FORM 10-QSB
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 50549

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended November 28, 1997

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

Yes X No

The number of shares outstanding of the registrant's common stock as of January 7, 1998 was: 3,002,918

Environmental Tectonics Corporation
Consolidated Income Statements
(unaudited)

	Three months ended		Nine months ended	
	November 28, 1997	November 29,* 1996	November 28, 1997	November 29,* 1996
	(thousands, except share and per share information)			
Net Sales	$7,639	$5,568	$21,464	$14,974
Cost of goods sold	5,172	3,794	14,679	10,223

Gross profit	2,467	1,774	6,785	4,751
Operating expenses:				
Selling and administrative	1,246	1,041	3,620	2,924
Research and development	78	30	137	104
	1,324	1,071	3,757	3,028
Operating income	1,143	703	3,028	1,723
Other expenses:				
Interest expense	346	253	947	818
Letter of credit fees	32	10	56	21
Other, net	10	19	93	33
	388	282	1,096	872
Income before income taxes	755	421	1,932	851
Provision for income taxes	264	134	675	272
Net income	$ 491	$ 287	$ 1,257	$ 579
Per share information:				
Income per share: primary	$ 0.13	$ 0.10	$ 0.34	$ 0.20
Income per share: fully diluted	$ 0.12	$ 0.09	$ 0.32	$ 0.19
Number of shares: primary	3,175,890	2,967,199	3,171,278	2,955,026
Number of shares: fully diluted	3,542,750	2,983,917	3,450,474	2,975,060

The accompanying notes are an integral part of the consolidated financial statements.

* Reclassified to conform with current presentation.

Environmental Tectonics Corporation
Consolidated Balance Sheets
(unaudited)

Assets	November 28, 1997	February 28, 1997
	(amounts in thousands)	
Current assets:		
Cash and cash equivalents	$ 346	$ 189
Cash equivalents restricted for letters of credit	25	665
Accounts receivable, net	12,621	11,352
Cost and estimated earnings in excess of billings on uncompleted long-term contracts	6,845	3,345
Inventories	2,588	2,719
Prepaid expenses and other current assets	365	92
	22,790	18,362

Property, plant and equipment, at cost,

net of accumulated depreciation of $6,599 at November 28 and $6,258 at February 28	2,741	2,480
Software development costs, net of accumulated amortization of $3,823 at November 28 and $3,244 at February 28	1,112	1,430
Other assets	153	37
Total assets	$26,796	$22,309

The accompanying notes are an integral part of the consolidated financial statements.

Environmental Tectonics Corporation
Consolidated Balance Sheets
(unaudited)

Liabilities and Stockholders' Equity	November 28, 1997	February 28, 1997
	(amounts in thousands)	
Current liabilities:		
Current portion of long-term debt	$ 148	$ 119
Convertible notes payable - related parties	800	1,300
Accounts payable - trade	1,288	1,799
Billings in excess of costs and estimated earnings on uncompleted long-term contracts	2,512	2,051
Customer deposits	1,291	1,746
Accrued income taxes	593	271
Accrued liabilities	1,421	1,528
Total current liabilities	8,053	8,814
Long-term debt, less current portion:		
Credit facility payable to banks	4,784	6,714
Subordinated debt	3,255	-
Other	188	283
	8,227	6,997
Deferred income taxes	89	89
Total liabilities	16,369	15,900
Redeemable cumulative preferred stock, $100 par and redemption value: 25,000 shares authorized; 25,000 shares issued and outstanding	2,319	-
Stockholders' Equity		
Common stock; $.10 par value; 10,000,000 authorized; 3,002,918 and 2,963,083 issued and outstanding at November 28, 1997 and February 28, 1997, respectively	300	296
Capital contributed in excess of par value of common stock	2,635	2,007
Retained earnings	5,173	4,106

Total stockholders' equity	8,108	6,409
Total liabilities and stockholders' equity	$26,796	$22,309

The accompanying notes are an integral part of the consolidated financial statements.

