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, 1998

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: (609) 424-6886

Indicate by check X whether the registrants: (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, 1998:

5,911,034

INTEST CORPORATION

INDEX

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

	March 31, 1998 (Unaudited)	Dec. 31, 1997 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	$12,513	$12,035
Trade accounts and notes receivable, net of allowance for doubtful accounts of $144 at March 31, 1998 and December 31, 1997	4,007	4,058
Inventories	1,830	1,649
Other current assets	408	301
Total current assets	18,758	18,043
Property and equipment:		
Machinery and equipment	1,152	1,129
Leasehold improvements	183	179
	1,335	1,308
Less: accumulated depreciation	(873)	(831)
Net property and equipment	462	477
Other assets	142	136
Goodwill	1,267	1,289
Total assets	$20,629	$19,945
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,173	$ 1,142
Accrued expenses	913	955
Domestic and foreign income taxes payable	874	1,291
Total current liabilities	2,960	3,388
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; 5,911,034 shares issued and outstanding at March 31, 1998 and December 31, 1997	59	59
Additional paid-in capital	13,981	13,981
Retained earnings	3,797	2,643
Accumulated other comprehensive expense	(168)	(126)
Total stockholders' equity	17,669	16,557
Total liabilities and stockholders' equity	$20,629	$19,945

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except share data)

	Three Months Ended	
	March 31, 1998	March 31, 1997
Revenues	$ 5,626	$ 3,887
Cost of revenues	2,200	1,602
Gross profit	3,426	2,285
Operating expenses:		
Selling expense	741	493
Research and development expense	421	374
General and administrative expense	594	411
Total operating expenses	1,756	1,278
Operating income	1,670	1,007
Other income (expense):		
Interest income	127	29
Interest expense	(1)	(4)
Other	26	(10)
Total other income	152	15
Earnings before income taxes and minority interest	1,822	1,022
Provision for income taxes:		
Domestic	524	21
Foreign	144	146
Income tax expense	668	167
Earnings before minority interest	1,154	855
Minority interest	-	(11)
Net earnings	$ 1,154	$ 844
Net earnings per common share - basic	$0.20	$0.13
Pro forma weighted average common shares outstanding - basic	5,911,034	4,091,034
Net earnings per common share - diluted	$0.19	$0.13
Pro forma weighted average common and common equivalent shares outstanding - diluted	5,924,949	4,091,034

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 1998

(In thousands, except share data)

(Unaudited except Balance, December 31, 1997)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Foreign Currency Translation Adjustment	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 1997	5,911,034	$ 59	$13,981	$ 2,643	$(126)	$16,557
Net earnings	-	-	-	1,154	-	1,154
Accumulated other comprehensive expense	-	-	-	-	(42)	(42)
Balance, March 31, 1998	5,911,034	$ 59	$13,981	$ 3,797	$(168)	$17,669

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, except share data)

	Three Months Ended March 31,	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 1,154	$ 844
Adjustments to reconcile net earnings to net cash:		
Depreciation and amortization	64	41
Foreign exchange (gain)loss	22	(3)
Minority interest	-	11
Changes in assets and liabilities:		
Accounts and notes receivable	19	(642)
Inventories	(187)	97
Other current assets	(116)	(123)
Accounts payable	15	307
Domestic and foreign income taxes payable	(409)	(72)
Accrued expenses	(42)	(129)
Total adjustments	(634)	(513)
Net cash provided by operating activities	520	331
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Purchase of property and equipment	(27)	(5)
Other assets	(7)	-
Net cash used in investing activities	(34)	(5)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Dividends paid	-	(1,001)
Principal debt payment	-	(8)
Net cash used in financing activities	-	(1,009)
Effects of exchange rates on cash	(8)	(26)
Net cash provided by (used in) all activities	478	(709)
Cash at beginning of period	12,035	3,692
Cash at end of period	$12,513	$ 2,983

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information as of March 31, 1998 and for the three months ended March 31, 1998 and 1997 is unaudited)

(In thousands, except for share data)

(1) NATURE OF OPERATIONS

inTEST Corporation (the "Company") designs, manufactures and markets docking hardware and test head manipulators used by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related automatic test equipment interface products.

