

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

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

Date of Earliest Event Reported  
May 25, 2005

Environmental Tectonics Corporation  
(Exact name of registrant as specified in its charter)

Pennsylvania  
(State or other jurisdiction of incorporation of organization)

1-10655  
(Commission File Number)

23-1714256  
(IRS Employer Identification Number)

County Line Industrial Park  
Southampton, Pennsylvania  
(Address of principal executive offices)

18966  
(Zip Code)

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

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On May 27, 2005, Environmental Tectonics Corporation (the "Company") issued a press release announcing its financial results for the fourth quarter of fiscal 2005 and for the fiscal year ended February 25, 2005. A copy of this press release is attached as Exhibit 99.1 and is hereby incorporated by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Form 8-K is being furnished under Item 2.02 and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities and Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act.

ITEM 5.03 AMENDMENTS TO ARTICLES OF INCORPORATION OR BYLAWS.

On May 25, 2005, the Board of Directors of the Company adopted the

amended and restated Bylaws of the Company, effective as of May 25, 2005. A copy of the Bylaws, as amended and restated, is attached hereto as Exhibit 3.2 and is incorporated herein by reference. The modifications to the Bylaws of the Company are a result of a full review of the prior Bylaws of the Company conducted by the Board of Directors in an attempt to update the Bylaws for changes in the law and common public company practice that have occurred since the adoption of the prior Bylaws of the Company. The numbering of the amended and restated Bylaws does not conform to the numbering of the prior Bylaws of the Company.

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ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

3.2 Amended and Restated Bylaws of the Company effective May 25, 2005.

99.1 Press Release, dated May 27, 2005.

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

Date: May 27, 2005

By /s/ Duane D. Deaner

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Duane D. Deaner  
Chief Financial Officer

BYLAWS  
ENVIRONMENTAL TECTONICS CORPORATION

(Adopted May 25, 2005; repealing all preceding bylaws of the Corporation)

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ARTICLE 1. NAME AND LOCATION

- 1.01 The name of the corporation is the "Environmental Tectonics Corporation," a Pennsylvania stock corporation (the "Corporation").
- 1.02 The Corporation's headquarters is maintained in the Commonwealth of Pennsylvania or elsewhere as determined by the Board of Directors (the "Board").
- 1.03 The Board may establish Corporation offices in other locations in addition to the headquarters office.

ARTICLE 2. BYLAWS AND POLICY COMPLIANCE

All bylaws, policies, and activities of the Corporation are required to be consistent with the following:

- 2.01 Applicable international, federal, state, and local antitrust, trade regulation, or other legal requirements; and
- 2.02 Applicable federal and local income and other tax requirements; and
- 2.03 Requirements of the federal securities laws; and
- 2.04 Rules related to membership requirements in a public stock exchange or interdealer quotation system, which lists and trades the Corporation's capital shares.

ARTICLE 3. MEETINGS OF SHAREHOLDERS

- 3.01 ANNUAL MEETING. The Corporation holds an annual meeting of shareholders at a time and place determined by the Board of Directors. The annual meeting of shareholders is for the purpose of electing directors and the transaction of such other business as properly comes before the annual meeting.
- 3.02 SPECIAL SHAREHOLDER MEETINGS. The Board may also call special meetings of the shareholders.
- 3.03 CONDUCT OF THE MEETING. The President/CEO of the Corporation presides over the meeting of shareholders. Except as prescribed by the Board of Directors, the presiding officer determines the order of business, has authority to establish rules of conduct of the meeting of the shareholders, and has authority to adjourn or postpone any meeting of shareholders.
- 3.04 ITEMS OF BUSINESS. A resolution or motion is considered for voting only if proposed by a shareholder or duly authorized proxy, and seconded by another shareholder or a duly authorized proxy.
- 3.05 VOTING RIGHTS. Shareholders of record have the right to vote, in person or by proxy, for electing directors and for all matters presented for shareholder voting. Each shareholder has one vote for each share of

common stock of registered ownership by the shareholder.

- 3.06 NOTICE. The Board publishes notice of each annual shareholders or special shareholder meeting at least 20 but not more than 60 business days before the meeting. The notice must include a description of the business to be transacted.
- 3.07 QUORUM. A majority of the shareholders present in person or by a duly executed proxy at any annual or special shareholder meeting constitutes a quorum for transacting business.
- 3.08 VOTING. The vote of a majority of shareholders at a meeting where a quorum is present constitutes action of the shareholders.
- 3.09 ADJOURNMENTS. Adjournments of any regular or special meeting of shareholders, including one at which directors are to be elected, may be taken for such periods as the shareholders present and entitled to vote direct. When a shareholders' meeting is adjourned, it is not necessary to give any notice of the adjourned meeting or the business to be transacted other than by announcement at the meeting at which the adjournment took place.

