FORM 10-QSB
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended November 24, 1995

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 1-10655

ENVIRONMENTAL TECTONICS CORPORATION
(Exact name of registrant as specified in its charter)

PENNSYLVANIA	23-1714256
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

COUNTY LINE INDUSTRIAL PARK
SOUTHAMPTON, PENNSYLVANIA 18966
(Address of principal executive offices)
(Zip Code)

(215) 355-9100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days.

Yes x No

The number of shares outstanding of the registrant's common stock as of January 15, 1996 is: 2,927,332

ENVIRONMENTAL TECTONICS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
($000's, Unaudited)

ASSETS	November 24, 1995	February 24, 1995
Current assets:		
Cash and cash equivalents	$ 236	$ 66
Cash equivalents restricted for letters of credit	694	592

Accounts receivable, net	9,552	9,631
Costs and estimated earnings in excess of billings on uncompleted long-term contracts	3,793	3,151
Inventories	3,443	3,144
Prepaid expenses and other current assets	263	136
Total current assets	17,981	16,720
Property, plant, and equipment, at cost, net	2,399	2,547
Software development costs, net of accumulated amortization of $2,397 at November 24 and $1,991 at February 24	1,556	1,488
Other assets	3	48
Total assets	$ 21,939	$ 20,803

See notes to consolidated financial statements.

ENVIRONMENTAL TECTONICS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
($000's, Unaudited)

LIABILITIES	November 24, 1995	February 24, 1995
Current liabilities:		
Current portion of long-term debt	$ 8,222	$ 2,278
Accounts payable - trade	1,382	1,647
Billings in excess of costs and estimated earnings on uncompleted long-term contracts	3,409	1,343
Customer deposits	753	547
Accrued income taxes	343	205
Net arbitration award	617	746
Accrued liabilities	640	916
Total current liabilities	15,366	7,682

Long-term debt, less current portion		
Credit facility payable to banks		
due February 28, 1996	-	6,739
Other	289	394
	289	7,133
Deferred income taxes	252	252
Total liabilities	15,907	15,067
Commitments and Contingencies (Note 6)	-	-
STOCKHOLDERS' EQUITY		
Common stock - authorized 10,000,000 shares \$.10 par value; 2,928,369 shares issued and outstanding at November 24 and 2,906,980 shares issued and outstanding at February 24	293	291
Capital contributed in excess of par value of common stock	1,690	1,618
Retained earnings	4,049	3,827
Total stockholders' equity	6,032	5,736
Total liabilities and stockholders' equity	$ 21,939	$ 20,803

See notes to consolidated financial statements.

ENVIRONMENTAL TECTONICS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

9 Months Ended
($000's, except per share data, Unaudited)

	November 24, 1995	November 25, 1994
Net Sales	$ 11,358	$ 11,319
Cost of goods sold	7,411	8,553
Gross profit	3,947	2,766
Operating expenses:		
Selling and administrative	2,764	2,989
Research and development	106	292
	2,870	3,281
Operating income (loss)	1,077	(515)
Other expenses:		
Interest expense	674	587
Letter of credit fees	16	24
Other, net	44	58
	734	669
Income (loss) before income taxes	343	(1,184)
Provision (benefit) for income taxes	121	(450)

Net income (loss)	$ 222	$ (734)
Earnings (loss) per common share (primary and fully diluted)	$ .08	$ (.26)

See notes to consolidated financial statements.

ENVIRONMENTAL TECTONICS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

3 Months Ended
($000's, except per share data, Unaudited)

	November 24, 1995	November 25, 1994
Net Sales	$ 4,087	$ 3,237
Cost of goods sold	2,817	1,958
Gross profit	1,270	1,279
Operating expenses:		
Selling and administrative	800	898
Research and development	23	51
	823	949
Operating income (loss)	447	330
Other expenses:		
Interest expense	242	215
Letter of credit fees	4	5
Other, net	36	10
	282	230
Income (loss) before income taxes	165	100
Provision (benefit) for income taxes	58	38
Net income (loss)	$ 107	$ 62
Earnings (loss) per common share (primary and fully diluted)	$ .04	$ .02

See notes to consolidated financial statements.