The consolidated entity is comprised of inTEST Corporation (parent) and six 100% owned subsidiaries: inTEST Limited (Thame, UK), inTEST Kabushiki Kaisha (Kichijoji, Japan), inTEST PTE, Limited (Singapore), 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. and the U.K. Marketing and support activities are conducted worldwide from the Company's facilities in the U.S., U.K., Japan and Singapore.

On June 20, 1997, the Company completed an initial public offering of 2.275 million common shares through which the Company issued 1.82 million new shares of common stock (the "Offering"). Simultaneous with the closing of the Offering, the Company acquired the 21% minority interests in each of its three foreign subsidiaries in exchange for an aggregate of 300,443 shares of the Company's common stock (the "Exchange"). Prior to the Offering the Company owned 79% of each of the three foreign subsidiaries.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interim Financial Reporting (Continued)

read in conjunction with the consolidated financial statements and and accompanying footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

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 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.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

Net Earnings Per Common Share

Net earnings per common share is computed in accordance with the Statement of Financial Accounting Standard No. 128, Earnings per Share. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during each period. Diluted earnings per share is computed by dividing net income by the weighted average number of common and common equivalent shares outstanding during each period. Common share equivalents include stock options using the treasury stock method.

As discussed in Note 3, pro forma earnings per share information for the quarter ended March 31, 1997 includes certain adjustments to reflect results as if the Company had been taxed as a C corporation for the quarter and as if the acquisition of the minority interests in the Company's three foreign subsidiaries had occurred January 1, 1997.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Just prior to the closing of the Offering, the Company terminated its status as an S corporation for Federal tax purposes and in the State of New Jersey. As an S corporation, any Federal and certain New Jersey state income tax liabilities were those of the former S corporation stockholders, not of the Company. All tax liabilities on income earned subsequent to the revocation of the S corporation election are liabilities of the Company. The Company is taxed in foreign countries and for activity in certain states. The Company accounts for income taxes in accordance with the Statement of Financial Accounting Standard No. 109, Accounting for Income Taxes.

Foreign Currency

The accounts of the foreign subsidiaries are translated in accordance with the Statement of Financial Accounting Standard No. 52, Foreign Currency Translation, which requires that assets and liabilities of international operations be translated using the exchange rate in effect at the balance sheet date. The results of operations are translated using an average exchange rate for the period. The effects of rate fluctuations in translating assets and liabilities of international operations into U.S. dollars are accumulated and reflected as a foreign currency translation adjustment in the consolidated statements of stockholders' equity. Transaction gains or losses are included in net earnings.

New Accounting Pronouncements

In June 1997, the FASB issued SFAS 131, Disclosures About Segments of an Enterprise and Related Information. This Statement established standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosure about products and services, geographic areas and major customers. The Company plans to adopt this Statement for the year ended December 31, 1998, as required. The adoption of this Statement will not affect results from operations, financial condition or long-term liquidity.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In March 1998, the AICPA issued Statement of Position 98-1, Accounting for the Cost of Computer Software Developed or Obtained for Internal Use. This Statement requires that certain costs related to the development or purchase of internal software be capitalized and amortized over the estimated useful life of the software. This Statement also requires that costs related to the preliminary project stage and the post implementation/operation stage of an internal use computer software development project be expensed as incurred. The Company plans to adopt this Statement for the year ended December 31, 1999, as required. The adoption of this Statement is not expected to have a material affect on the results of operations, financial condition or long-term liquidity.

(3) PRO FORMA STATEMENT OF EARNINGS INFORMATION

The Company terminated its status as an S corporation just prior to the closing of the Offering, described in Note 1, and is subject to Federal and additional state income taxes for periods after such termination.

Accordingly, for informational purposes, the following pro forma information for the three months ended March 31, 1998 and 1997, respectively, is presented to show pro forma earnings on an after-tax basis, assuming the Company had been taxed as a C corporation since January 1, 1997. The results of operations for the three months ended March 31, 1998 do not require pro forma adjustment because the Company was a C corporation throughout such period. The difference between the Federal statutory income tax rate and the pro forma income tax rate are as follows:

(3) PRO FORMA STATEMENT OF EARNINGS INFORMATION (Continued)

