UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2000

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 Number 0-22529

inTEST Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	22-2370659
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)
2 Pin Oak Lane, Cherry Hill, New Jersey	08003
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (856) 424-6886

Indicate by check X 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 the past 90 days.

Yes X No ___

Number of shares of Common Stock, $.01 par value, outstanding as of March 31, 2000:

8,582,827

inTEST CORPORATION

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inTEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	March 31, 2000 (Unaudited)	Dec. 31, 1999 (Audited)
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 8,682	$12,047
Trade accounts and notes receivable, net of allowance for doubtful accounts of $238 and $239, respectively	13,819	10,020
Inventories	9,146	7,972
Deferred tax asset	1,271	1,271
Other current assets	652	898
Total current assets	33,570	32,208
Machinery and equipment:		
Machinery and equipment	7,852	7,279
Leasehold improvements	1,346	1,420
	9,198	8,699
Less: accumulated depreciation	(6,257)	(6,002)
Net machinery and equipment	2,941	2,697
Cash surrender value of life insurance	-	1,067
Deferred tax asset	350	350
Other assets	394	288
Goodwill, net of accumulated amortization of $900 and $780, respectively	6,286	6,405
Total assets	$43,541	$43,015
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable to bank	$ -	$ 1,241
Accounts payable	6,452	5,195
Accrued expenses	2,706	3,011
Current portion of long-term debt	-	123
Domestic and foreign income taxes payable	2,376	1,854
Total current liabilities	11,534	11,424
Long-term debt, net of current portion	-	133
Total liabilities	11,534	11,557
Commitments		
Stockholders' equity:		
Preferred stock, $0.01 par value; 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, $0.01 par value; 20,000,000 shares authorized; 8,582,827 and 8,630,980 shares issued, respectively	86	86
Additional paid-in capital	21,681	21,872
Retained earnings	13,555	13,077
Accumulated other comprehensive earnings	1	14
Deferred compensation	(125)	(139)
Note receivable from Equity Participation Plan	(3,191)	(3,228)
Treasury stock, at cost; 0 and 55,557 shares, respectively	-	(224)
Total stockholders' equity	32,007	31,458
Total liabilities and stockholders' equity	$43,541	$43,015

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)
(In thousands, except share data)
(Unaudited)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
Net revenues	$20,254	$ 8,223
Cost of revenues	10,279	4,471
Gross margin	9,975	3,752
Operating expenses:		
Selling expense	2,318	1,538
Engineering and product development expense	1,450	1,067
General and administrative expense	1,473	1,087
Merger-related costs	2,557	-
Total operating expenses	7,798	3,692
Operating income	2,177	60
Other income (expense):		
Interest income	121	70
Interest expense	(30)	(66)
Other	9	-
Total other income	100	4
Earnings before income taxes	2,277	64
Income tax expense	1,799	125
Net earnings (loss)	$ 478	$ (61)
Net earnings (loss) per common share-basic	$0.06	$(0.01)
Weighted average common shares outstanding-basic	8,137,167	8,061,730
Net earnings (loss) per common share-diluted	$0.06	$(0.01)
Weighted average common shares and common share equivalents outstanding-diluted	8,465,603	8,061,730

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
(In thousands, except share data)
(Unaudited)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
Net earnings (loss)	$ 478	$ (61)
Foreign currency translation adjustments	(13)	(76)
Comprehensive earnings (loss)	$ 465	$ (137)

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2000
(In thousands, except share data)
(Unaudited except Balance, December 31, 1999)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Expense)	Deferred Compensation	Equity Participation Plan Note	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 1999	8,630,980	$ 86	$21,872	$13,077	$ 14	$ (139)	$(3,228)	$(224)	$31,458
Net earnings	-	-	-	478	-	-	-	-	478
Other comprehensive expense	-	-	-	-	(13)	-	-	-	(13)
Amortization of deferred compensation	-	-	-	-	-	14	-	-	14
Principal payments by Equity Participation Plan	-	-	-	-	-	-	37	-	37
Stock options exercised	7,404	-	33	-	-	-	-	-	33
Retirement of treasury stock	(55,557)	-	(224)	-	-	-	-	224	-
Balance, March 31, 2000	8,582,827	$ 86	$21,681	$13,555	$ 1	$ (125)	$(3,191)	$ -	$32,007