ENVIRONMENTAL TECTONICS CORPORATION
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

9 Months Ended
($000's, Unaudited)

	November 24, 1995	November 25, 1994
Increase (decrease) in cash:		
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:		
Net income (loss)	$ 222	$ (734)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	696	689
(Increase) decrease in working capital:		
Accounts receivable	79	(1,461)
Costs and estimated earnings in excess of billings	(642)	(143)
Inventories	(299)	(477)
Prepaid expenses and other current assets	(127)	127
Accounts payable	(265)	(479)
Billings in excess of costs and estimated earnings	2,066	902
Customer deposits	206	375
Accrued liabilities and income taxes	(267)	(573)
Decrease in deferred income taxes	-	-
Net cash provided by (used in) operating activities	1,669	(1,774)
Cash flows from investing activities:		
Increase in cash equivalents restricted for letters of credit	(102)	(936)
Acquisition of equipment	(142)	(75)
Increase in software development costs	(474)	(561)
Decrease in other assets	45	-
Net cash used in investing activities	(673)	(1,572)
Cash flows from financing activities:		
Borrowings under credit facility	525	3,878
Payments under credit facility	(1,350)	(843)
Principal payments of capital leases and other long-term debt	(75)	(37)
Proceeds from issuance of common stock	74	88
Net cash provided by (used in) financing activities	(826)	3,086
Net increase (decrease) in cash	170	(260)
Cash at beginning of period	66	260
Cash at end of period	$ 236	$ -
Supplemental schedule of cash flow information:		
Interest paid	$ 567	$ 524
Income taxes paid	-	275

See notes to consolidated financial statements.

ENVIRONMENTAL TECTONICS CORPORATION
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

($000's)

1. The information in this report reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented.

   There has been no significant change in the Company's effective tax rate since February 24, 1995.

2. Under the Company's 1988 Incentive Stock Option Plan, 500,000 shares of the Company's common stock are currently reserved for issuance in connection with the exercise of options, and options to acquire 83,150 shares are currently outstanding.

3. Earnings per common share are based on net income divided by the number of common and common stock equivalent shares (shares issuable upon the exercise of stock options and warrants) outstanding. Weighted average number of common shares and equivalents outstanding were approximately 2,930,000 (primary) in 1995 and 2,897,000 (primary) in 1994.

4. Inventories consist of the following:

	November 24, 1995	February 24, 1995
Raw Materials	$ 692	$ 676
Work in Process	2,751	2,468
Finished Goods	-	-
	$ 3,443	$ 3,144

5. The components of accounts receivable are as follows:

	November 24, 1995	February 24, 1995
U. S. Government receivables billed and unbilled contract costs subject to negotiation	$ 3,841	$ 3,947
U.S. receivables billed	693	1,724
International:		
Receivables billed	3,739	2,681
Unbilled contract costs subject to negotiation	1,374	1,374
	9,647	9,726
Less allowance for doubtful accounts	(95)	(95)
	$ 9,552	$ 9,631

U.S. Government receivables billed and unbilled contract costs subject to negotiation:

Unbilled contract costs subject to negotiation represent claims made or to be made against the U.S. Government. The Company has recorded claims to the extent of contract costs incurred. These costs have been incurred in connection with U.S. Government-caused delays, errors in specifications and designs, and other unanticipated causes and may not be received in full during fiscal 1996. In accordance with generally accepted accounting principles, revenue recorded by the Company from a claim does not exceed the incurred contract costs related to the claim. The Company estimates that the total net claims filed and to be filed approximate $7,300, a portion of which has been included in U.S.

Government receivables billed and unbilled contract costs subject to negotiation. Such claims are subject to negotiation and audit by the U.S. Government.

International unbilled contract costs subject to negotiation:

Unbilled contract costs subject to negotiation represent claims made or to be made against a certain foreign government (see Note 6). The Company has recorded claims to the extent of the drawn letters of credit and called performance bond, which may not be recovered in full in fiscal 1996. The total net claim filed includes these amounts, as discussed in Note 6. Such claims are subject to arbitration and negotiation with the foreign government.