	3 Months Ended March 31, 1998	3 Months Ended March 31, 1997
Federal statutory tax rate	34%	34%
State income taxes, net of Federal benefit	2	3
Foreign income taxes	8	7
Non-deductible goodwill amortization	1	1
Tax exempt interest income	(2)	-
Undistributed earnings of foreign subsidiaries permanently reinvested	(6)	-
Other	-	1
Pro forma income tax rate	37%	46%

	3 Months Ended March 31, 1998	3 Months Ended March 31, 1997
Pro forma earnings before income taxes	$1,822	$1,000
Pro forma income taxes	668	462
Pro forma net earnings	1,154	538
Pro forma net earnings per common share - basic	$ 0.20	$ 0.13
Pro forma weighted average common shares outstanding - basic	5,911,034	4,091,034
Pro forma net earnings per common share - diluted	$ 0.19	$ 0.13
Pro forma weighted average common and common stock equivalent shares outstanding - diluted	5,924,949	4,091,034

In addition, the pro forma results for the three months ended March 31, 1997 also reflect goodwill amortization resulting from the acquisition of minority interests in foreign subsidiaries, net of the elimination of the minority interest charge reflected in the historical financial statements, as if the Exchange had occurred on January 1, 1997. The goodwill resulting from the Exchange, which totaled $1.3 million, is being amortized over 15 years.

Pro forma net earnings per common share - basic was calculated by dividing pro forma net earnings by the pro forma weighted average number of shares of common stock outstanding during the period calculated as if the Exchange had occurred on January 1, 1997.

(3) PRO FORMA STATEMENT OF EARNINGS INFORMATION (Continued)

Pro forma net earnings per common share - diluted was calculated by dividing pro forma net earnings by the pro forma weighted average number of shares of common and common stock equivalent shares outstanding during the period calculated as if the Exchange had occurred on January 1, 1997.

(4) COMPREHENSIVE INCOME

On January 1, 1998, the Company adopted SFAS 130, Reporting Comprehensive Income. This Statement requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. Comprehensive income is computed as follows:

	Three Months Ended	
	3/31/98	3/31/97
Net income	$ 1,154	$ 844
Other comprehensive expense, net of tax:		
Foreign currency translation adjustment	(42)	(61)
	$ 1,112	$ 783

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

Overview

The Company designs, manufacturers and markets docking hardware and test head manipulators, which are used with automatic test equipment ("ATE") by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related ATE interface products including high performance test sockets, interface boards and probing assemblies. The Company's products are designed to improve the utilization and cost-effectiveness of ATE (including testers, wafer probers and device handlers) during the testing of linear, digital and mixed signal integrated circuits.

The Company's revenues are substantially dependent upon the demand for ATE by semiconductor manufacturers and, therefore, fluctuate generally as a result of cyclicality in the semiconductor manufacturing industry. The Company believes that purchases of the Company's docking hardware and manipulators are typically made from its customers' capital expenditure budgets, while related ATE interface products, which must be replaced periodically, are typically made from its customers' operating budgets.

During the nine quarters ended March 31, 1998 the demand for ATE by the semiconductor industry has exhibited a high degree of cyclicality. When semiconductor manufacturing activity generally slowed during much of 1996, many semiconductor manufacturers reduced their capital expenditure budgets and, correspondingly, postponed or canceled orders for ATE and related equipment. As a result, orders for and sales of the Company's products experienced sequential quarterly declines throughout most of 1996. The beginning of 1997 marked a turnaround in the semiconductor industry which was evidenced by a renewal in demand for ATE and related equipment. This resulted in sequential quarterly increases in orders for and sales of the Company's products throughout most of 1997. During the first quarter of 1998, orders for and sales of the Company's products began to decline as compared to the fourth quarter of 1997. The Company believes that demand for and sales of its products may continue to decline during the next several quarters as the industry experiences reduced demand for ATE similar to that experienced during 1996. This cyclicality is reflected in the Company's backlog, which was $4.3 million at March 31, 1996, $2.3 million at March 31, 1997 and $4.5 million at March 31, 1998.

On June 20, 1997 the Company completed an initial public offering of 2.275 million common shares through which the Company issued 1.82 million new shares of common stock (the "Offering"). Prior to the Offering the Company was an S corporation, and the net earnings of the Company were taxed as income to the Company's stockholders for Federal and certain New Jersey state income tax purposes. The Company terminated its status as an S corporation prior to the closing of the Offering and is subject to Federal and additional state income taxes for periods after such termination.

