the issuer's continuing ability to meet principal and interest payments. The value of the lower quality securities in which the High Yield Bond Fund may invest will be affected by the credit worthiness of individual issuers, general economic and specific industry conditions, and will fluctuate inversely with changes in interest rates. In addition, the secondary trading market for lower quality bonds may be less active and less liquid than the trading market for higher quality bonds.

FOREIGN CURRENCY TRANSLATION - The books and records of the Funds are maintained in U.S. dollars. Foreign currency amounts are translated into U.S.

dollars on the following basis: market value of investment securities, assets and liabilities at the current rate of exchange, purchases and sales of investment securities, income and expenses at the relevant rates of exchange prevailing on the respective dates of such transactions.

The Funds do not isolate that portion of realized and unrealized gains and losses on investments in equity securities which are due to changes in the foreign exchange rate from that which is due to changes in market prices of equity securities.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the level of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

SECURITY TRANSACTIONS AND INVESTMENT INCOME: Security transactions are accounted for on the trade date. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. The cost of investment securities sold is determined by using the specific identification method for both financial reporting and income tax purposes.

DIVIDENDS TO SHAREHOLDERS: Dividends of investment income and realized capital gains of the Quality Bond, High Yield Bond, Growth Equity, Value Equity, Flexibly Managed, International Equity and Small Capitalization Funds will be declared and paid annually. Dividends of net investment income of the Money Market Fund are declared daily and paid monthly. Income distributions and capital gain distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. These differences are primarily due to differing treatments for mortgage-backed securities, market discount and foreign currency transactions.

FEDERAL INCOME TAXES: It is the policy of each of the Funds to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income, including realized gains, to its shareholders. Therefore, no provision is made for federal income or excise taxes.

2 - DERIVATIVE FINANCIAL INSTRUMENTS

OFF-BALANCE SHEET RISK

The Funds may trade financial instruments with off-balance sheet risk in the normal course of investing activities and to assist in managing exposure to market risks such as interest rates and foreign currency exchange rates. These financial instruments include written options, forward foreign currency exchange contracts and futures contracts.

The notional or contractual amounts of these instruments represent the investment the Funds have in particular classes of financial instruments and do not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transaction are considered.

DERIVATIVE FINANCIAL INSTRUMENTS HELD OR ISSUED FOR PURPOSES OTHER THAN TRADING

FUTURES CONTRACTS - Each of the Funds, other than Money Market, may enter into financial futures contracts for the delayed delivery of securities, currency or contracts based on financial indices on a future date. A Fund is required to deposit either in cash or securities an amount equal to a certain percentage of the contract amount. Subsequent payments are made or received by a Fund each day, dependent on daily fluctuations in the value of the underlying security, and are recorded for financial statement purposes as unrealized gains or losses by a Fund. A Fund's investment in financial futures contracts is

designed only to hedge against anticipated future changes in interest or exchange rates. Should interest or exchange rates move unexpectedly, a Fund may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. The Quality Bond Fund has entered into futures contracts during the six months ended June 30, 1996. There were no open futures contracts at June 30, 1996.

WRITTEN OPTIONS - Each of the Funds, other than Money Market, may write covered calls. Additionally, each of the Funds may buy put or call options for which premiums are paid whether or not the option is exercised. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or are closed are offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. If a put option is exercised the premium increases the cost basis of the securities purchased by a Fund. As writer of an option, the Fund may have no control over whether the underlying securities may be sold (call) and, as a result, bears the market risk of an unfavorable change in the price of the securities underlying the written option. The Flexibly Managed Fund has entered into put options during the six months ended June 30, 1996. Purchased put options open and outstanding at June 30, 1996 are disclosed in the schedule of investments.

FORWARD FOREIGN CURRENCY CONTRACTS - The Funds may enter into forward foreign currency exchange contracts as a way of managing foreign exchange rate risk. A Fund may enter into these contracts to fix the U.S. dollar value of a security that it has agreed to buy or sell for the period between the date the trade was entered into and the date the security is delivered and paid for. A Fund may also use these contracts to hedge the U.S. dollar value of securities it already owns denominated in foreign currencies.

