SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

For the Quarterly Period Ended:	Commission File Number
February 28, 1997	1-11038

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	41-0857886
(State of Incorporation)	(I.R.S. Employer Identification Number)

6680 N. Highway 49, Lino Lakes, MN 55014
(Address of principal executive offices)

(612) 784-1250
(Registrant's telephone number)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES ___X___ NO _______

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of April 11, 1997
Common Stock, $.02 par value	4,206,308

"This document consists of eleven pages. No exhibits are being filed."

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

BALANCE SHEETS (UNAUDITED)

	FEBRUARY 28, 1997	AUGUST 31, 1996	FEBRUARY 29, 1996
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 3,052,595	$ 3,707,520	$ 3,349,109
Receivables:			
Trade, less allowance for doubtful accounts of $28,000, $26,000, and $27,000, respectively	1,253,666	1,127,975	978,014
Corporate joint ventures	449,770	524,577	375,750
Inventories	556,733	584,212	560,884
Prepaid expenses and other	67,418	78,603	78,944
Deferred income taxes	170,000	170,000	110,000
Total current assets	5,550,182	6,192,887	5,452,701
PROPERTY AND EQUIPMENT, net	1,001,496	980,816	674,602
OTHER ASSETS:			
Investments in corporate joint ventures	1,909,280	1,726,328	1,434,010
Investment in European holding company	254,375	--	--
Investment in foreign company	159,879	159,879	155,800
Trading investment	250,000	--	--
Deferred income taxes	90,000	90,000	100,000
Other	114,140	164,140	103,092
	2,777,674	2,140,347	1,792,902
	$ 9,329,352	$ 9,314,050	$ 7,920,205

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:			
Accounts payable	$ 201,515	$ 154,859	$ 196,982
Income taxes	106,579	463,700	104,534
Accrued liabilities:			
Payroll	73,197	177,381	77,966
Other	134,761	112,544	117,398
Total current liabilities	516,052	908,484	496,880
DEFERRED GROSS PROFIT	109,000	109,000	100,500
STOCKHOLDERS' EQUITY:			
Preferred stock, no par value, authorized 10,000 shares, none issued			
Common stock, $.02 par value per share; authorized 10,000,000 shares; issued and outstanding 4,206,308, 4,199,275, and 4,237,773, respectively	84,126	83,985	84,755
Additional paid-in capital	5,193,207	5,158,344	5,202,316
Retained earnings	3,684,904	3,143,526	2,102,809
Cumulative foreign currency translation adjustments	(128,130)	40,518	62,752
	8,834,107	8,426,373	7,452,632
Notes and related interest receivable from purchase of common stock	(129,807)	(129,807)	(129,807)
Total stockholders' equity	8,704,300	8,296,566	7,322,825
	$ 9,329,352	$ 9,314,050	$ 7,920,205

See notes to financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	FEBRUARY 28, 1997	FEBRUARY 29, 1996	FEBRUARY 28, 1997	FEBRUARY 29, 1996
SALES	$ 2,092,961	$ 1,607,319	$ 4,014,375	$ 3,225,918
COST OF GOODS SOLD	969,976	763,603	1,882,678	1,521,213
GROSS PROFIT	1,122,985	843,716	2,131,697	1,704,705
OPERATING EXPENSES:				
Selling	322,882	212,825	591,303	406,084
General and administrative	352,954	181,174	819,397	514,828
Research, engineering, and technical support	119,396	103,366	219,428	188,924
	795,232	497,365	1,630,128	1,109,836
OPERATING INCOME	327,753	346,351	501,569	594,869
JOINT VENTURES AND FOREIGN COMPANY:				
Equity in income of corporate joint ventures and foreign company	129,399	85,420	284,088	222,631
Fees for technical assistance to corporate joint ventures	469,432	375,340	981,371	672,978
Corporate joint venture expense	(130,994)	(180,238)	(251,995)	(288,548)
	467,837	280,522	1,013,464	607,061
OTHER INCOME:				
Interest income	57,472	43,551	65,194	71,402
Other income	3,727	--	7,884	3,727
	61,199	43,551	73,078	75,129
INCOME BEFORE INCOME TAXES	856,789	670,424	1,588,111	1,277,059
INCOME TAXES	315,000	230,000	525,000	400,000

NET INCOME	$ 541,789	$ 440,424	$ 1,063,111	$ 877,059
NET INCOME PER COMMON SHARE	$ .13	$ .10	$ .25	$ .20
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	4,275,224	4,308,573	4,262,998	4,315,018