#### ARTICLE 4. GOVERNANCE

- 4.01 BOARD OF DIRECTORS. The affairs of the Corporation are governed by the policies of the Board that may exercise all powers of the Corporation and do all lawful acts and things and actions which are not by statute, the Articles of Incorporation or these bylaws directed or required to be exercised or done by the shareholders.
- 4.02 BOARD AUTHORITY AND DUTIES OF DIRECTORS. The Board supervises, directs, and controls the policies and programs of the Corporation.
  - (a) Each director has a fiduciary duty to be loyal to the Corporation, to act in its best interests of the shareholders, to avoid conflicts of interests, to maintain the confidentiality of Corporation information, and to avoid utilizing the office for personal gain.
  - (b) The Board establishes by resolution a Code of Ethics and a Code of Conduct that prescribes the conduct of business practices for all officers, directors, and employees of the Corporation.
- 4.03 NUMBER OF DIRECTORS. The Board consists of no less than five and no more than thirteen directors and in all cases the Board consists of an odd number of directors. At all times the Board has a minimum of three directors who qualify as independent as defined by applicable securities law or rule.
  - (a) NOMINATION OF DIRECTORS
    - (i) Shareholders may nominate candidates for election as director by submitting nominations in writing to the Secretary of the Corporation no later than the close of business of the twentieth business day immediately preceding the date of the annual shareholders meeting. All late nominations are rejected.
    - (ii) The Board nominates to the shareholders candidates for election to the Board and publishes the recommended slate in the announcement of the annual meeting of shareholders.
- 4.04 ELECTION OF THE DIRECTORS. Shareholders elect directors at the annual

meeting of shareholders to serve until the next annual meeting of shareholders.

4.05 CHAIR OF THE BOARD. The directors nominate and elect a Chairperson of the Board at its annual meeting. The Chair presides at all meetings of the Board. The Chair nominates and the Board appoints all standing committees. The directors may nominate and elect a vice chair if deemed necessary.

4.06 TERMS. Each director serves until his successor is elected even though the term of office has otherwise expired except in the event of resignation or removal.

4.07 MEETINGS OF THE BOARD

- (a) ANNUAL MEETING OF THE BOARD. An annual meeting of the Board is held immediately after the annual meeting of shareholders for the purpose of electing a Chair and to transact any other business deemed appropriate for board action or information.
- (b) REGULAR MEETINGS. The Board holds regular meetings at times and places determined by the Board.
- (c) SPECIAL MEETINGS. Special meetings of the Board may be called by the President/CEO or the Chair. Upon written request to the Secretary of the Corporation by a majority of the directors, the Chair convenes a special meeting of the Board. Each director is given written notice at least 48 hours in advance of any special meeting specifying the time and place of the meeting, but need not specify the purpose of the meeting or the business to be transacted
- (d) TELECOMMUNICATIONS MEETINGS. The Board or its committees may act at a meeting using a conference telephone or other communications equipment, which permits all directors participating in the meeting to speak and hear all participants in the meeting.
- (e) NOTICE. Directors receive notice of any regular or special meeting at least 10 business days before the meeting. A director may waive notice of a meeting in writing.
- (f) QUORUM. A majority of directors constitutes a quorum for transacting business.
- (g) VACANCY. If a vacancy occurs on the Board because of death, resignation, or otherwise, the vacancy is filled by a majority of the directors, even though less than a quorum is present, and each director or officer then serves for the unexpired term.
- (h) REMOVAL OF DIRECTOR. The Board may, by a two-thirds vote of the other members of the Board at a meeting where a quorum is present, remove or sanction any director who fails to fulfill the duties of director.

4.08 VOTING AND ACTIONS OF THE BOARD

- (a) ACTIONS OF THE BOARD. The vote of a majority of directors at a meeting where a quorum is present constitutes the action of the Board unless otherwise provided in these Bylaws.
- (b) ACTION WITHOUT MEETING. Any action by the Board without a meeting in person or by telecommunications is ratified if consent in writing, setting forth the action taken, is signed by all directors.

(c) PROXY VOTING. Directors may not vote by proxy.