Environmental Tectonics Corporation
Consolidated Statements of Cash Flows
(unaudited)

	Nine months ended November 28, 1997	Nine months ended November 29,* 1996
	(amounts in thousands)	
Cash flows from operating activities:		
Net income	$ 1,257	$ 579
Adjustments to reconcile income to net cash (used) provided by operating activities:		
Depreciation and amortization	1,055	953
Provision for losses on accounts receivable and inventories	319	225
Changes in operating assets and liabilities:		
Accounts receivable	(1,344)	(2,534)
Costs and estimated earnings in excess of billings on uncompleted long-term contracts	(3,500)	1,278
Inventories	(272)	(611)
Prepaid expenses and other current assets	(102)	110
Accounts payable	(511)	594
Billings in excess of costs and estimated earnings on uncompleted long-term contracts	(176)	(349)
Customer deposits	182	562
Accrued income taxes	322	116
Other accrued liabilities	(107)	(84)
Payments under settlement agreements	(90)	(120)
Net cash (used) provided by operating activities	(2,967)	719
Cash flows from investing activities:		
Acquisition of equipment	(443)	(197)
Capitalized software development costs	(261)	(422)
Net cash used in investing activities	(704)	(619)
Cash flows from financing activities:		
Borrowings under credit facility	4,784	-
Payments under credit facility	(6,714)	(475)
Proceeds from subordinated debt, net	3,255	-
Proceeds from preferred stock, net	2,292	-
Payment of dividends on preferred stock	(163)	-
Decrease in cash equivalents restricted for letters of credit	640	504
Decrease in notes payable - related party	(500)	-
Deferred financing costs	(406)	-
Net increase of other long-term debt	8	38
Proceeds from issuance of common stock/warrants	632	49
Net cash provided by financing activities	3,828	116
Net increase (decrease) in cash and cash equivalents	157	216
Cash and cash equivalents at beginning of period	189	31
Cash and cash equivalents at end of period	$ 346	$ 247
Supplemental schedule of cash flow information:		
Interest paid	848	516
Income taxes paid	285	0

Supplemental information on noncash operating and investing activities:
The Company transferred $158,000 of inventory to property, plant and equipment

and $637,000 of customer deposits to billings in excess of costs and estimated earnings on uncompleted long-term contracts during the nine month period ended November 28, 1997.

The accompanying notes are an integral part of the consolidated financial statements.

* Reclassified to conform with current presentation.

Environmental Tectonics Corporation
Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared by Environmental Tectonics Corporation, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

Certain information in footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures are adequate to make the information presented not misleading. These financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-KSB for the year ended February 28, 1997.

2. Earnings per Share

Net income per share of common stock is computed by dividing earnings applicable to common stock by the weighted average number of shares of common stock and common stock equivalents, if dilutive, outstanding during the three and nine month periods ended November 28, 1997 and November 29, 1996. Common stock equivalents include shares issuable under the exercise of dilutive common stock options, stock warrants and convertible related parties notes payable. Fully diluted earnings per share additionally assumes the conversion of preferred stock and related parties notes payable. Net earnings used in the computation of primary earnings per share are reduced by preferred stock dividend payments.

	Three months ended		Nine months ended	
	November 28, 1997	November 29, 1996	November 28, 1997	November 29, 1996
	(amounts in thousands, except share and per share information)			
Primary earnings per share:				
Net income for primary earnings per share	$491	$287	$1,257	$579
Preferred stock dividends	(68)	-	(163)	-
Earnings applicable to common stock	$423	$287	$1,094	$579
Weighted average shares outstanding	3,002,268	2,928,944	2,985,540	2,928,944
Common stock equivalents based on average market price	173,622	38,255	185,738	26,082
Total equivalent shares for primary computation	3,175,890	2,967,199	3,171,278	2,955,026
Per share amounts:				
Primary earnings per common share				

and common share equivalents	$0.13	$0.10	$0.34	$0.20
Fully-diluted earnings per share:				
Net income for fully-diluted earnings per share	$491	$287	$1,257	$579
Preferred stock dividends	(68)	-	(163)	-
Earnings applicable to common stock	$423	$287	$1,094	$579
Weighted average shares outstanding	3,002,268	2,928,944	2,985,540	2,928,944
Common stock equivalents based on average market price	540,482	54,973	464,934	46,116
Total equivalent shares for fully-diluted computation	3,542,750	2,983,917	3,450,474	2,975,060
Per share amounts:				
Fully-diluted earnings per common share and common share equivalents	$0.12	$0.09	$0.32	$0.19

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 46,175 shares were currently outstanding as of November 28, 1996.