See notes to financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

STATEMENTS OF CASH FLOWS (UNAUDITED)

	SIX MONTHS ENDED	
	FEBRUARY 28, 1997	FEBRUARY 29, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,063,111	$ 877,059
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	57,450	37,775
Equity income of joint ventures	(284,088)	(222,631)
Dividend received from joint ventures	39,555	109,876
Change in current assets and liabilities:		
Receivables:		
Trade	(125,691)	(146,577)
Joint ventures	74,807	30,880
Inventories	27,479	(30,290)
Prepaid expenses and other	61,186	(23,081)
Accounts payable	46,656	62,439
Income taxes	(357,121)	(37,846)
Accrued liabilities	(66,592)	(30,041)
Total adjustments	(526,359)	(249,496)
Net cash provided by operating activities	536,752	627,563
CASH FLOWS FROM INVESTING ACTIVITIES:		
Trading investment	(250,000)	--
Investment in European holding company	(254,375)	--
Investments in joint ventures	(107,067)	--
Additions to property	(78,130)	(370,128)
Payment on notes receivable from purchase of common stock	--	743,875
Net cash (used in) provided by investing activities	(689,572)	373,747
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	27,228	12,250
Repurchase of common stock	(24,600)	(70,875)
Dividends paid	(504,733)	(424,877)
Net cash used in financing activities	(502,105)	(483,502)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(654,925)	517,808
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,707,520	2,831,301
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,052,595	$ 3,349,109

See notes to financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. INTERIM FINANCIAL INFORMATION

In the opinion of management, the accompanying unaudited financial statements contain all necessary adjustments, which are of a normal recurring nature, to present fairly the financial position of Northern

Technologies International Corporation as of February 28, 1997 and February 29, 1996, the results of operations for the three and six months ended February 28, 1997 and February 29, 1996, and the cash flows for the six months ended February 28, 1997 and February 29, 1996, in conformity with generally accepted accounting principles.

These financial statements should be read in conjunction with the financial statements and related notes as of and for the year ended August 31, 1996 contained in the Company's filing on Form 10-KSB dated November 26, 1996 and with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing on pages 7 through 9 of this quarterly report.

2. INVENTORIES

Inventories consist of the following:

	February 28, 1997	August 31, 1996	February 29, 1996
Production materials	$ 130,276	$ 150,139	$ 137,641
Work in process	31,177	22,619	28,574
Finished goods	395,280	411,454	394,669
	$ 556,733	$ 584,212	$ 560,884

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	February 28, 1997	August 31, 1996	February 29, 1996
Land	$ 246,097	$ 246,097	$ 241,196
Buildings and improvements	1,044,996	979,369	553,907
Machinery and equipment	600,040	587,537	583,926
Deposits	-	-	97,616
	1,891,133	1,813,003	1,476,645
Less accumulated depreciation	889,637	832,187	802,043
	$ 1,001,496	$ 980,816	$ 674,602

4. INVESTMENTS IN CORPORATE JOINT VENTURES AND EUROPEAN HOLDING COMPANY

During the six months ended February 28, 1997, the Company invested $107,067 in foreign joint ventures. The Company has a 50% ownership interest in each entity. The entities had no significant operations prior to the Company's investment.

During the six months ended February 28, 1997, the Company invested $254,375 for a 50% ownership interest in a European holding company. To date, the entity has been inactive.

5. TRADING INVESTMENT

During the three months ended November 30, 1996, the Company entered into an agreement (the Agreement) with a company to start a day trading program. The program's objectives generally are to make purchase and sales of shares on the New York Stock Exchange involving rapid turnover of market positions within a trading day. The Agreement required the Company to deposit $250,000 in a trading account at a broker for an indefinite period of time.

6. STOCKHOLDERS' EQUITY

During the six months ended February 28, 1997, the Company acquired and retired 5,000 shares of common stock for $24,600.

In November 1996, the Company declared a cash dividend of $.12 per share payable on December 20, 1996 to shareholders of record on December 6, 1996.

In November 1996, six employees received a total of 3,000 shares of common stock for services provided in fiscal 1996. The fair value of the common stock issued was determined based on the market value of the Company's common stock on the grant date and was accrued in fiscal 1996.

During the six months ended February 28, 1997, stock options for the purchase of 9,033 shares of the Company's common stock were exercised at prices between $3.00 and $3.13 per share.