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except share data)
(Unaudited)

	Three Months Ended March 31, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings (loss)	$ 478	$ (61)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:		
Depreciation	287	213
Amortization of goodwill	120	120
Foreign exchange loss	7	9
Allowance for doubtful accounts, net	(1)	(3)
Deferred compensation relating to stock options	14	17
Changes in assets and liabilities:		
Trade accounts and notes receivable	(3,796)	(999)
Inventories	(1,173)	11
Proceeds from sale of demonstration equipment, net of gain	7	28
Refundable domestic and state income taxes	-	975
Other current assets	246	(22)
Accounts payable	1,259	119
Domestic and foreign income taxes payable	530	323
Accrued expenses	(298)	28
Net cash provided by (used in) operating activities	(2,320)	758
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of machinery and equipment	(551)	(99)
Other long-term assets	958	(28)
Net cash provided by (used in) investing activities	407	(127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayments of revolving debt	(1,241)	(392)
Repayment of long-term debt	(256)	(37)
Note receivable repayments from Equity Participation Plan	37	33
Proceeds from stock options exercised	33	-
Net cash used in financing activities	(1,427)	(396)
Effects of exchange rates on cash	(25)	(52)
Net cash provided by (used in) all activities	(3,365)	183
Cash and cash equivalents at beginning of period	12,047	8,637
Cash and cash equivalents at end of period	$ 8,682	$ 8,820

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information as of March 31, 2000 and for the three months ended March 31, 2000 and 1999 is unaudited)
(In thousands, except for share data)

(1) NATURE OF OPERATIONS

inTEST Corporation (the "Company") is a leading independent designer, manufacturer and marketer of interface solutions and temperature management products that semiconductor manufacturers use in conjunction with automatic test equipment, or ATE, in the testing of integrated circuits, or ICs. The Company's interface solutions products include manipulator, docking hardware, and tester interface products.

The consolidated entity is comprised of inTEST Corporation (parent) and its eight 100% owned subsidiaries: inTEST Limited (Thame, UK), inTEST Kabushiki Kaisha (Kichijoji, Japan), inTEST PTE, Limited (Singapore), inTEST Sunnyvale Corp. (Delaware), Temptronic Corporation (Delaware), inTEST Investments, Inc. (a Delaware holding company), inTEST IP Corp. (a Delaware holding company) and inTEST Licensing Corp. (a Delaware holding company).

The Company manufactures its products in the U.S.,U.K. and Singapore (where the company commenced manufacturing during September 1999). Marketing and support activities are conducted worldwide from the Company's facilities in the U.S., U.K., Japan and Singapore.

On March 9, 2000, the Company completed a merger with Temptronic Corporation ("Temptronic") whereby Temptronic was merged into a wholly-owned subsidiary of the Company. The Company exchanged 2,046,793 shares of its common stock for all of the Temptronic common stock. Each share of Temptronic common stock was exchanged for 0.925 shares of the Company's common stock. In addition, outstanding Temptronic stock options were converted at the same exchange ratio into options to acquire 175,686 shares of the Company's common stock. The merger was accounted for under the pooling-of-interests method of accounting and, accordingly, the accompanying consolidated financial statements have been retroactively restated to give effect to the merger. Upon consummation of the merger, 55,557 shares of treasury stock held by Temptronic with a cost of $224 were retired. Temptronic also has a 95% owned foreign subsidiary which is consolidated with Temptronic for reporting purposes. Minority interest in this foreign subsidiary is not material.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated upon consolidation. The

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interim Financial Reporting

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments (consisting only of normally recurring adjustments) necessary to present fairly the financial position, results of operations, and changes in cash flows for the interim periods presented.

Certain footnote information has been condensed or omitted from these financial statements. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and accompanying footnotes included in the Company's Form 10-K for the year ended December 31, 1999. Such financial statements and footnotes do not reflect the pooling of interests with Temptronic.

Net Earnings Per Common Share

Basic earnings per common share is computed by dividing net earnings (loss) by the weighted average number of common shares outstanding during each period. Diluted earnings per common share is computed by dividing net earnings (loss) by the weighted average number of common shares and common share equivalents outstanding during each period. Common share equivalents represent stock options using the treasury stock method.