The Financial Accounting Standards Board (the "FASB") has issued SFAS No. 128, "Earnings Per Share," which is effective for financial statements issued after December 15, 1997. The new standard eliminates primary and fully diluted earnings per share and requires presentation of basic and diluted earnings per share together with disclosure of how the per share amounts were computed. Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised and converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. It is not known at this time what impact this statement will have on reported earnings per share.

3. Accounts Receivable

The components of accounts receivable are as follows:

	November 28, 1997	February 28, 1997
	(amounts in thousands)	
U.S. Government receivables billed and unbilled contract costs subject to negotiation	$ 5,000	$ 5,284
U.S. commercial receivables billed	2,067	2,477
International receivables billed	5,708	3,828
	12,775	11,589
Less allowance for doubtful accounts	(154)	(237)
	$12,621	$11,352

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 under a contract for a centrifuge. These costs were recorded during fiscal years 1994, 1995 and 1998. The Company has recorded claims, amounting to $2.75 million, including $150,000 recorded in the first quarter of fiscal 1998, 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 1998. In accordance with generally accepted accounting principles, revenues recorded by the Company from a claim does not exceed the incurred contract costs related to the claim. The Company currently has approximately $8.6 million in claims filed with the U.S. Government. The U.S. Government has responded to the claims with either denials or deemed denials that the Company has appealed. During the first quarter of fiscal 1998, the Company recorded an additional $150,000 in claims revenue, reflecting additional expenditures on the centrifuge contract that will be incorporated into additional claims to be filed with the U.S. Government in fiscal 1998. Additional amounts are under review for the period November 1995 through October 1996 to determine what, if any, additional amounts above the $150,000 recorded in fiscal 1998 can be filed as supplemental claims. Such claims are subject to negotiation and audit by the U.S. Government.

In November 1996, the Company invoiced the balance due under a contract with the U.S. Government. At November 28, 1997 approximately $1.7 million was in U.S. Government receivables. Collectibility of these amounts may be dependent upon the resolution of the above claims.

In October 1997, the Company settled a long-standing claim with the U.S. Navy involving a contract for ATS equipment for Kuwait which was suspended by the Navy because of the Persian Gulf conflict.

International receivables billed:

In October 1993, the Company was notified by the Royal Thai Air Force ("RTAF") that the RTAF was terminating a certain $4.6 million simulator contract with the Company. Although the Company had performed in excess of 90% of the contract, the RTAF alleged a failure to completely perform. In connection with the termination, the RTAF made a call on a $229,000 performance bond, as well as a draw on an approximately $1.1 million advance payment letter of credit. Work under this contract had stopped while under arbitration, but on October 1, 1996, the Thai Trade Arbitration Counsel rendered its decision under which the contract was reinstated in full and the Company was given a period of nine months to complete the remainder of the work. Upon completion of the contract, the RTAF will pay the Company the open receivable balance ($1.3 million), consisting of the performance bond and the advance payment, plus 10% due on the balance of the contract. Except as noted in the award, the rights and obligations of the parties remain as per the original contract. Should the Company fail to perform under the contract in the time allotted, or should the RTAF not agree to any extension of the time allotted, the RTAF could invoke penalties against the Company, including termination of the contract and delay penalties.

On December 22, 1997, the Company successfully performed acceptance testing and the unit passed with no discrepancy reports. At this point, the Company is not able to determine what, if any, impact the extended completion period and the current economic condition in Thailand will have upon final payment.