4.09 COMPENSATION. Upon recommendations of the Compensation Committee, directors may be compensated with a reasonable fee upon adoption of Board resolution. Such fees are not construed as salary. Directors may be reimbursed for reasonable expenses according to policies adopted by the Board.

4.10 COMMITTEES OF THE BOARD. There are three standing committees of the Board. Members of standing committees are nominated and appointed by a majority vote of the Board. Each committee appoints its chair.

(a) AUDIT COMMITTEE The Audit Committee, consisting of three or more independent directors, assists the Board in fulfilling its oversight and fiduciary responsibilities in all financial matters. The duties and conduct of the committee are governed by a charter adopted by resolution of the Board and published to the shareholders.

(b) NOMINATING AND GOVERNANCE COMMITTEE. The Nominating and Governance, consisting of three or more independent directors assists the Board in the selection of board members and in making the Board effective through the application of corporate governance principles. The duties and conduct of the committee are governed by a charter adopted by resolution of the Board and published to the shareholders.

(c) COMPENSATION COMMITTEE. The Compensation Committee, consisting of three or more independent directors establishes, reviews, and recommends to the Board the general compensation policies and philosophy of the Corporation. The Compensation Committee annually reviews and reports to the Board its evaluation of the President/CEO's management performance and recommends to the Board appropriate compensation in the form of financial remuneration, benefits, and incentive bonuses. The duties and conduct of the committee are governed by a charter adopted by resolution of the Board and published to the shareholders.

4.11 OTHER COMMITTEES. From to time, the Chair may appoint other committees of the Board to carry out specific tasks or responsibilities as deemed appropriate and necessary by the Chair or the Board. The Chair appoints the chair of all other committees.

#### ARTICLE 5. OFFICERS AND MANAGEMENT

5.01 PRESIDENT AND CHIEF EXECUTIVE OFFICER. The Board appoints a President and Chief Executive Officer ("President/CEO") of the Corporation.

(a) The President/CEO serves at the pleasure of the Board and may be removed by the Board consistent with any existing Corporation employment contract or agreement.

(b) The President/CEO has executive management responsibility for the affairs of the Corporation and performs the duties assigned by the Board.

(c) The President/CEO may be director.

5.02 OTHER OFFICERS OF THE CORPORATION. In addition to the President/CEO, the other officers of the Corporation are the Chief Financial Officer ("CFO"), and Secretary of the Corporation ("Secretary").

(a) CHIEF FINANCIAL OFFICER. The CFO, in the capacity of treasurer, acts under the direction of the President/CEO.

(i) The CFO has custody of the Corporation funds and keeps full and accurate accounts of receipts and disbursements in Corporation record books. The CFO deposits all monies in the name and to credit of the Corporation as ordered by the President/CEO, taking appropriate vouchers for such disbursements, and on request render to the President/CEO and the Board a detailed accounting of the financial condition of the Corporation.

(ii) The CFO performs such other duties as are prescribed by the Board or the President/CEO.

(b) SECRETARY OF THE CORPORATION. The Secretary acts under the direction of the President/CEO.

(i) The Secretary is responsible for maintaining all records of the proceedings of the Board, its committees, and shareholders in record books maintained for that purpose.

(ii) The Secretary publishes all required notices to the shareholders and Board

(iii) The Secretary keeps in safe custody the corporate seal of the corporation, and when directed by the President/CEO or Board affixes such seal to instruments requiring it.

(iv) The Secretary performs such other duties as are prescribed by the Board or the President/CEO.

(c) OTHER OFFICERS. From time to time, the President/CEO appoints other officers such as vice presidents and other senior management as determined by need and Corporation organization. All other officers serve at the pleasure of the President/CEO.

5.03 ETHICAL CONDUCT. All officers of the Corporation are accountable for strict adherence to the Corporation's Code of Conduct and Code of Ethics and are subject to removal for violations of either.

5.04 GENERAL POWERS. The officers of the Corporation are authorized to do and perform all corporate acts appropriate to carry on the business of the corporation, subject always to the directions of the Board.

5.05 INDEMNIFICATION. To the full extent permitted by applicable law, the Corporation indemnifies current and previous directors and officers of the Corporation. The Board may also indemnify other persons.

5.06 LIMITATION OF DIRECTORS' LIABILITY. No Director of the Corporation is personally liable for monetary damages for any action or any failure to take action unless:

(a) The director has breached or failed to perform the duties of the office of director as to standard of care and justifiable reliance; and

(b) The breach or failure to perform constitutes self-dealing, willful misconduct or recklessness, failure to abide by the Corporation's Code of Conduct, Code of Ethics or policies regarding Insider Trading of the Corporation's capital stock.