7. INCOME PER SHARE

Income per common and common equivalent share was computed by dividing net income by the weighted average number of shares of common and common equivalent shares outstanding during each period. This amount includes common stock equivalents of 68,983 and 61,073 for the three and six months ended February 28, 1997, respectively, and 65,219 and 69,219 from the three and six months ended February 29, 1996, respectively, assumed for the exercise of outstanding options using the treasury stock method.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

RESULTS OF OPERATIONS

GENERAL - The Company conducts all foreign transactions based on the U.S. dollar, except for its investments in foreign joint ventures. The exchange rate differential relating to investments in foreign joint ventures is accounted for under the requirements of SFAS No. 52.

SALES - Net sales increased by $485,642 or 30% during the second quarter of 1997 from those of the second quarter of 1996. Net sales increased by $788,457 or 24% during the six months ended February 28, 1997 compared to the six months ended February 29, 1996. These changes in sales are due to the volume of corrosion inhibiting products sold to existing or new customers. There has been no change in product pricing, introduction of new products, or entry into any particular new markets.

COST OF SALES - Cost of goods sold as a percentage of net sales for the second quarter of 1997 was 46% compared to 48% for the second quarter of 1996. The cost of goods sold percentage of net sales was 47% for the six months ended February 28, 1997 and February 29, 1996. Variations are due primarily to the mix of product sales.

OPERATING EXPENSES - As a percentage of net sales, total operating expenses increased from 31% in the second quarter of fiscal 1996 to 38% in the second quarter of fiscal 1997. Operating expenses were 41% of net sales for the six months ended February 28, 1997 and 34% for the six months ended February 29, 1996.

Operating expense classification percentages of net sales were as follows:

	Three Months Ended		Six Months Ended	
	February 28, 1997	February 29, 1996	February 28, 1997	February 29, 1996
Selling expense	15%	13%	15%	12%
General and administrative	17	11	20	16
Research, engineering, and technical support	6	7	6	6

Selling expenses increased during the second quarter of fiscal 1997 as compared to the same period in fiscal 1996 due to increase in staff salaries, distributor commissions, and travel. These same factors account for the increase in the selling expense for the six months ended February 28, 1997 over the same period in fiscal 1996. Selling expenses as a percentage of net sales increased for the quarter and six months ended February 28, 1997 as compared to the same period in fiscal 1996 due to the increased level of net sales in fiscal 1997 not fully offsetting the effect of increased fiscal 1997 selling expenses.

General and administrative expenses increased during the second quarter of fiscal 1997 as compared to the same period in fiscal 1996 due to increases in salary expense, travel, and real estate taxes and other expenses associated with the Company's expanded warehouse facility completed in December 1996. These same factors account for the increase in the general and administrative expenses for the six months ended February 28, 1997 over the same period in fiscal 1996. General and administrative expenses as a percentage of net sales increased for the quarter and six months ended February 28, 1997 as compared to the same period in fiscal 1996 due to the increased level of net sales in fiscal 1997 not fully offsetting the effect of increased fiscal 1997 general and administrative expenses.

Research, engineering, and technical support expenses increased during the second quarter of fiscal 1997 as compared to the same period in fiscal 1996 due primarily to increases in staff salaries and travel. These same factors account for the increase in research, engineering, and technical support expenses for the six months ended February 28, 1997 over the same period in fiscal 1996. Such expenses, as a percentage of sales were largely unchanged for the three and six month periods ended February 28, 1997 as compared to fiscal 1996 periods.

JOINT VENTURES AND FOREIGN COMPANY - Net earnings from corporate joint ventures and foreign company were $467,837 and $1,013,464 for the three and six months ended February 28, 1997, respectively, compared to $280,522 and $607,061 for the three and the six months ended February 29, 1996. This net increase reflects increased sales volume at the Company's corporate joint ventures and reduced travel and legal expense incurred by the Company in its support of existing and new corporate joint ventures.

INCOME TAXES - Income tax expense for the three and six months ended February 28, 1997 and February 29, 1996 was calculated based on management's estimate of the Company's annual effective income tax rate. The Company's effective income tax rate for fiscal 1997 and 1996 is lower than the statutory rate primarily due to the Company's equity in income of corporate joint ventures and foreign company being recognized based on after tax earnings of these entities. To the extent joint venture's undistributed earnings are distributed to the Company, it does not result in any material additional income tax liability after the application of foreign tax credits.