6. Contingencies:

Claims and Litigation:

A suit was commenced against the Company in March 1988 in the Court of Common Pleas of Bucks County, Pennsylvania by an employee of a customer for an unspecified amount alleging negligence and strict products liability in the design, manufacture, distribution, and servicing of a sterilizer manufactured by the Company which resulted in an injury sustained by the plaintiff in 1986. On June 20, 1995, the parties entered into a settlement agreement and judgment by consent. The agreement and judgment, in which the Company expressly disclaims liability with respect to the underlying claims of the plaintiffs in the action, and which expressly declares that the rights of the Company's lenders under existing credit agreements or extensions thereof are superior to those of the plaintiffs, calls for the plaintiffs to receive a total sum of no more than $1,200, in the following manner: (1) funds previously deposited by the Company's products liability carrier with the U.S. District Court, together with accrued interest thereon, in a total amount of slightly more than $550, have been released to plaintiffs; (2) the Company paid approximately $50 on July 20, 1995; (3) the Company will pay an additional sum of $100 by April 20, 1996; (4) beginning on July 31, 1996, and each year thereafter, the Company will pay a total of $495 at the rate of $55 per year over nine years, unless in any given year the Company cannot make such a payment because (a) it is or, as a result of such payment, would be in default of any of its obligations under its credit agreements with its lenders, and (b) the lenders object to such payment. In the event that plaintiffs consider any such objection to payment to be unreasonable, they would have the right to petition the Bucks County Court of Common Pleas for a determination. A greater payment, up to a maximum of $165, will be made in any year if and to the extent the Company can do so without being in violation of any of its obligations to its lenders under its credit agreements. The Company's installment payment obligations will be discharged when the Company has paid a total of $495. No interest accrues on this judgment. At February 24, 1995, the Company recognized this obligation as a note payable in the face amount of $648 (the $1,195 judgment less the $547 escrowed funds), less a discount of $228 based on an imputed interest rate of 11%. Under the payment terms of the note payable, the Company does not anticipate that the settlement will have a material adverse effect on the Company's liquidity.

In fiscal 1991, the Company entered into a contract with a subcontractor for the design and development of software to operate and control a certain large aircrew training system for the U.S. Government. The contract between the Company and the subcontractor called for arbitration of all matters pertaining to the contract which were in dispute between the parties and could not be resolved. In August 1993, the Company terminated the subcontractor for default by reason of its refusal to deliver its software. The subcontractor refused to deliver the software due to claims for cost overruns under the contract. Hearings were conducted before the American Arbitration Association (AAA) during the period of January through April, 1995. In June 1995, the AAA rendered a net award to the subcontractor in the amount of $746. In August 1995, the Court entered judgment on the award. In October 1995, a settlement agreement for the payment of the judgment was reached between the Company and the subcontractor in the following manner: (1) the Company paid $100 in October 1995; (2) the Company paid $50 on November 20, 1995, and will thereafter make monthly payments in the amount of $50 on or before the 20th of each succeeding month. These payments will be made on a monthly basis until the entire amount of the judgment, including all accrued interest, has been paid. Interest accrues at the rate of 6% per year, beginning on June 6, 1995, on the outstanding principal balance of the judgment. In the event that the Company fails to make any payment, the subcontractor may pursue whatever rights it may have to collect the unpaid balance and accrued interest. Under the payment terms of the settlement, the Company does not anticipate a material adverse effect on the Company's liquidity.

In October 1993, the Company was notified by the Royal Thai Air Force (RTAF) that the RTAF was terminating a certain $4,600 simulator contract with the Company. Although the Company has performed in excess of 90% of the contract, the RTAF alleged a failure to completely perform. In connection with this termination, the RTAF made a call on a $229 performance bond, as well as a draw on approximately $1,100 of advance payment letters of credit (see Note 2). The RTAF has also asserted liquidated damages against the Company. In October 1993, the surety made payment on the $229 performance bond, and in the first quarter of fiscal 1995, it made payment on the approximately $1,100 advance payment letters of credit. The Company has commenced arbitration with the RTAF. In the arbitration, the Company is claiming that the termination was wrongful and that the Company is entitled to complete the work and to be paid the balance of the contract price, as well as to have the advance payment and performance bond money returned to it. The Company is also asserting entitlement to set off against the RTAF's claims for liquidated damages the Company's costs incurred on the bond and letters of credit called, as well as costs incurred in connection with RTAF-directed changes in the work and RTAF-caused delays and damage to the Company's work. The case is pending before the Thailand Arbitration Board. Management believes the Company has meritorious claims in excess of claims made by the RTAF, as well as meritorious grounds to support nonpayment of the performance bond and letters of credit. The Company has also denied the RTAF claims and believes they are without merit. Accordingly, no provision for any liability that may result has been made in the accompanying financial statements. Management and legal counsel believe that the ultimate outcome of these matters will not have a material adverse effect on the Company's financial position or results of operations.