5.07 DIRECTOR INSURANCE. The Corporation may maintain insurance, at its expense, to protect itself and any director or officer of the Corporation or related parties.

5.08 SURETY BONDS. Any director, officer, or employee who handles or has

access to the funds or securities of this Corporation may be required to be bonded at the expense of the Corporation, with the amount and other terms of the bonding consistent with Board policy.

#### ARTICLE 6. SHARE CERTIFICATES

The Board establishes policies and procedures for the issuance, endorsement, replacement, and transfer of share certificates.

#### ARTICLE 6. GENERAL MATTERS

- 6.01 FISCAL YEAR. The Board determines the fiscal year of the Corporation.
- 6.02 CORPORATE SEAL. A corporate seal meeting the requirements of applicable law is in the custody of the Secretary. Any person authorized by these bylaws or the Board may affix the seal to documents and instruments requiring the seal.
- 6.03 FIXING RECORD DATE: The Board fixes a date no less than 30 days prior to the date of any of the following events as a record date: any meeting of the shareholders, payment of any dividend or distribution, allotment of rights, any change or conversion or exchange of shares to be made or to go into effect. Such record date determines which shareholders are entitled to notice of, or to vote at, any such meeting.
- 6.04 PARLIAMENTARY PROCEDURE. Robert's Rules of Order governs the conduct of business of all shareholder and Board meetings unless the Board or these bylaws establish policies to the contrary.

#### ARTICLE 7. ADOPTION, AMENDMENT AND REPEAL OF BYLAWS

- 7.01 ADOPTION. These bylaws have been adopted as the bylaws of the Corporation on the 25th day of May 2005 and shall be effective as of that date.
- 7.02 ADOPTION OF RULES AND REGULATIONS; REFERENCES. The Board may adopt rules, regulations, and policies to implement the bylaws consistent with these bylaws and with the law.
- 7.03 AMENDING BYLAWS. These bylaws may be amended or repealed, in whole or in part, by (i) a vote of sixty percent of the Corporation's issued and outstanding shares voting capital stock at any annual or special meeting of the shareholders duly convened after notice to the shareholders of that purpose or (ii) a vote of a majority of the members of the Board at any regular or special meeting of the Board.



## ENVIRONMENTAL TECTONICS CORPORATION

## ANNOUNCES FOURTH QUARTER AND FISCAL 2005 RESULTS

Southampton, PA: May 27, 2005 - ENVIRONMENTAL TECTONICS CORPORATION ("THE COMPANY") (AMEX: ETC) today announced financial results for the fiscal fourth quarter and year ended February 25, 2005.

For the fiscal fourth quarter of fiscal 2005, which ended on February 25, 2005, the Company had a net loss of \$(1,419,000), or (\$0.18) per share (diluted) versus a net profit of \$463,000 or \$0.06 per share (diluted) for the corresponding period of fiscal 2004. Sales for the fourth quarter of fiscal 2005 were \$7,365,000, as compared to \$7,998,000 for the fourth quarter of fiscal 2004, a decrease of \$633,000, or 7.9%. The primary difference between the two quarters was a \$682,000 decrease in net sales from settlements for two different contract disputes with the same customer coupled with a \$584,000 decrease in international maintenance and upgrade sales. Acting as a partial offset were increases in the other product lines, most notably hyperbaric (up \$490,000, 98.2%) and simulation (up \$298,000, 709.5%).

Gross profit for the fourth quarter of fiscal 2005 decreased \$1,572,000, or 38.4%, representing the sales decrease coupled with a 16.9 percentage point decrease in the rate as a percentage of sales. The gross profit decrease reflected the aforementioned impact of reduced claims sales and corresponding gross profit coupled with current period cost increases for a centrifuge project in Malaysia and a submarine rescue decompression chamber project for the U.S. government, which project is the subject of an outstanding claim.

Operating income was a loss of \$(336,000) versus income of \$706,000 for the prior period, reflecting the aforementioned gross margin decrease partially offset by a \$533,000 reduction in selling and administrative expenses. Net income was a loss of \$(1,419,000) versus a profit of \$463,000 for the prior period.