Weighted average common shares outstanding exclude unallocated shares of common stock held by the Company's Equity Participation Plan.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which establishes accounting and reporting standards for derivative

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities. SFAS 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company plans to adopt this Statement in the first quarter of 2001, as required. The adoption of this Statement is not expected to have a material effect on the results of operations, financial condition or long-term liquidity of the Company.

(3) SEGMENT INFORMATION

The various products the Company designs, manufactures and markets, which include manipulator, docking hardware, tester interface and temperature management products, are considered by management to be a single product segment. Included in this segment are products the Company designs and markets that are manufactured by third parties, which include high performance test sockets and interface boards. The Company operates its business worldwide and divides the world into three geographic segments: North America, Asia-Pacific and Europe. The North America segment includes the Company's manufacturing, design and service facilities in New Jersey, California and Massachusetts; the Asia-Pacific segment includes the Company's manufacturing, design and service facilities in Singapore and the Company's design and service facilities in Japan; and the Europe segment includes the Company's manufacturing, design and service facility in the U.K. Each segment sells Company designed and manufactured products, while products produced by third party manufacturers are primarily distributed by the Company's Asia-Pacific segment. All three segments sell to semiconductor manufacturers and automatic test equipment manufacturers. The North America segment sells through Company account managers, independent sales representatives and distributors; the Asia-Pacific segment sells through Company account managers and independent sales representatives; and the Europe segment sells through Company account managers and distributors.

Intercompany pricing between segments is either a multiple of cost for component parts used in manufacturing or a percentage discount from list price for finished goods sold to non-manufacturing segments.

(3) SEGMENT INFORMATION (Continued)

	Three Months Ended March 31, 2000	Three Months Ended March 31, 1999
Net revenues from unaffiliated customers:		
North America	$16,148	$6,854
Asia-Pacific	2,100	958
Europe	2,006	411
	$20,254	$8,223
Affiliate sales or transfers from:		
North America	$ 879	$ 417
Asia-Pacific	10	-
Europe	125	92
	$ 1,014	$ 509
Operating income (loss):		
North America	$ 672	$ 25
Asia-Pacific	461	77
Europe	1,044	(42)
	$ 2,177	$ 60
Earnings (loss) before income taxes:		
North America	$ 750	$ 18
Asia-Pacific	486	85
Europe	1,041	(39)
	$ 2,277	$ 64
Net earnings (loss):		
North America	$ (614)	$ (49)
Asia-Pacific	308	8
Europe	784	(20)
	$ 478	$ (61)

The $2.6 million of merger-related costs were incurred by the North America segment.

(4) LEGAL PROCEEDINGS

As previously reported, on April 16, 1999, the Company and its subsidiary, inTEST IP Corp.(which holds title to all our intellectual property) filed suit against a competitor for infringement of a United States patent held by the Company (the "815 Patent"). The invention disclosed and claimed in the 815 Patent is directed to a system for positioning and docking a test head to a device handler and is used in the testing of integrated circuits. The Company sells docking hardware products covered by the 815 Patent worldwide.

As alleged in the complaint, the competitor began manufacturing, offering to sell, and selling products as early as 1991 that, without license, infringed upon the claims of the 815 Patent. The complaint asked the court to enjoin the competitor from further acts of infringement and award the Company damages, including lost profits, from the infringing product sales.

On March 31, 2000, the Company entered into a settlement agreement with the competitor under which it agreed to dismiss the suit. The settlement agreement provides, among other things, that the competitor acknowledged the validity of the 815 Patent with regard to its existing docking hardware products, agreed to pay the Company $300,000 over two years, became a licensee under the 815 Patent and agreed to pay royalties to the Company for future sales of its current design of docking hardware products.

All legal fees incurred in connection with this matter have been expensed and the amounts to be received for settlement of the suit will be offset against these previously incurred expenses.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

We are a leading independent designer, manufacturer and marketer of interface solutions and temperature management products that semiconductor manufacturers use in conjunction with automatic test equipment, or ATE, in the testing of integrated circuits, or ICs. Our interface solutions products include manipulator, docking hardware and tester interface products. Our high performance products are designed to enable semiconductor manufacturers to improve the efficiency of their IC test processes and, consequently, their profitability. We supply our products worldwide to major semiconductor manufacturers directly and through leading ATE manufacturers.