Certain other claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the Company. In the opinion of management, after consultation with legal counsel, all such matters are reserved for or adequately covered by insurance or, if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Company if disposed of unfavorably.

ENVIRONMENTAL TECTONICS CORPORATION
AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS AND FINANCIAL CONDITION
November 24, 1995

Material Changes in Financial Condition

Working capital decreased for the nine months ended November 24, 1995, from approximately $9.0 million at February 24, 1995 to approximately $2.6 million at November 24, 1995 primarily due to the reclassifying of the Company's credit facility (expiring February 28, 1996) from a long-term to a short-term liability on its balance sheet. The change in working capital was also caused by an increase in cash and cash equivalents restricted for letters of credit; a $1.4 million net decrease in costs/billings in excess primarily due to additional billings on a certain international aircrew training systems contract during fiscal 1996; an increase in prepaid expenses due to the prepayment of certain insurance premiums; a decrease in accounts payable; an increase in customer deposits due to additional deposits received on a certain international training and maintenance contract; and a decrease in accrued liabilities due to payment of certain sales and use taxes accrued and payments against the net arbitration award (see Note 6).

The Company has a revolving credit agreement with two banks, which provides financing of up to $8.2 million. The facility expires by its terms on February 28, 1996. The credit facility permits both direct borrowing for working capital and other corporate purposes and the issuance of letters of credit for the Company. At November 24, 1995, there were outstanding letters of credit of approximately $900,000 (of which approximately $700,000 were cash collateralized pursuant to a separate letter of credit facility at November 24, 1995) and the Company had borrowed approximately $8.1 million (inclusive of outstanding letters of credit of approximately $900,000) under the credit facility. On October 31, 1995, the credit facility was amended to defer certain principal and interest payments from October 1995 to November 30, 1995. The Company was in compliance with the terms of this amendment on November 30, 1995. The Company currently has no availability under the credit facility. Such borrowings were used to cover the difference between cash received from the Company's customers and the Company's cash expenses - primarily payments to suppliers and employees, acquisition of equipment, and software development. As and when the credit facility is repaid from time to time, the Company expects to continue to use this credit facility to support its working capital needs.

In July 1995, the Company negotiated an amendment to the credit facility, pursuant to which the maturity date of the facility was extended to February 28, 1996, certain financial covenants were modified, and the parties agreed to reduce, in stages, the availability under the credit facility to $7.5 million during the term. The grant of the extension of the facility was based on the Company's ability to meet its fiscal 1996 operating plan. This plan includes continuing its rate of collections on outstanding accounts receivable, continued implementation of operating cost controls, successfully procuring new contract awards and completing performance on contracts in its backlog. Management believes it is probable that the Company will meet these covenants and borrowing base requirements based on its operating plan for fiscal 1996 and through the credit agreement expiration date of February 28, 1996. If the Company fails to meet its covenant requirements it will have to obtain additional waivers from its lenders.

The Company's sales backlog at November 24, 1995 and February 24, 1995 for work to be performed and prospective revenue to be recognized after that date under written agreements was approximately $19,900,000 and $12,200,000, respectively. In addition, the Company's backlog for training and maintenance contracts at November 24, 1995 and February 24, 1995 for work to be performed and prospective revenue to be recognized after that date under written agreements was approximately $2,400,000 and $3,500,000, respectively.

Material Changes in Results of Operations

Net sales of approximately $4.1 million for the three months ended November 24, 1995 increased in comparison to net sales of approximately $3.2 million for the three months ended November 25, 1994. This is primarily a result of increased revenue recognition in the aircrew training systems segment in fiscal 1996 compared to fiscal 1995, due to increased backlog in this segment. There was no material change in net sales for the nine months ended November 24, 1995 in comparison to net sales for the nine months ended November 25, 1994.