4. Inventories

Inventories are valued at the lower of cost or market using the first-in, first out (FIFO) method and consist of the following:

	November 28, 1997	November 28, 1997
	(amounts in thousands)	
Raw materials	$ 491	$ 417
Work in Process	2,097	2,302
	$2,588	$2,719

5. Recapitalization

On March 27, 1997, the Company entered into a revolving credit agreement (the "Credit Agreement") with a new bank, establishing a credit facility of $10 million through May 31, 1998, at which time the facility is reduced to $9 million. This facility bears interest at the bank's prime lending rate or adjusted LIBOR and expires on May 31, 1999. Substantially all of the Company's short-term financing is provided by this bank. The Company incurred $372,000 of financing fees related to origination of the Credit Agreement. This amount is included in prepaid expenses and other assets and will be charged to interest expense over the term of the agreement, which is two years. Additionally, the Company issued $4 million of subordinated debentures, bearing interest at 12% per annum, due March 27, 2004 to a financial institution, a director of which has been subsequently appointed and elected to the Company's Board of Directors. In connection with the subordinated debentures, warrants were issued to acquire 166,410 shares of the Company's common stock at an exercise price of $1.00 per share. $499,000 of the proceeds from the sale of the debentures was allocated to the warrants and credited to capital contributed in excess of par value of common stock. This amount, along with financing fees of $312,000, which were netted against the proceeds, will be amortized to interest expense over the term of the debentures, which is seven years. The Company also issued 25,000 shares of 11%, redeemable, convertible preferred stock for $2.5 million. Each share of convertible stock is convertible, at the option of the shareholder, into 13.33 shares of the Company's common stock at a price of $7.50 per share. Financing fees for the preferred stock were approximately $208,000, which were netted against the proceeds and will be accreted to retained earnings over five years. Total financing fees associated with the recapitalization were approximately $849,000. The proceeds from these transactions were used to repay, in full, amounts outstanding with a prior lender.

The components of the subordinated debt and preferred stock at November 28, 1997 are as follows:

	Subordinated Debt	Preferred Stock
	(amounts in thousands)	
Face value	$4,000	$2,500
Value of warrants issued	(499)	-
Amortization of warrants	36	-
Deferred financing costs	(312)	(208)
Amortization of finance costs	30	-
Accretion of preferred stock	-	27
Balance at November 28, 1997	$3,255	$2,319

6.   Stockholders' Equity

The components of stockholders' equity at February 28, 1997 and November 28, 1997 were as follows:

	Common Stock Shares	Common Stock Amount	Additional Capital	Retained Earnings	Total
	(amounts in thousands, except share information)				
Balance, February 28, 1997	2,963,083	$296	$2,007	$4,106	$6,409
Net income for nine month period ended November 28, 1997				1,257	1,257
Value of warrants issued in connection with issuance of subordinated debt			499		499
Dividend on preferred stock				(163)	(163)
Accretion of preferred stock				(27)	(27)
Shares issued in connection with employee stock purchase and stock option plans	39,835	4	129		133
Balance at November 28, 1997	3,002,918	$300	$2,635	$5,173	$8,108

7.   Capital Structure

In February 1997, the FASB issued SFAS No. 129, "Disclosure Information about Capital Structure." SFAS No. 129 summarizes previously issued disclosure guidance contained within APB Opinion No. 10 and 15, as well as SFAS No. 47. SFAS No. 129 is effective for fiscal years ending after December 15, 1997. The Company's current disclosures will not be affected by the adoption of SFAS No. 129.

8.   Comprehensive Income

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards to provide prominent disclosure of comprehensive income items. Comprehensive income is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. SFAS No. 130 is effective for all periods beginning after December 15, 1997. Subsequent to the effective date, all prior-period amounts are required to be restated to conform to the provisions of SFAS No. 130. The adoption of SFAS No. 130 is not expected to have a material impact on the Company's financial position or results of operations.

9.   Segments

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 requires that public business enterprises report certain information about operating segments in complete sets of financial statements of the enterprise and in condensed financial statements of interim periods issued to shareholders. It also requires that public business enterprises report certain information about their products and services, the geographic areas in which they operate, and their major customers. SFAS No. 131 is effective for all periods beginning after December 15, 1997. The adoption of SFAS No. 131 will have no impact on the Company's financial position or results of operation.

10. Contingencies

A lawsuit was commenced against the Company in April 1997 in the United States District Court for the District of Puerto Rico by an employee of a customer who claims to have been injured as a result of an alleged malfunction of a sterilizer manufactured by the Company. The plaintiff is seeking $3 million in damages. The Company has up to $10 million of product liability coverage, subject to a $100,000 deductible. The outcome of this litigation is not currently predictable.