Our revenues depend substantially upon the demand for ATE by semiconductor manufacturers and, therefore, fluctuate generally in response to the cyclicality in the semiconductor manufacturing industry. During the past several years, the demand for ATE by the semiconductor industry has exhibited a high degree of cyclicality. Our first quarter results reflect the continuation of a period of growth in the semiconductor industry which has been evidenced by our sequential quarterly growth in net revenues which grew from $8.2 million for the quarter ended March 31, 1999 to a record $20.3 million for the quarter ended March 31, 2000. Orders for our products ("bookings") were a record $21.8 million for the quarter ended March 31, 2000 compared with $12.0 million for the quarter ended March 31, 1999. As a result of our increased bookings, our backlog increased from $8.1 million at March 31, 1999 to $17.6 million at March 31, 2000. We believe that the increases in our net revenues, bookings, and backlog reflect the increased demand for ATE by semiconductor manufacturers. Although we calculate bookings and backlog on the basis of firm orders, we cannot give any assurance that customers will purchase the equipment subject to such orders. As a result, our bookings for any period and backlog at any particular date do not necessarily serve as an indicator of actual sales for any succeeding period.

Significant Events

On March 9, 2000, we acquired Temptronic Corporation. The acquisition was in the form of a merger of Temptronic into a subsidiary of ours, and was accounted for as a pooling of interests. The following discussion describes our results of operations and financial condition on a pooled basis.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Results of Operations

Three Months Ended March 31, 2000 Compared to Three Months Ended March 31, 1999:

Net Revenues. Net revenues were a record $20.3 million for the quarter ended March 31, 2000 compared to $8.2 million for the same period in 1999, an increase of $12.0 million or 146%. We believe that the significant increase in net revenues over the comparable prior period is principally the result of continued growth in the demand for ATE in 2000 compared to 1999.

Gross Margin. Gross margin increased to 49% for the quarter ended March 31, 2000 from 46% for the comparable period in 1999. The improvement in gross margin primarily resulted from the absorption of fixed manufacturing costs over significantly higher net revenue levels in 2000 compared to 1999. Also contributing to the improvement in gross margin were production methodology improvements implemented in 1999 by Temptronic, which were offset, in part, by increases in fixed manufacturing costs resulting from manufacturing capacity increases during 1999.

Selling Expense. Selling expense was $2.3 million for the quarter ended March 31, 2000 compared to $1.5 million for the same period in 1999, an increase of $780,000 or 51%. We attribute the increase primarily to increased commission expense resulting from the higher sales levels in 2000, as well as higher levels of warranty costs, travel expenditures, freight expense and increases in salary expense resulting from new sales and marketing staff hired in 1999.

Engineering and Product Development Expense. Engineering and product development expense was $1.5 million for the quarter ended March 31, 2000 compared to $1.1 million for the same period in 1999, an increase of $383,000 or 36%. We attribute the increase primarily to the salary expense of additional engineering and technical staff, as well as increased expenditures for product development materials and travel expenses associated with new product development.

General and Administrative Expense. General and administrative expense was $1.5 million for the quarter ended March 31, 2000 compared to $1.1 million for the same period in 1999, an increase of $386,000 or 36%. We attribute the increase primarily to higher administrative salary expense resulting from staffing additions and salary increases for existing staff, as well as incentive compensation increases for existing staff, increases in investor relations expense and professional fees, partially offset by $200,000 received during the quarter from the settlement of patent infringement litigation.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Merger-related Costs. Merger-related costs resulting from the Company's merger with Temptronic Corporation were $2.6 million, which consisted of fees paid to investment bankers, professional fees, printing, escrow and other miscellaneous costs. We do not expect to record any further costs related to the merger in future periods.

Income Tax Expense. Income tax expense increased to $1.8 million for the quarter ended March 31, 2000 from $125,000 for the comparable period in 1999, an increase of $1.7 million. Our effective tax rate for the first quarter of 2000 was 79% due to the recognition of $2.3 million of non-tax deductible merger-related costs. In addition, we recognized a $237,000 taxable gain on the liquidation of life insurance policies held on certain former Temptronic officers and directors. The effective tax rate for the first quarter of 1999 was 195% because no current tax benefit was recorded for Temptronic's operating loss during the quarter.