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

Results of Operations

Three Months Ended March 31, 1998 Compared to Three Months Ended March 31, 1997:

Revenues. Revenues were $5.6 million for the quarter ended March 31, 1998 compared to $3.9 million for the same period in 1997, an increase of $1.7 million or 45%. The increase in revenue over the comparable prior period reflects the aforementioned cyclical trends which is typical of the ATE industry and, particularly, the lower demand for ATE and related products in the three months ended March 31, 1997 as the cycle of ATE demand began to turn and increase as compared with the higher, albeit decreasing, demand for ATE and related products in the three months ended March 31, 1998.

Gross Margin. Gross margin increased to 61% for the quarter ended March 31, 1998 compared to 59% for the comparable period in 1997. The improvement in gross margin was the result of lower incremental material costs due to increased purchasing volume and by the improved absorption of fixed costs over the higher revenue base.

Selling Expense. Selling expense was $741,000 for the quarter ended March 31, 1998 compared to $493,000 for the same period in 1997, an increase of $248,000 or 50%. The majority of the increase was attributable to a significant increase in commission expense resulting from a higher level of commissioned sales to semiconductor manufacturers in 1998 over the comparable prior period. The increase in selling expense also reflects an increase in warranty and travel expenses over the same period in 1997.

Research and Development Expense. Research and development expense was $421,000 for the quarter ended March 31, 1998 compared to $374,000 for the same period in 1997, an increase of $47,000 or 13%. The increase was primarily due to increases in engineering and technical staff, and, to a lesser extent, to increased levels of spending on research and development materials in 1998 as compared to 1997.

General and Administrative Expense. General and administrative expense was $594,000 for the quarter ended March 31, 1998 compared to $411,000 for the same period in 1997, an increase of $183,000 or 44%. The increase was primarily attributable to the additional costs associated with professional fees, shareholder and investor relations and increased expenditures for outside directors' fees incurred as a public company. Other factors contributing to the increase in 1998 were the amortization of goodwill resulting from the acquisition of the minority interests in the Company's three foreign subsidiaries in connection with the Offering and salary increases of administrative staff.

Income Tax Expense. Income tax expense increased to $668,000 for the quarter ended March 31, 1998 from $167,000 for the comparable period in 1997, an increase of $501,000. The Company's effective tax rate was 37% for the first quarter of 1998 compared to 16% for the same period in 1997. The significant increase in the effective tax rate was caused by the accrual of Federal income tax on the Company's earnings due to the change of tax status from S corporation to C corporation prior to the Offering.

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

Liquidity and Capital Resources

The Company realized net cash proceeds of $11.7 million (after payment of direct expenses of the Offering) from the sale of 1.82 million newly issued shares in the Offering in June 1997. The proceeds from the Offering are expected to be used for working capital, general corporate purposes and possible acquisitions of businesses, technologies or products complementary to the Company's business.

Net cash provided from operations for the quarter ended March 31, 1998 was $520,000. Accounts receivable decreased $19,000 from December 31, 1997 to March 31, 1998 due to lower sales levels in the first quarter of 1998 compared to the fourth quarter of 1997. Inventories increased $187,000 as the Company's domestic operations purchased materials to be utilized for product shipments in future periods. Other current assets increased $116,000, primarily as a result of increases in prepaid expenses. Accounts payable increased $15,000 due to the aforementioned increases in the Company's inventories. Accrued expenses decreased $42,000 primarily as a result of the timing of payments of previously accrued expenses. Domestic and foreign income taxes payable increased $409,000 primarily as a result of the accrual of Federal income tax on earnings.

Purchases of property and equipment and other assets were $34,000 for the quarter ended March 31, 1998. The Company plans to spend approximately $500,000 during 1998 to renovate and expand its UK manufacturing facility and to purchase a coordinate measuring machine for this facility.

Simultaneous with the Offering, the Company acquired the 21% minority interests in each of its three foreign subsidiaries in exchange for an aggregate of 300,443 shares of the Company's common stock. This acquisition, which was accounted for using the purchase method, created goodwill of approximately $1.3 million, which will be amortized over a period of 15 years.