For the fiscal year ended February 25, 2005, the Company experienced a net loss of \$(8,113,000) versus a net loss of \$(793,000) for fiscal 2004. Sales were \$27,814,000, an increase of \$1,819,000 or 7.0%. Significant increases were evidenced in environmental (\$2,143,000 or 102.6%), hyperbaric (\$1,510,000 or 81.3%) and entertainment (\$1,031,000 or 308.8%). Acting as a partial offset was a significant decrease in sterilizer sales (\$2,731,000 or 59.7%). Aircrew Training Systems (ATS) sales were basically flat between the periods. Environmental sales benefited from a \$1,907,000 or 158.1% increase in domestic sales primarily for automotive applications. Hyperbaric equipment sales were up domestically primarily due to a large multi-place chamber sale from a domestic customer destined for a Middle Eastern navy. Entertainment sales reflected the first year orders of our "Wild Earth" and "Monster Truck" amusement rides. The decrease in domestic sterilizer sales primarily reflected reduced activity for a large Ethylene Oxide ("ETO") project.

Geographically, domestic sales were up \$3,142,000, or 35.5%, and represented 43.1% of total sales, up from 34.1% in fiscal 2004, primarily reflecting the increased activity as noted above. U.S. government sales increased to \$2,904,000, as compared to \$1,717,000 in fiscal 2004, and represented 10.4% of total sales, up from 6.6% of total sales in fiscal 2004. International sales, including those from the Company's foreign subsidiaries, were down \$2,510,000 or 16.3%, and represented 46.5% of total sales, down from 59.3% in fiscal 2004, primarily reflecting significantly reduced sales for ATS.

Gross profit for fiscal 2005 decreased by \$3,767,000 or 37.9% from fiscal 2004 reflecting significant reductions in most product categories, most notably sterilizer, ATS and simulation. Sterilizers suffered from the

aforementioned significant sales decrease and a reduction of the gross profit rate as a percent of sales on a product mix shift to smaller steam sterilizers. Although sales for ATS products were basically flat between the periods, the prior period reflected higher claims settlement revenue and corresponding gross profit which resulted in a higher gross profit rate as a percent of sales. Simulation sales were also basically flat between the periods although the current period included additional product development costs, both to enhance functionality of existing products and to develop product extensions, which negatively impacted gross profit as these costs are primarily charged directly to the cost of sales for specific orders. Acting as a partial offset was an improvement in environmental gross profit rates as a percent of sales, although additional budget revisions for cost overruns, primarily for international projects, resulted in continued negative rates.

Selling and administrative expenses increased \$2,996,000, or 31.7%, from fiscal 2004. During fiscal 2005, we incurred significant legal costs and claims expenses to support an international claim (which claim was settled on February 8, 2005) and the lawsuit against Disney, which is scheduled to be placed in the trial pool on June 27, 2005. Approximately 44% of selling and administrative costs in fiscal 2005 were related to legal and accounting fees, claim costs and sales commissions versus approximately 30% in fiscal 2004. As a percentage of sales, selling and administrative expenses were 44.8% in fiscal 2005 compared to 36.4% in fiscal 2004.

SELECTED FINANCIAL DATA  
 (UNAUDITED)  
 (THOUSANDS, EXCEPT SHARE AND  
 PER SHARE INFORMATION)

	FISCAL QUARTER ENDED		FISCAL YEAR ENDED	
	FEB. 25, 2005	FEB. 27, 2004	FEB. 25, 2005	FEB. 27, 2004
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Sales	\$ 7,365	\$ 7,998	\$27,814	\$ 25,995
Gross profit	\$ 2,524	\$ 4,096	\$ 6,176	\$ 9,943
Operating (loss) profit	\$ (336)	\$ 706	\$ (7,130)	\$ 131
Pre-tax (loss) profit	\$ (1,082)	\$ 111	\$ (9,230)	\$ (1,605)
Minority interest	\$ -	\$ 6	\$ -	\$ (2)
Net (loss) profit	\$ (1,419)	\$ 463	\$ (8,113)	\$ (793)
LOSS PER SHARE				
Basic	\$ (0.18)	\$ 0.06	\$ (1.06)	\$ (0.11)
Average shares	7,808,000	7,169,000	7,656,000	7,163,000
Diluted	\$ (0.18)	\$ 0.06	\$ (1.06)	\$ (0.11)
Average shares	7,808,000	7,202,000	7,656,000	7,163,000

William F. Mitchell, ETC's President and Chairman, stated, "Although Fiscal 2005 was a disappointment from an operating results standpoint, we did make great strides in developing new technologies and markets which potentially should have a significant positive impact in the future.