Liquidity and Capital Resources

Net cash used in operations for the three months ended March 31, 2000 was $2.3 million. Accounts receivable increased $3.8 million from December 31, 1999 to March 31, 2000 due to the increase in sales activity during the first quarter of 2000. Inventories increased $1.2 million, also as a result of the increased sales activity as we made purchases for future product shipments. Other current assets decreased $246,000, primarily as a result of the expensing of previously capitalized merger-related costs. Accounts payable increased $1.3 million due to the higher production levels during the first quarter of 2000. Accrued expenses decreased $298,000 as a result of the payment of previously accrued expenses including sales commissions, salaries, incentive compensation and professional fees. The decline in accrued expenses was offset, in part, by an accrual for merger-related costs to be paid in future periods. Domestic and foreign income taxes payable increased $530,000 as a result of the accrual of income taxes on the earnings for the first quarter of 2000.

Purchases of machinery and equipment were $551,000 for the quarter ended March 31, 2000, which consisted primarily of improvements to the Company's facilities in the United States. During the quarter, we spent approximately $205,000 on furnishings, $162,000 on equipment and $19,000 on leasehold improvements at our new facility for our inTEST Sunnyvale operation, which relocated during the quarter. We estimate that we will spend an additional $350,000 on leasehold improvements to complete this facility in the next

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

quarter. Our lease on this facility entitles us to a reimbursement of approximately $250,000 of the amount we spend on leasehold improvements and we expect to receive this reimbursement during the third quarter of 2000. We spent approximately $115,000 on manufacturing and computer equipment at various other domestic operations during the quarter. We plan to relocate our headquarters and primary manufacturing facility during the third quarter of 2000 and we estimate the total cost of leasehold improvements and other costs associated with the move will be approximately $800,000.

Other long-term assets decreased $958,000 primarily as a result of the liquidation of life insurance policies held on certain former Temptronic officers and directors.

Net cash used in financing activities for the quarter ended March 31, 2000 was $1.4 million. During the quarter we repaid approximately $1.2 million under revolving lines of credit as well as $247,000 of long-term debt acquired as a result of the merger with Temptronic.

We believe that our existing cash balances and lines of credit plus the anticipated net cash provided from operations will be sufficient to satisfy our cash requirements for the foreseeable future. However, future acquisitions may require additional equity or debt financing to meet working capital requirements or capital expenditure needs. We do not anticipate paying dividends in the foreseeable future.

International Operations

Net revenues generated by our foreign subsidiaries were 20% and 17% of consolidated net revenues for the quarters ended March 31, 2000 and 1999, respectively. We anticipate that net revenues generated by our foreign subsidiaries will continue to account for a significant portion of consolidated net revenues in the foreseeable future. The net revenues generated by our foreign subsidiaries will continue to be subject to certain risks, including political and economic instability of foreign countries, the imposition of financial and operational controls or regulatory restrictions by foreign governments, the need to comply with a variety of U. S. and foreign export and import laws, trade restrictions, changes in tariffs and taxes, longer payment cycles, fluctuations in foreign currency exchange rates, and the greater difficulty of administering business abroad. We cannot predict whether quotas, duties, taxes or other charges or restrictions will be implemented by the United States or any other country upon the importation or exportation of our products in the future. Any of these factors or the adoption of restrictive policies could have a material adverse effect on our business, financial condition or results of operations.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

International Operations (Continued)

Net revenues denominated in foreign currencies were 15% and 11% of consolidated revenues for the quarters ended March 31, 2000 and 1999, respectively. Although we seek to operate our business such that a significant portion of our product costs are denominated in the same currency that the associated sales are made in, we may be adversely affected in the future due to our exposure to foreign operations. Moreover, net revenues denominated in currencies other than U.S. dollars expose us to currency fluctuations, which can adversely affect results of operations.

The portion of our consolidated net revenues that were derived from sales to the Asia-Pacific region were 10% and 12% for the quarters ended March 31, 2000 and 1999, respectively. Countries in the Asia-Pacific region, including Japan, have experienced economic instability resulting in weaknesses in their currency, banking and equity markets. Although the past economic instability in the Asia-Pacific region has not materially adversely affected our order backlog, balance sheet, or results of operations to date, continued economic instability could have a material adverse effect on demand for our products and our consolidated results of operations.