Certain 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
Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations:
Three months ended November 28, 1997 compared to November 29, 1996

The Company had net income of $491,000 or $.12 per share, an increase of $204,000 or 71% over the third quarter of fiscal 1997. Operating income increased $440,000 or 63%.

Sales were $7,639,000 for the quarter ended November 28, 1997, an increase of $2,071,000 or 37% compared to the same period a year ago. This increase primarily reflected higher sales of the Aeromedical Training Systems ("ATS") and Hyperbaric product lines (ATS more than doubled compared to the third quarter of fiscal 1997), which were partially offset by decreases in chamber sales for environmental process applications. Additionally, ATS results benefitted from the aforementioned settlement with the U.S. Navy Kuwait claim. (See Note 3 of Notes to Consolidated Financial Statements.)

Gross profit increased $693,000 or 39% for the quarter ended November 28, 1997, due principally to the higher sales volume. As a percentage of sales, gross profit was 32% for the quarter ended November 28, 1997, equal to 32% for the prior year.

Selling and administrative expenses increased $205,000 or 20% for the quarter ended November 28, 1997, due principally to variable costs related to the higher sales volume, principally commissions. As a percentage of sales, selling and administrative expenses were 16% for the quarter ended November 28, 1997, compared to 19% for the same period a year ago. This improvement was due, in part, to the fixed administrative costs being spread over the higher sales volume.

Interest expense increased $93,000 or 37% for the quarter ended November 28, 1997, reflecting both higher borrowings (albeit at a lower rate) and increased amortization of various deferred financing fees associated with the new credit facility of March 1997.

The Company's tax rate approximates the statutory rate.

Nine months ended November 28, 1997 compared to November 29, 1996

The Company had net income of $1,257,000 or $.32 per share for the nine months ended November 28, 1997, an increase of

$678,000 or 117% over the first nine months of fiscal 1997. Operating income increased $1,305,000 or 76% for the nine months ended November 28, 1997. Sales were $21,464,000 for the nine months ended November 28, 1997, an increase of $6,490,000 or 43%. This increase was due to higher sales of ATS and simulation products, partially offset by reduced sales primarily in the sterilizer division of the Company's process simulation group. As a percentage of the total, ATS activity for the nine months ended November 28, 1997 constituted 54% of total sales compared to 32% in the prior year corresponding period. Revenue recognized under contracts with the United Kingdom Royal Air Force accounted for $4.8 million or 23% of total sales and represented 53% of the Company's open backlog. Sales to international customers, principally government agencies, accounted for $13.0 million or 61% of total sales for the nine months ended November 28, 1997 compared to $10.6 million or 71% for the same period a year ago. Gross profit increased $2,034,000 or 43% for the nine months ended November 28, 1997, due principally to the higher sales volume. As a percentage of sales, gross profit was 32% for the nine months ended November 28, 1997, equal to 32% for the same period a year ago.

Selling and administrative expenses increased $696,000 or 24% for the nine months ended November 28, 1997 due principally to variable costs related to the higher sales volume, primarily commissions expense which increased $343,000. Adjusted for the commission increase, selling and administrative expenses increased $353,000 or 14% for the nine months ended November 28, 1997 on a sales increase of 43%. As a percentage of sales, selling and administrative expenses were 17% for the nine months ended November 28, 1997, compared to 20% for the same period a year ago. This improvement was due, in part, to the fixed administrative costs being spread over the higher sales volume.

Interest expense increased $129,000 or 16% for the nine months ended November 28, 1997, reflecting both higher borrowings (albeit at a lower rate) and increased amortization of various deferred financing fees associated with the new credit facility of March 1997.

The Company's tax rate approximates the statutory rate.