LIQUIDITY AND CAPITAL RESOURCES

At February 28, 1997, the Company's working capital was $5,034,130, including $3,052,595 in cash and cash equivalents, compared to working capital of $5,284,403 and $4,955,821 as of August 31, 1996 and February 29, 1996, respectively.

Net cash provided from operations has been sufficient to meet liquidity requirements, capital expenditures, research and development cost, and expansion of operations of the Company's joint ventures. Cash flows from operations for the six months ended February 28, 1997 and February 29, 1996 was $536,752 and $627,563, respectively. The net cash flow from operations for the six months ended February 28, 1997 and February 29, 1996 resulted principally from net income and joint venture dividends offset by equity income of joint ventures and increased trade receivables. During the six months ended February 28, 1997, the net cash flow from operations was further reduced by payments on income tax liabilities.

Net cash used in investing activities for the six months ended February 28, 1997 was $689,572 which resulted from investments in joint ventures and European holding company, additions to property, and trading investment. Net cash provided by investing activities for the six months ended February 29, 1996 was $373,747 of which $743,875 related to the payments received on notes receivable offset by additions to property of $370,128.

Net cash used in financing activities for the six months ended February 28, 1997 was $502,105 which resulted from the payment of dividends to stockholders of $504,733 and the repurchase of common stock of $24,600 offset by proceeds from the exercise of stock options of $27,228. Net cash used in financing activities for the six months ended February 29, 1996 resulted from the payment of dividends to stockholders of $424,877 and the repurchase of common stock of $70,875 offset by proceeds of $12,250 from the exercise of stock options.

The Company expects to meet future liquidity requirements with its existing cash and cash equivalents and from cash flows of future operating earnings and distributions of earnings and technical assistance fees from the corporate joint venture investments.

The Company has no long-term debt and no material lease commitments at February 28, 1997.

The Company has no postretirement benefit plan and does not anticipate establishing any postretirement benefit program.

RECENTLY ISSUED ACCOUNTING STANDARD

In October 1995, the Financial Accounting Standards Board (FASB) issued SFAS No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION. SFAS No. 123 encourages companies to adopt a new accounting method that accounts for stock compensation awards based on their estimated fair value at the date they are granted. However, companies are permitted to continue following current accounting requirements for employee stock-based transactions, which generally do not result in an expense charge for most options if the exercise price is at least equal to the fair market value of the stock at the date of grant. Companies that continue to follow existing standards would be required to disclose in a note to the financial statements the effect on net income and net income per share had the Company recognized expense for options issued to employees based on SFAS No. 123. SFAS No. 123 is effect for the Company's fiscal year ending August 31, 1997 and will require disclosure information in those financial statements about stock options granted in fiscal 1996 and thereafter. The Company has determined that it will not adopt the fair value method prescribed by SFAS No. 123 for employee stock-based transactions. The "as if" disclosures will be included in the Company's annual financial statements for the year ending August 31, 1997.

In February 1997, the FASB issued SFAS No. 128, EARNINGS PER SHARE, which is effective for interim and annual reporting periods ending after December 15, 1997. The implementation of SFAS No. 128 is expected to increase earnings per share by an immaterial amount.

SFAS No. 128 supersedes Accounting Principles Board Opinion No. 15, EARNINGS PER SHARE, and replaces the presentation of primary earning per share with a presentation of basic earnings per share. It also requires dual presentation for all entities with complex capital structures and provides guidance on other computational changes.

PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

None

ITEM 2 - CHANGES IN SECURITIES

None

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

By proxy solicitation, the following items were voted on by the Company's stockholders at the Company's annual stockholders' meeting held February 14, 1997:

1. ELECTION OF DIRECTORS:

   The following unopposed nominees for Director were elected: Philip M. Lynch, Vincent J. Graziano, Sidney Dworkin, Richard G. Lareau, Donald A. Kubik, Gerhard Hahn, and Milan R. Vukcevich. Each of the seven nominees for Director received at least 99.5% of the votes cast.

2. APPOINTMENT OF DELOITTE & TOUCHE LLP AS INDEPENDENT AUDITORS.

   The appointment of Deloitte & Touche LLP as independent auditors of the Company for the fiscal year ending August 31, 1997 was ratified. Total votes cast:

For	3,738,674
Against	4,050
Abstain	8,036

ITEM 5 - OTHER INFORMATION

None

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

None

SIGNATURES

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

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

April 11, 1997

/s/ Loren M. Ehrmanntraut

Loren M. Ehrmanntraut
Secretary and Treasurer

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AUG-31-1997
DEC-01-1996
FEB-28-1997
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