Cautionary Statement Regarding Forward-Looking Statements

This Report contains statements of a forward-looking nature relating to future events, such as statements regarding the anticipated market for our products throughout the balance of 2000; costs related to our merger with Temptronic Corporation; additional expenditures for leasehold improvements for our new Sunnyvale facility; expenditures for leasehold improvements and moving costs for our new headquarters and primary manufacturing facility; anticipated reimbursement on certain expenditures for leasehold improvements; anticipated net revenues generated by foreign operations; sufficiency of cash balances, lines of credit and net cash from operations; and use of forward exchange rate contracts. Forward-looking statements typically can be identified by the use of terminology such as "believes," expects," "may," "will," "should" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. Investors and prospective investors are cautioned that such statements are only projections and that actual events or results may differ materially from those expressed in any such forward-looking statements. In addition to the factors described in this Report, our actual consolidated quarterly or annual operating results have been affected in the past, or could be affected in the future, by additional factors, including, without limitation: changes in business conditions and the economy, generally; our ability to obtain patent protection, and enforce our patent rights, for existing and developing proprietary technologies; our ability to integrate successfully businesses, technologies or products which we may acquire; the effect of the loss of, or reduction in orders from, a major customer;

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Cautionary Statement Regarding Forward-Looking Statements (Continued)

cancellation, or delays in shipment of, orders in our backlog; competition from other manufacturers of docking hardware, test head manipulators, tester interfaces and related ATE interface products and temperature management products; cost overruns relating to leasehold improvements for our new Sunnyvale facility; cost overruns relating to leasehold improvements and moving costs for our new headquarters and primary manufacturing facility; unanticipated exchange rate fluctuations; delays in reimbursement payment for leasehold improvements; and capital requirements relating to future acquisitions.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to currency exchange rate risk in the normal course of our business, primarily in our Japanese operations. Our exposure results from the fact that the sales of our Japanese subsidiary are in Japanese yen and inventory purchases are in U.S. dollars. We will have a similar exposure in our Singapore operations as our manufacturing operations, which commenced in September 1999, expand, because our sales will be in U.S. dollars but our manufacturing costs will be primarily in Singapore dollars. We employ risk management strategies, including the use of forward exchange rate contracts, to manage our exposure to exchange rate risks involving the yen, and may, in the future, use forward exchange rate contracts to manage our exposure to exchange rate risks involving the Singapore dollar.

Our objective in managing currency exchange risk is to minimize the impact of significant currency exchange rate fluctuations. We use forward exchange rate contracts to establish a fixed conversion rate between the Japanese yen and the U.S. dollar so that the level of our gross margin from sales in Japan is not negatively affected by significant movements in the Japanese yen to U.S. dollar exchange rate. We purchase forward exchange rate contracts on a monthly basis in the amounts management deems appropriate in light of the amount of the U.S. dollar denominated obligations of our Japanese subsidiary that are due within the month. We do not purchase forward contracts with settlement dates beyond 30 days. As of March 31, 2000, there were no forward exchange rate contracts outstanding.

It is our policy to enter into forward exchange rate contracts only to the extent necessary to achieve the desired objectives of management in limiting our exposure to significant fluctuations in currency exchange rates. We do not expect that the results of our operations or our liquidity will be materially affected by these risk management activities. We do not hedge all of our currency exchange rate risk exposures in a manner that would completely eliminate the impact of changes in currency exchange rates on our net earnings.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As previously reported, on April 16, 1999, we and our subsidiary, inTEST IP Corp.(which holds title to all our intellectual property) filed suit against a competitor for infringement of a United States patent held by us (the "815 Patent"). The invention disclosed and claimed in the 815 Patent is directed to a system for positioning and docking a test head to a device handler and is used in the testing of integrated circuits. We sell docking hardware products covered by the 815 Patent worldwide.

As alleged in the complaint, the competitor began manufacturing, offering to sell, and selling products as early as 1991 that, without license, infringed upon the claims of the 815 Patent. The complaint asked the court to enjoin the competitor from further acts of infringement and award us damages, including lost profits, from the infringing product sales.

On March 31, 2000, we entered into a settlement agreement with the competitor under which we agreed to dismiss the suit. The settlement agreement provides, among other things, that the competitor acknowledged the validity of the 815 Patent with regard to its existing docking hardware products, agreed to pay us $300,000 over two years, became a licensee under the 815 Patent and agreed to pay royalties to us for future sales of its current design of docking hardware products.