Gross profit increased by approximately $1.2 million for the nine months ended November 24, 1995, compared with the nine months ended November 25, 1994, primarily due to an increase in aircrew training system sales, which are generally sold at higher margins than other Company products. Though gross profit increased for the nine months ended November 24, 1995, compared with the nine months ended November 25, 1994, there was no material change in gross profit for the three months ended November 24, 1995 in comparison to gross profit for the three months ended November 25, 1994. This is due to receipt of a contract modification of approximately $400,000 in the third quarter of fiscal 1995 for costs previously incurred on a certain sterilizer contract, for which there was no corresponding gross profit recognized in the third quarter of fiscal 1996.

Gross profit as a percentage of sales increased to 35% for the nine months ended November 24, 1995, from 24% for the nine months ended November 25, 1994 due to an increase in aircrew training systems sales recognized in fiscal 1996, which generally are sold at higher margins, as previously discussed. Gross profit as a percentage of sales decreased to 31% for the three months ended November 24, 1995, compared to 40% for the three months ended November 25, 1994, due to the receipt of a sterilizer contract modification, as previously discussed.

Operating expenses decreased due to the implementation of stringent cost controls in fiscal 1995, the benefits of which did not begin to be realized until fiscal 1996.

Interest expense increased primarily due to an increase in the interest rate charged the Company on direct borrowings, partially offset by decreased utilization of the credit facility.

The increase in gross profit from certain products in the aircrew training systems segment combined with the decrease in operating expenses resulted in net income for the three-month and nine-month periods ended November 24, 1995.

Part II - Other Information

Item 1. Legal proceedings:

See Note 6 in Part I.

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

a. Exhibits

Exhibit 10 - Fifth Amendment, dated as of October 31, 1995, to Credit Agreement, dated as of November 20, 1990, among Environmental Tectonics Corporation, The Chase Manhattan Bank, N.A., and Chemical Bank.

Exhibit 11 - Schedule of Computation of Earnings per Share.

Exhibit 27 - Financial Data Schedule.

b. Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended November 24, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ENVIRONMENTAL TECTONICS CORPORATION
(Registrant)

By: /S/ William F. Mitchell
William F. Mitchell
President, Acting Chief Financial Officer and Principal Accounting Officer

Date: January 16, 1996

EXHIBIT INDEX

Exhibit No.	Description
10	Fifth Amendment, dated as of October 31, 1995, to Credit Agreement, dated as of November 20, 1990, among Environmental

	Tectonics Corporation, The Chase Manhattan Bank, N.A., and Chemical Bank.
11	Schedule of Computation of Earnings per Share.
27	Financial Data Schedule.

EXHIBIT 10

FIFTH AMENDMENT
TO
CREDIT AGREEMENT
DATED AS OF NOVEMBER 20, 1990

FIFTH AMENDMENT dated as of October 31, 1995 (this "Amendment") to the CREDIT AGREEMENT dated as of November 20, 1990, as amended from time to time (as so amended, the "Credit Agreement") among ENVIRONMENTAL TECTONICS CORPORATION (the "Borrower"), THE CHASE MANHATTAN BANK, N.A. ("Chase"), CHEMICAL BANK, AS AGENT FOR CHEMICAL BANKING CORPORATION, SUCCESSOR IN INTEREST TO CHEMICAL BANK NEW JERSEY, N.A. ("Chemical," and together with Chase, the "Banks") and THE CHASE MANHATTAN BANK, N.A., as Agent for the Banks (the "Agent").