Liquidity and Capital Resources

During the nine month period ended November 28, 1997, the Company used $2,967,000 for operating activities. This was primarily the result of an increase in costs and estimated earnings in excess of billings for uncompleted long-term contracts and an increase in accounts receivable. The Company expects to increase its billings for these contracts during the fourth quarter of fiscal 1998. These uses of cash were offset in part by net income and non-cash charges of depreciation and amortization, and increases in reserve balances and income tax accruals. Funds were provided to support these operating and investing activities from the Company's Credit Agreement. Investing activities were $704,000 used for capital expenditures and software development. The Company believes that cash generated from operating activities as well as available borrowings under its Credit Agreement will be sufficient to meet its obligations. At January 2, 1998, the Company had $4.6 million available under its Credit Agreement.

The Company and its bank are currently in the process of clarifying certain financial covenants and definitions in the Credit Agreement, which the Company expects will lead to an amended Credit Agreement. These changes are not expected to affect the available borrowings, payment terms or interest rate. At November 28, 1997, the Company was in compliance with all the covenants per the existing Credit Agreement. Additionally, the Company on a pro-forma basis would have met any revised financial covenants currently under consideration.

In reference to the Company's outstanding claim with the U.S. Government, to the extent the Company is unsuccessful in further recovering contract costs, such an event could have a material adverse effect on the Company's liquidity and results of operations. Historically, the Company has had good experience in that recoveries have exceeded claims. (See Note 3 of Notes to Consolidated Financial Statements)

The Company's sales backlog at November 28, 1997 and February 28,1997 for work to be performed and revenue to be recognized under written agreements after such dates was approximately $35.7 million and $30.9 million, respectively.

This report contains certain 'forward-looking statements' including, without limitation, statements containing the words 'believes', 'anticipates', 'intends', 'expects' and words of similar import relating to the Company's operations. There are important factors that could cause actual results to differ materially from those indicated by such forward-looking statements including contract cancellations, political unrest in customer countries, general economic conditions and the risk factors detailed from time to time in Environmental Tectonics Corporation's periodic reports and registration statements filed with the Securities and Exchange Commission, including, without limitation, Environmental Tectonics Corporations Annual Report on Form 10-KSB for the fiscal year ended February 28, 1997.

Environmental Tectonics Corporation
Form 10-QSB
Part II

Item 1. Legal Proceedings

There were no material developments in the litigation previously described in the Company's Annual Report on Form 10-KSB for the fiscal year ended February 28, 1997.

Item 2. Changes in Securities

The constituent instruments defining the rights of the holders of any class of securities were not modified nor were the rights evidenced by any class of registered securities materially limited or qualified during the period covered by this report.

Item 3. Defaults Upon Senior Securities

No defaults occurred during the period covered in this report.

Item 4. Submission of Matters to Vote of Security Holders

At the Company's Annual Meeting of Stockholders held on September 17, 1997, the following proposal was adopted by the vote specified below:

Proposal: To elect five directors to serve until successors have been elected and qualified.

(by holders of Common Stock)

Nominee	For	Withheld
Richard E. McAdams	2,745,044	260
William F. Mitchell	2,745,304	-

Pete L. Stephens	2,745,304	-
Phillip L. Wagner	2,745,304	-
Craig MacNab	2,745,304	-

(by holders of Convertible Series A Preferred Stock)

Nominee	For	Withheld
Craig MacNab	25,000	-

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:
- 3.1 Articles of Incorporation
- 3.2 Bylaws
- 27 Financial Data Schedule

(b) Reports on Form 8-K
None

Signatures

Pursuant to the requirements of the Securities 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)

Date: January 12, 1998 By:/s/ Duane Deaner
Duane Deaner
Chief Financial Officer
(authorized officer and
principal financial officer)

EXHIBIT INDEX

3.1 Articles of Incorporation (Incorporated herein by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended February 28, 1997).

3.2 Bylaws (Incorporated herein by reference to Exhibit 3(ii) to the Registrant's Annual Report on Form 10-K for the fiscal year ended February 25, 1994).

27 Financial Data Schedule.

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<SALES>	21,464
<TOTAL-REVENUES>	21,464
<CGS>	14,679
<TOTAL-COSTS>	3,757
<OTHER-EXPENSES>	149
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	947
<INCOME-PRETAX>	1,932
<INCOME-TAX>	675
<INCOME-CONTINUING>	1,257
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	1,257
<EPS-PRIMARY>	0.34
<EPS-DILUTED>	0.32