All legal fees incurred in connection with this matter have been expensed and the amounts to be received for settlement of the suit will be offset against these previously incurred expenses.

PART II. OTHER INFORMATION (Continued)

Item 2. Changes in Securities and Use of Proceeds

On June 17, 1997, the Company's Registration Statement on Form S-1 covering the Offering of 2,275,000 shares of the Company's Common Stock, Commission file number 333-26457, was declared effective. The Offering commenced on June 20, 1997, managed by Janney Montgomery Scott, Inc. and Needham & Company, Inc. as representatives of the several underwriters named in the Registration Statement (the "Underwriters").

Of the 2,275,000 shares sold pursuant to the Offering, 1,820,000 shares were sold by the Company and 455,000 were sold by certain selling stockholders (the "Selling Stockholders"). In addition, the Underwriters exercised an over-allotment option to purchase an additional 341,250 shares of the Company's Common Stock from the Selling Stockholders. The total price to the public for the shares offered and sold by the Company and the Selling Stockholders was $13,650,000 and $5,971,875, respectively.

The amount of expenses incurred for the Company's account in connection with the Offering were as follows:

Underwriting discounts and commissions:	$1,023,750
Finders' fees:	None
Expenses paid to or for the Underwriters:	16,650
Other expenses:	954,758
Total expenses:	$1,995,158

All of the foregoing expenses were direct or indirect payments to persons other than (i) directors, officers or their associates; (ii) persons owning ten percent (10%) or more of the Company's Common Stock; or (iii) affiliates of the Company.

The net proceeds of the Offering to the Company (after deducting the foregoing expenses) was $11,654,842. From the effective date of the Registration Statement, the net proceeds have been used for the following purposes:

PART II. OTHER INFORMATION (Continued)

Item 2. Changes in Securities and Use of Proceeds (Continued)

Construction of plant, building and facilities	$ -
Purchase and installation of machinery and equipment	2,171,538
Purchase of real estate	-
Acquisition of other businesses (including transaction costs)	6,565,349
Repayment of indebtedness	1,717,465
Working capital	599,725
Temporary investments, including cash & cash equivalents	-
Other purposes (for which at least $100,000 has been used), including:	
Payment of final S corporation distribution	600,765
	$11,654,842

In connection with the termination of the Company's status as an S corporation, the Company used $600,765 of the net proceeds to pay a portion of the $4.3 million final distribution of previously taxed but undistributed earnings of the Company.

All of the foregoing payments with the exception of the final S corporation distribution were direct or indirect payments to persons other than (i) directors, officers or their associates; (ii) persons owning ten percent (10%) or more of the Company's Common Stock; or (iii) affiliates of the Company.

Item 3. Defaults Upon Senior Securities

None

PART II. OTHER INFORMATION (Continued)

Item 4. Submission of Matters to a Vote of Securities Holders

During the first quarter of 2000, a Special Meeting of Shareholders was held on March 9, 2000 for the purpose of considering and voting upon the proposal to approve the merger agreement among inTEST, Temptronic Corporation and one of our wholly-owned subsidiaries.

The number of votes cast for or against as well as the number of abstentions and broker non-votes for the above proposal were as follows:

For	Against	Abstentions	Broker Non-Votes
5,445,958	1,500	350	0

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

3.1 Articles of Incorporation: Previously filed by the Company as an Exhibit to the Company's Registration Statement on Form S-1, File No. 333-26457, and Incorporated herein by reference.

3.2 By-Laws: Previously filed by the Company as an Exhibit to the Company's Registration Statement on Form S-1, File No. 333-26457, and incorporated herein by reference.

27 Financial Data Schedule

(b) Reports on Form 8-K

1) 8-K dated March 9, 2000 providing information responsive to the requirements of Item 2 and 7 of that form.

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.

inTEST Corporation

Date: May 12, 2000	/s/ Robert E. Matthiessen
	Robert E. Matthiessen President and Chief Executive Officer
Date: May 12, 2000	/s/ Hugh T. Regan, Jr.
	Hugh T. Regan, Jr. Treasurer and Chief Financial Officer

Index to Exhibits

Item 6. Exhibits and Reports on Form 8-K

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27 Financial Data Schedule

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INTEST CORPORATION
1,000

3-MOS
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JAN-01-2000
MAR-31-2000
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