WHEREAS, an Event of Default exists under the Credit Agreement as a result of the Borrower's failure to make (a) the payment of principal in the amount of $100,000.00 which was due on the last business day of October, 1995 and (b) the payment of interest due on the first day of November, 1995 pursuant to Section 2.11 of the Credit Agreement;

WHEREAS, the Borrower has requested that the Agent and the Banks agree to forebear from exercising their rights and remedies under the Credit Agreement and the other Facility Documents as a result of such Event of Default until November 30, 1995;

WHEREAS, the Borrower has also requested that the Banks increase the Commitment by a total amount of $150,000, to enable the Borrower to fund its immediate payroll needs and trade obligations incurred in the ordinary course of business;

WHEREAS, the Agent and the Banks are prepared to agree to forebear from exercising their rights and remedies under the Credit Agreement and the other Facility Documents as a result of such Event of Default, subject to the terms and conditions of this Agreement;

WHEREAS, the Banks are prepared to increase the Commitments, subject to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agent, the Banks and the Borrower hereby agrees as follows:

Section 1. Definitions. Except as otherwise provided herein, the capitalized terms used in this Amendment shall have the respective meanings assigned to such terms in the Credit Agreement.

Section 2. Amendments. The Credit Agreement is hereby amended as follows:

A. Section 2.01(e) of the Credit Agreement is hereby amended by adding the following to the current end of such Section:

> "Notwithstanding anything to the contrary, the Commitment shall be increased as of the last business day of October, 1995 in the amount of $150,000.00, and shall be reduced on the last business day of November, 1995 in the amount of $250,000.00. Thereafter, the

Commitment shall be reduced in the amounts and on the dates set forth in this Section 2.08(e)."

B. Section 2.05 of the Credit Agreement is hereby amended by amending the first parenthetical contained therein, as follows: "(including, without limitation, Sections 2.05 and 2.06 hereof)."

C. Section 2.05 of the Credit Agreement is hereby amended by inserting the following sentence at the end thereof:

"Notwithstanding anything to the contrary, including the provisions of this Section 2.05, the Borrower shall be permitted to borrow up to the Commitment during the period from the date hereof until November 3, 1995, solely for the purpose of funding its payroll needs and trade debt incurred in the ordinary course of its business."

D. Section 2.06 of the Credit Agreement is hereby amended by inserting the following additional paragraph (d) thereto:

"(d) Notwithstanding anything to the contrary, the Borrower shall prepay the Loans in the amount of $250,000.00 on or before November 30, 1995, and the Commitment shall be automatically and irrevocably reduced by such amount on such date. Any amount prepaid Pursuant to this Section 2.06(d) shall not be reborrowed by the Borrower."

E. Section 2.08(a) of the Credit Agreement is hereby amended by inserting the following sentence at the immediate beginning of the first sentence thereof: "Subject to the provisions of Section 2.06(d),".

Section 3. Forbearance, Etc.

(a) The Agent and the Banks hereby agree to forebear from exercising their rights and remedies under the Credit Agreement and the other Facility Documents as a result of the Event of Default that exists as a result of the Borrower's failure to make the payment of the Borrower's failure to make the payment of principal in the amount of $100,000.00 which was due on the last business day of October, 1995 and the Borrower's failure to make the payment of interest due on the first day of November, 1995 pursuant to Section 2.11 of the Credit Agreement, subject to the following:

(i) On or before November 30, 1995, the Borrower shall remit to the Agent, for the benefit of the Banks, the amount of principal which was due on the last business day of October, 1995 (as well as the payment of additional principal which is due on the last business day of November, 1995 pursuant to Section 2.08(e)) and of interest payment that was due on the first day of November, 1995, plus interest on such amount from the due date until such payment is made at the Default Rate; and

(ii) No other Event of Default shall have occurred after the date hereof.

In the event that any other Event of Default shall occur after the date hereof or the Bank shall fail to make the payment required by clause (ii) above, then the Agent's and the Banks' forbearance shall automatically terminate on the date of such occurrence and/or failure, and the Agent and the Banks shall be immediately be permitted to exercise all of their rights and remedies under the Credit Agreement and the Facility Documents.

(b) Except as expressly provided in Section 3(a), the Loans shall continue to bear interest at the non-Default Rate.

(c) Notwithstanding anything to the contrary, the forbearance contained herein is applicable to the Event of Default specifically referenced herein and shall be effective only in the specific instance, and for the specific provisions and period for which given. Except as specifically provided herein, nothing contained herein shall constitute a waiver or modification of any the Agent's and the Banks' rights and remedies under the Credit Agreement and the other Facility Documents, which rights and remedies the Agent and the Banks expressly reserve. No failure on the part of the Agent or any Bank to exercise, and no delay in exercising, any rights under the Facility Documents shall operate as a waiver thereof or preclude any other or further exercise thereof or the exercise of any other power or right.