The Company believes that existing cash and cash equivalents, its $1.5 million line of credit and the anticipated net cash provided from operations will be sufficient to satisfy the Company's cash requirements for the foreseeable future. However, if the Company were to make any acquisitions, the Company may require additional equity or debt financing to meet working capital requirements or capital expenditure needs. Although the Company, as an S corporation, has historically paid cash dividends to its stockholders, the Company does not anticipate that it will pay dividends in the foreseeable future.

The Company's computer systems are currently Year 2000 compliant. The Company is currently evaluating the systems of its major suppliers for Year 2000 compliance.

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

Cautionary Statement Regarding Forward Looking Statements

This report contains certain statements of a forward-looking nature relating to future events, such as statements regarding the Company's plans and strategies or future financial performance. Such statements can be identified by the use of forward-looking 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, the Company's 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; the ability of the Company to obtain patent protection, and enforce its patent rights, for existing and developing proprietary technologies; the ability of the Company to integrate successfully businesses, technologies or products which it may acquire; the effect of the loss of, or reduction in orders from, a major customer; and competition from other manufacturers of docking hardware, test head manipulators and related ATE interface products.

International Operations

Revenues generated by the Company's foreign subsidiaries were 28% and 37% of consolidated revenues for the quarters ended March 31, 1998 and 1997, respectively. The Company anticipates that revenues generated by the Company's foreign subsidiaries will continue to account for a significant portion of consolidated revenues in the foreseeable future. These revenues generated by the Company's foreign subsidiaries will continue to be subject to certain risks, including changes in regulatory requirements, tariffs and other barriers, political and economic instability, an outbreak of hostilities, foreign currency exchange rate fluctuations, potentially adverse tax consequences and the possibility of difficulty in accounts receivable collection. The Company 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 the Company's products in the future. Any of these factors or the adoption of restrictive policies could have a material adverse effect on the Company business, financial condition or results of operations.

Revenues denominated in foreign currencies were 22% and 34% of consolidated revenues for the quarters ended March 31, 1998 and 1997, respectively. Although the Company operates its business such that a significant portion of its product costs are denominated in the same currency

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

that the associated sales are made in, there can be no assurance that the Company will not be adversely impacted in the future due to its exposure to foreign operations. Revenues denominated in currencies other than U. S. dollars expose the Company to currency fluctuations, which can adversely affect results of operations.

The portion of the Company's consolidated revenues that were derived from sales to the Asia Pacific region were 22% and 29% for the quarters ended March 31, 1998 and 1997, respectively. Countries in the Asia Pacific region, including Japan, have recently experienced economic instability resulting in weaknesses in their currency, banking and equity markets. Although the current economic instability in the Asia Pacific region has not materially adversely affected the Company's order backlog, balance sheet, or results of operations to date, there can be no assurance that continued economic instability will not in the future have a material adverse affect on demand for the Company's products and its consolidated results of operations.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

Part II. Other Information

Item 1. Legal Proceedings

None

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 are 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	64,686
Purchase of real estate	-
Acquisition of other business	-
Repayment of indebtedness	173,266
Working capital	599,725
Temporary investments, including cash & cash equivalents	10,216,400
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 $601,000 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

Item 4. Submission of Matters to a Vote of Securities Holders
None

Item 5. Other Information
None

Part II. Other Information (Continued)

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 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 by reference.

10.9 Amended and Restated 1997 Stock Plan: Previously filed by the Company as an Exhibit to the Company's Registration Statement on Form S-8, File No. 333-44059, and incorporated by reference.

27 Financial Data Schedule

(b) Reports on Form 8-K

None

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 15, 1998	/s/ Alyn R. Holt
	Alyn R. Holt Chairman and Chief Executive Officer
Date: May 15, 1998	/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

27 Financial Data Schedule

5
0001036262
INTEST CORPORATION
1,000

3-MOS
DEC-31-1997
JAN-01-1998
MAR-31-1998
12,513
0
4,007
144
1,830
18,758
1,335
873
20,629
2,960
0
0
0
59
17,610
20,629
5,626
5,626
2,200
1,756
0
0
1
1,822
668
1,154
0
0
0
1,154
.20
.19

EPS - PRIMARY AND EPS - DILUTED REFLECT THE IMPACT OF
FINANCIAL ACCOUNTING STANDARDS' BOARD STATEMENT NO. 128.