Forward foreign currency contracts are valued at the forward rate, and are marked-to-market daily. The change in market value is recorded by the Fund as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign currency contracts does not eliminate fluctuations in the underlying prices of the Fund's portfolio securities, but it does establish a rate of exchange that can be achieved in the future. Although forward foreign currency contracts limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain the might result should the value of the currency increase. In addition, the Funds could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. The Flexibly Managed and International Equity funds have entered into forward foreign currency contracts for the six months ended June 30, 1996. At June 30, 1996 there were no open contracts in the Flexibly Managed Fund. Open forward foreign currency contracts held by the International Equity Fund at June 30, 1996 were as follows:

<TABLE>
<CAPTION>

FORWARD CURRENCY CONTRACT	SETTLEMENT DATE	FOREIGN CURRENCY TO BE SOLD	CONTRACT AMOUNT	CONTRACT VALUE	UNREALIZED FOREIGN EXCHANGE GAIN/ (LOSS)
<S>	<C>	<C>	<C>	<C>	<C>
Deutsh Mark.....	07/01/96	1,058,990	\$ 696,475	\$ 696,548	\$ (73)
French Franc.....	08/23/96	5,000,000	960,338	975,212	(14,874)
British Pound.....	08/23/96	2,500,000	3,773,875	3,880,850	(106,975)
Swiss Francs.....	08/23/96	4,000,000	3,168,819	3,214,633	(45,814)
Deutsh Mark.....	08/23/96	6,000,000	3,906,504	3,952,335	(45,831)
Japanese Yen.....	08/28/96	1,900,000,000	18,005,382	17,528,835	476,547
Swiss Francs.....	09/06/96	2,000,000	1,604,107	1,608,493	(4,386)
British Pound.....	09/06/96	1,750,000	2,705,325	2,716,525	(11,200)
Deutsh Mark.....	09/06/96	3,750,000	2,464,025	2,475,819	(11,794)
French Franc.....	09/06/96	7,500,000	1,452,306	1,463,566	(11,260)
			-----	-----	-----
			\$38,737,156	\$38,512,816	\$ 224,340
			=====	=====	=====

</TABLE>

 PENN SERIES FUNDS, INC.
 NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1996 (UNAUDITED)

2 - DERIVATIVE FINANCIAL INSTRUMENTS, CONTINUED

<TABLE>
 <CAPTION>

FORWARD CURRENCY CONTRACT	SETTLEMENT DATE	FOREIGN CURRENCY TO BE BOUGHT	CONTRACT AMOUNT	CONTRACT VALUE	UNREALIZED FOREIGN EXCHANGE LOSS
<S>	<C>	<C>	<C>	<C>	<C>
French Franc.....	07/31/96	1,514,771	\$296,345	\$294,950	\$(1,395)

</TABLE>

 3 - INVESTMENT ADVISORY AND OTHER CORPORATE SERVICES

INVESTMENT ADVISORY SERVICES

Under investment advisory agreements, the following advisors manage the investments of their respective Fund and provide guidance on certain accounting matters:

<TABLE>
 <CAPTION>

ADVISOR	PENN SERIES FUND
<S>	<C>
Independence Capital Management, Inc. (A wholly owned subsidiary of Penn Mutual)	Money Market Fund Quality Bond Fund Growth Equity Fund
T. Rowe Price Associates	Flexibly Managed Fund High Yield Bond Fund
Vontobel USA, Inc.	International Equity Fund
OpCap Advisors	Value Equity Fund Small Capitalization Fund

</TABLE>

Each of the Funds pays their respective advisors, on a monthly basis, an annual advisory fee based on the average daily net assets of each Fund, at the following rates pursuant to the investment advisory agreements: Money Market Fund: 0.40% for first \$100 million and 0.35% thereafter; Quality Bond Fund: 0.45% for first \$100 million and 0.40% thereafter; Growth Equity Fund: 0.50% for the first \$100 million and 0.45% thereafter; Flexibly Managed Fund: 0.50%; High Yield Bond Fund: 0.50%; International Equity Fund: 0.75%; Value Equity Fund: 0.50%; Small Capitalization Fund: 0.50%.

ADMINISTRATIVE AND CORPORATE SERVICES

Under an administrative and corporate services agreement, The Penn Mutual Life Insurance Company ("Penn Mutual") serves as administrative and corporate services agent for Penn Series. Each of the Funds pays Penn Mutual, on a quarterly basis, an annual fee equal to 0.15% of each of the Fund's average daily net assets.

EXPENSES AND LIMITATIONS THEREON

The investment advisors and Penn Mutual have each voluntarily agreed to waive fees or reimburse expenses to the extent each of the Fund's expense ratio

(excluding interest, taxes, brokerage, other capitalized expenses, but including investment advisory and administrative and corporate services fees) exceeds the applicable expense limitations for each Fund. The expense limitations for the Funds are as follows: Money Market, 0.80%; Quality Bond: 0.90%; High Yield Bond: 0.90%; Growth Equity: 1.00%; Value Equity: 1.00%; Flexibly Managed:1.00%; International Equity: 1.50%; and Small Capitalization 1.00%.