"During fiscal 2005 we successfully factory tested and shipped the Authentic Tactical Flight Simulator Model 400 (ATFS 400), which we believe is the world's first ground-based simulator capable of creating an authentic simulated tactical maneuvering environment. This product continues to receive positive reception from potential customers. Additionally, we continued to evolve the technology in our GAT-II(R) General Aviation Trainers and our GYRO line of spatial disorientation devices. During fiscal 2005 we shipped a GYRO-IPT to the U.S. Air Force Research Laboratory (AFRL) to support sustained operations research and development of fatigue countermeasures. We also received an order from the United States Corps of Engineers for a Pilot Selection System to be installed in an international aeromedical center which will incorporate nine GAT simulators and be capable of developing an objective composite profile of pilot candidates. Our Gyrolab line looks especially promising going forward with numerous potential orders in the pipeline. Our main thrust in ATS engineering in fiscal 2006 will be development of a Gyrolab upset trainer.

"In an effort to contain costs, we have recently closed our Eugene, Oregon software development office. Their efforts in the Pro-trainer Flight Training Devices will be integrated into our Polish subsidiary.

"In the simulation line, we entered into numerous contracts for driver

trainer simulators. These included an advanced, interactive virtual-reality based airport ground simulator for the Nashville, TN airport and a simulator for the Airside Operations Training Facility at Minneapolis-St. Paul International Airport. Additionally, we were selected by the Maryland Aviation Administration to perform airport certification and emergency drill training at the Baltimore-Washington International Airport. Exercises included three different scenarios: a security breach, a bomb detection/explosion and a hazardous material spill, all offshoots of our Advanced Disaster Management Simulation (ADMS) technology. And recently we were selected by the South Korean National Fire Academy to provide a virtual-reality based system for training firefighters in South Korea. We will continue to enhance product applications by adding additional software objects and increasing interactivity between the various scenarios.

"During fiscal 2005 our wholly owned subsidiary, Entertainment Technology Corporation ("EnTCo"), continued its rebuilding efforts. EnTCo sold its first Monster Truck entertainment simulator to the Incredible Pizza Company. Orders for our Wild Earth simulator were received for placement in the United Kingdom's Pleasure Beach in Blackpool, the Philadelphia Zoo, Advantage Entertainment Centers in New Jersey and New York, and the San Diego Zoo. Product development in this line will continue to emphasize the educational and amusement entertainment applications of our ATS simulation technology. EnTCo also was recently honored with two significant awards at the International Association of Amusement Parks and Attractions (IAAPA), the premiere trade show for the amusement industry. Our Wild Earth(TM) ride was deemed "Best New Product" and our booth also captured the "Best Exhibit" award for booths in our size category. In the past few years EnTCo has focused its sales and development efforts on smaller amusement rides as the potential market for its "big-ticket" products continues to be hampered by the amusement market's negative perception of its capabilities in the entertainment industry.

"Since fiscal 2005 year-end, our sterilizer group has seen a significant up-tick in both proposal activity and contract awards.

"In the environmental line we have refocused our sales efforts towards domestic contracts for standardized products and adjusted staffing levels to more closely match market conditions.

"Our balance sheet at year end was the strongest it has been in recent years. Between available and restricted accounts, our cash balance was \$16.7 million with our long-term debt down \$70,000 from the prior year. Even after the net loss for the year, because of the issuance of common stock, our net equity decreased only 3%.

"Although it has continued to be a difficult year for new contracts, I can assure you that we are doing everything possible to expand our book of business."

ETC designs, develops, installs and maintains aircrew training systems, public entertainment systems, process simulation systems (sterilization and environmental), clinical hyperbaric systems, environmental testing and simulation systems, and related products for domestic and international customers.

This press release may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about the Company that may cause our actual results, levels of activity, performance or achievements to be materially different from any other future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "could", "would", "expect", "plan", "anticipate", "believe", "estimate", "continue", or the negative of such terms or similar expressions. Factors that might cause or contribute to such a discrepancy include, but are

not limited to, contract cancellations, failure to obtain new contracts, political unrest in customer countries, unfavorable results in litigation, general economic conditions, and those issues identified from time to time in our Securities and Exchange Commission filings and other public documents, including, without limitation, our Annual Report on Form 10-K for the fiscal year ended February 25, 2005.

Contact: Duane D. Deaner, CFO    TEL: 215-355-9100(ext. 1203)    FAX: 215-357-4000  
ETC - INTERNET HOME PAGE: <http://www.etcusa.com>