Section 4. Borrower Representations. The Borrower represents and warrants that (i) the execution and delivery of this Amendment by the Borrower and the representations, warranties and undertakings by Borrower now contemplated hereby: (a) are within the corporate powers of the Borrower and have been duly authorized by all necessary corporate action, (b) have been discussed by the Borrower with the Borrower's own independent counsel regarding the meaning and legal significance of this Amendment and the provisions hereof, and (c) are valid and legally binding obligations of the Borrower and are enforceable in accordance with the respective terms thereof, except as may be limited by general principles of equity and by bankruptcy, insolvency, reorganization, moratorium, or similar law relating to or affecting generally the enforcement of creditors' rights; (ii) the representations and warranties contained in Article 5 of the Credit Agreement and Article 2 of the Security Agreement are true and correct on the date hereof, Borrower understanding and acknowledging hereby that such representations and warranties are being relied upon by each of the Agent and the Banks in entering into this Fifth Amendment; and (iii) except as expressly provided in this Amendment and as set forth in Borrower's transmittal of its borrowing base material as of the end of August 1995, no other Default or Event of Default exists as of the date hereof.

Section 5. Miscellaneous.

(a) Except as specifically provided in this Amendment, all other terms and provisions of the Credit Agreement shall remain unchanged and continue in full force and affect.

(b) This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

(c) This Amendment may be executed in one or more counterparts and shall become effective when counterparts hereof have been executed by each Bank and the Agent.

(d) The Borrower agrees to reimburse the Agent and each Bank on demand for all reasonable costs, expenses, and charges (including, without limitation, reasonable fees and charges of external legal counsel for the Agent and the Banks and costs and charges allocated by its internal legal department) incurred by the Agent and each Bank in connection with the preparation, performance or enforcement of this Amendment and the Credit Agreement and the other Facility Documents as amended hereby.

IN WITNESS WHEREOF, each of the Agent, the Banks and the Borrower have executed this Amendment by their duly authorized officers as of the date first above written.

THE CHASE MANHATTAN BANK, N.A., as
Agent and a Bank

By/s/ Charles L. Davis
Name: Charles L. Davis
Title: Vice President

CHEMICAL BANK, AS AGENT FOR
CHEMICAL BANKING CORPORATION,
SUCCESSOR IN INTEREST TO CHEMICAL
BANK NEW JERSEY, N.A.

By/s/ Agnes Levy
Name: Agnes Levy
Title: Vice President

ENVIRONMENTAL TECTONICS CORPORATION

By/s/ William F. Mitchell
Name: William F. Mitchell
Title: President

EXHIBIT 11

Statement re Computation of Per Share Earnings (Loss)

9 Months Ended
(000's, except per share data, Unaudited)

	November 24, 1995	November 25, 1994
Income (loss) for primary & fully diluted earnings per share	$ 222	$ (734)
Equivalent shares for primary computation:		
Weighted average shares outstanding	2,922	2,874
Common stock equivalents (shares issuable for employee stock purchase plan and upon exercise of stock options and stock warrants outstanding) based on average market price	8	0
Total equivalent shares for primary and fully diluted computation	2,930	2,874
Per share amounts:		
Primary:		
Net income (loss)	$ .08	$ (.26)
Fully diluted:		
Net income (loss)	$ .08	$ (.26)

Statement re Computation of Per Share Earnings (Loss)

3 Months Ended
(000's, except per share data, Unaudited)

	November 24, 1995	November 25, 1994
Income (loss) for primary & fully diluted earnings per share	$ 107	$ 62
Equivalent shares for primary computation:		
Weighted average shares outstanding	2,922	2,874
Common stock equivalents (shares issuable for employee stock purchase plan and upon exercise of stock options and stock warrants outstanding) based on average market price	8	23
Total equivalent shares for primary and fully diluted		

computation	2,930	2,897
Per share amounts:		
Primary:		
Net income (loss)	$ .04	$ .02
Fully diluted:		
Net income (loss)	$ .04	$ .02

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