Fees were paid to non-affiliated Directors of Penn Series for the six months ended June 30, 1996. However, no person received compensation from Penn Series who is an officer, director, or employee of Penn Series, the investment advisors, administrator, accounting agent or any parent or subsidiary thereof.

4 - CAPITAL STOCK

At June 30, 1996, there were one billion shares of \$.10 par value capital stock authorized for Penn Series. The shares are divided into ten classes of 100 million shares of capital stock. Eight of the classes designated are Penn Series Money Market Fund Common Stock, Penn Series Quality Bond Fund Common Stock, Penn Series High Yield Bond Fund Common Stock, Penn Series Growth Equity Fund Common Stock, Penn Series Value Equity Fund Common Stock, Penn Series Flexibly Managed Fund Common Stock, Penn Series International Equity Fund Common Stock and Penn Series Small Capitalization Fund Common Stock. Two of the classes of common stock are presently designated Class H and I, and no shares have been issued.

Transactions in capital stock of the Money Market Fund were as follows:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1996		YEAR ENDED DECEMBER 31, 1995	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares sold.....	20,560,192	\$ 20,560,192	24,631,336	\$ 24,631,336
Shares issued to shareholders in reinvestment of net investment income.....	683,369	683,369	1,003,043	1,003,043
Shares reacquired.....	(15,647,418)	(15,647,418)	(17,439,462)	(17,439,462)
	5,596,143	\$ 5,596,143	8,194,917	\$ 8,194,917

Transactions in capital stock of the Quality Bond Fund were as follows:

<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1996		YEAR ENDED DECEMBER 31, 1995	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares sold.....	576,400	\$ 5,875,325	503,916	\$ 5,106,936
Shares issued to shareholders in reinvestment of Net investment income..	0	0	211,924	2,170,103
Net realized gain from investment transactions.....	0	0	0	0

Shares reacquired.....	(416,538)	(4,218,377)	(465,354)	(4,640,755)
	159,862	\$ 1,656,948	250,486	\$ 2,636,284

Transactions in capital stock of the High Yield Bond Fund were as follows:

<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1996		YEAR ENDED DECEMBER 31, 1995	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares sold.....	481,776	\$ 4,159,171	598,550	\$ 5,210,863
Shares issued to shareholders in reinvestment of net investment income.....	0	0	374,880	3,163,983
Shares reacquired.....	(440,613)	(3,815,285)	(695,380)	(5,962,178)
	41,163	\$ 343,886	278,050	\$ 2,412,668

Transactions in capital stock of the Growth Equity Fund were as follows:

<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1996		YEAR ENDED DECEMBER 31, 1995	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares sold.....	135,411	\$ 2,886,369	255,618	\$ 5,537,105
Shares issued to shareholders in reinvestment of Net investment income..	0	0	19,112	382,248
Net realized gain from investment transactions.....	0	0	629,855	12,597,090
Shares reacquired.....	(404,350)	(8,534,297)	(500,318)	(10,434,845)
	(268,939)	\$ (5,647,928)	404,267	\$ 7,901,598

</TABLE>

PENN SERIES FUNDS, INC.
NOTES TO FINANCIAL STATEMENTS - JUNE 30, 1996 (UNAUDITED)

4 - CAPITAL STOCK, CONTINUED

Transactions in capital stock of the Value Equity Fund were as follows:

<TABLE>

<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1996		YEAR ENDED DECEMBER 31, 1995	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares sold.....	1,129,839	\$19,677,974	1,658,765	\$ 25,527,797
Shares issued to shareholders in reinvestment of				

Net investment income.....	0	0	110,253	1,794,912
Net realized gain from in- vestment transactions.....	0	0	400,512	6,520,338
Shares reacquired.....	(229,248)	(4,009,619)	(588,540)	(9,286,727)
	900,591	\$15,668,355	1,580,990	\$ 24,556,320

Transactions in capital stock of the Flexibly Managed Fund were as follows:

<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1996		YEAR ENDED DECEMBER 31, 1995	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares sold.....	2,586,671	\$46,905,238	3,828,143	\$ 65,639,740
Shares issued to shareholders in reinvestment of Net investment income.....	0	0	443,812	7,722,323
Net realized gain from in- vestment transactions.....	0	0	524,300	9,122,820
Shares reacquired.....	(379,118)	(6,889,693)	(662,762)	(11,651,129)
	2,207,553	\$40,015,545	4,133,493	\$ 70,833,754

Transactions in capital stock of the International Equity Fund were as follows:

<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1996		YEAR ENDED DECEMBER 31, 1995*	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares sold.....	932,863	\$14,174,726	980,799	\$ 13,291,658
Shares issued to shareholders in reinvestment of Net investment income.....	0	0	108,805	1,574,412
Shares reacquired.....	(206,066)	(3,129,193)	(852,234)	(11,468,958)
	726,797	\$11,045,533	237,370	\$ 3,397,112

Transactions in capital stock of the Small Capitalization Fund were as follows:

<CAPTION>

	SIX MONTHS ENDED JUNE 30, 1996		YEAR ENDED DECEMBER 31, 1995	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Shares sold.....	571,232	\$ 6,691,794	433,221	\$ 4,564,368
Shares issued to shareholders in reinvestment of Net investment income.....	1,891	21,218	3,390	37,156
Net realized gain from in- vestment transactions.....	0	0	8,911	97,662
Shares reacquired.....	(51,829)	(616,724)	(5,147)	(56,087)
	521,294	\$ 6,096,288	440,375	\$ 4,643,099

</TABLE>

* For the period from March 1, 1995 (commencement of operations) through December 31, 1995.

 5 - PURCHASES AND SALES OF INVESTMENTS

During the six months ended June 30, 1996, the Funds made the following purchases and sales of portfolios securities:

<TABLE>
 <CAPTION>

	QUALITY BOND FUND		HIGH YIELD BOND FUND	
	PURCHASES	SALES	PURCHASES	SALES
<S>	<C>	<C>	<C>	<C>
Long Term U.S. Govt. and Agency Obligations.....	\$25,857,901	\$19,297,628	\$ 0	\$ 0
Other Long-Term Securities...	2,368,365	3,691,410	25,877,844	23,539,383
Totals.....	\$28,226,266	\$22,989,038	\$ 25,877,844	\$ 23,539,383

<CAPTION>

	GROWTH EQUITY FUND		VALUE EQUITY FUND	
	PURCHASES	SALES	PURCHASES	SALES
<S>	<C>	<C>	<C>	<C>
Long Term U.S. Govt. and Agency Obligations.....	\$ 0	\$ 0	\$ 0	\$ 0
Other Long-Term Securities...	74,591,819	77,466,876	34,357,386	20,120,254
Totals.....	\$74,591,819	\$77,466,876	\$ 34,357,386	\$ 20,120,254

<CAPTION>

	FLEXIBLY MANAGED FUND		INTERNATIONAL EQUITY FUND	
	PURCHASES	SALES	PURCHASES	SALES
<S>	<C>	<C>	<C>	<C>
Long Term U.S. Govt. and Agency Obligations.....	\$ 2,087,500	\$ 0	\$ 0	\$ 0
Other Long-Term Securities...	82,678,828	36,346,207	33,562,263	22,345,064
Totals.....	\$84,766,328	\$36,346,207	\$ 33,562,263	\$ 22,345,064

</TABLE>

<TABLE>
 <CAPTION>

	SMALL CAPITALIZATION FUND	
	PURCHASES	SALES
<S>	<C>	<C>
Long Term U.S. Govt. and Agency Obligations.....	\$ 0	\$ 0
Other Long-Term Securities.....	7,781,819	1,622,716
Totals.....	\$7,781,819	\$1,622,716

</TABLE>

 6 - CAPITAL LOSS CARRYOVERS

Capital loss carryovers for the Funds expire as follows:

<TABLE>
<CAPTION>

	MONEY MARKET FUND	QUALITY BOND FUND	HIGH YIELD BOND FUND	INTERNATIONAL EQUITY FUND
<S>	<C>	<C>	<C>	<C>
1997.....	\$ (62)	\$ 0	\$ 0	\$ 0
1998.....	(1,116)	0	0	0
1999.....	0	0	(1,355,386)	0
2000.....	(61)	0	0	0
2001.....	(183)	0	0	0
2002.....	0	(940,727)	(1,572,728)	(64,796)
2003.....	(416)	0	(1,086,129)	(1,002,513)
Total.....	\$ (1,838)	\$ (940,727)	\$ (4,014,243)	\$ (1,067,309)

</TABLE>