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: February 28, 1998	Commission File Number 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 March 31, 1998
Common Stock, $.02 par value	4,028,290

"This document consists of twelve pages. One exhibit is being filed."

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

BALANCE SHEETS (UNAUDITED)

	FEBRUARY 28, 1998	AUGUST 31, 1997	FEBRUARY 28, 1997
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 2,732,485	$ 3,945,567	$ 3,052,595
Receivables:			
Trade, less allowance for doubtful accounts of $25,000, $27,000, and $28,000, respectively	1,470,136	1,164,660	1,253,666
Corporate joint ventures	399,715	517,551	449,770
Inventories	885,302	841,618	556,733
Prepaid expenses and other	119,737	77,196	67,418
Deferred income taxes	240,000	240,000	170,000
Total current assets	5,847,375	6,786,592	5,550,182
PROPERTY AND EQUIPMENT, net	996,964	962,328	1,001,496
OTHER ASSETS:			
Investments in corporate joint ventures	2,172,663	2,291,600	1,909,280
Investment in European holding company	264,430	254,639	254,375
Investment in foreign company	136,302	132,000	159,879
Deferred income taxes	130,000	130,000	90,000
Other	603,952	625,544	364,140

	3,307,347	3,433,783	2,777,674
	$ 10,151,686	$ 11,182,703	$ 9,329,352
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	$ 106,368	$ 162,477	$ 201,515
Income taxes	18,522	376,867	106,579
Accrued liabilities:			
Payroll	114,500	230,951	73,197
Other	186,279	189,707	134,761
Total current liabilities	425,669	960,002	516,052
DEFERRED GROSS PROFIT	118,000	118,000	109,000
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 4,128,290, 4,202,508, and 4,206,308, respectively	82,566	84,050	84,126
Additional paid-in capital	5,031,368	5,185,828	5,193,207
Retained earnings	4,990,203	5,217,221	3,684,904
Cumulative foreign currency translation adjustments	(366,313)	(252,591)	(128,130)
	9,737,824	10,234,508	8,834,107
Notes and related interest receivable from purchase of common stock	(129,807)	(129,807)	(129,807)
Total stockholders' equity	9,608,017	10,104,701	8,704,300
	$ 10,151,686	$ 11,182,703	$ 9,329,352

See notes to financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	FEBRUARY 28, 1998	FEBRUARY 28, 1997	FEBRUARY 28, 1998	FEBRUARY 28, 1997
SALES	$ 2,532,443	$ 2,092,961	$ 5,215,184	$ 4,014,375
COST OF GOODS SOLD	1,241,662	969,976	2,629,177	1,882,678
GROSS PROFIT	1,290,781	1,122,985	2,586,007	2,131,697
OPERATING EXPENSES:				
Selling	346,960	322,882	619,695	591,303
General and administrative	430,364	352,954	954,765	819,397
Research, engineering, and technical support	135,847	119,396	247,975	219,428
	913,171	795,232	1,822,435	1,630,128
OPERATING INCOME	377,610	327,753	763,572	501,569
JOINT VENTURES, EUROPEAN HOLDING COMPANY AND FOREIGN COMPANY:				
Equity in income of corporate joint ventures, European holding company, and foreign company	99,883	129,399	214,028	284,088
Fees for technical assistance to corporate joint ventures	371,479	469,432	838,300	981,371
Corporate joint venture expense	(114,635)	(130,994)	(300,273)	(251,995)
	356,727	467,837	752,055	1,013,464
OTHER INCOME:				
Interest income	54,591	57,472	87,307	65,194
Other income	--	3,727	--	7,884
	54,591	61,199	87,307	73,078
INCOME BEFORE INCOME TAXES	788,928	856,789	1,602,934	1,588,111
INCOME TAXES	250,000	315,000	500,000	525,000
NET INCOME	$ 538,928	$ 541,789	$ 1,102,934	$ 1,063,111
NET INCOME PER COMMON SHARE:				
Basic	$ .13	$ .13	$ .26	$ .25
Diluted	$ .13	$ .13	$ .26	$ .25
WEIGHTED AVERAGE COMMON SHARES ASSUMED OUTSTANDING:				
Basic	4,143,451	4,206,241	4,169,098	4,201,925
Diluted	4,219,147	4,275,224	4,252,088	4,262,998

See notes to financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

STATEMENTS OF CASH FLOWS (UNAUDITED)

	SIX MONTHS ENDED	
	FEBRUARY 28, 1998	FEBRUARY 28, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,102,934	$ 1,063,111
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	59,400	57,450
Equity income of joint ventures	(214,028)	(284,088)
Dividends received from joint ventures	284,461	39,555
Change in current assets and liabilities:		
Receivables:		
Trade	(305,476)	(125,691)
Joint ventures	117,836	74,807
Inventories	(43,684)	27,479
Prepaid expenses and other	1,051	61,186
Accounts payable	(56,109)	46,656
Income taxes	(358,345)	(357,121)
Accrued liabilities	(119,879)	(66,592)
Total adjustments	(634,773)	(526,359)
Net cash provided by operating activities	468,161	536,752
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in European holding company	--	(254,375)
Investments in joint ventures	(79,311)	(107,067)
Additions to property	(94,036)	(78,130)
Increase in other assets	(22,000)	(250,000)
Net cash used in investing activities	(195,347)	(689,572)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	51,497	27,228
Repurchase of common stock	(915,595)	(24,600)
Dividends paid	(621,798)	(504,733)
Net cash used in financing activities	(1,485,896)	(502,105)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,213,082)	(654,925)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,945,567	3,707,520
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,732,485	$ 3,052,595

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, 1998 and 1997, the results of operations for the three and six months ended February 28, 1998 and 1997, and the cash flows for the six months ended February 28, 1998 and 1997, in conformity with generally accepted accounting principles.

Effective December 15, 1997, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 128, EARNINGS PER SHARE. Net income per common share presented for the three and six months ended February 28, 1997 have been restated for the adoption of SFAS No. 128. The effect of adopting SFAS No. 128 at December 15, 1997, on income per share for the three and six months ended February 28, 1997 was not material.

These financial statements should be read in conjunction with the financial statements and related notes as of and for the year ended August 31, 1997 contained in the Company's filing on Form 10-KSB dated November 25, 1997 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, 1998	August 31, 1997	February 28, 1997
Production materials	$ 419,147	$ 276,631	$ 130,276
Work in process	219,800	21,301	31,177
Finished goods	246,355	543,686	395,280
	$ 885,302	$ 841,618	$ 556,733

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	February 28, 1998	August 31, 1997	February 28, 1997
Land	$ 246,097	$ 246,097	$ 246,097
Buildings and improvements	1,077,670	1,044,996	1,044,996
Machinery and equipment	657,229	603,919	600,040
	1,980,996	1,895,012	1,891,133
Less accumulated depreciation	984,032	932,684	889,637
	$ 996,964	$ 962,328	$ 1,001,496

4. INVESTMENTS IN CORPORATE JOINT VENTURES

During the six months ended February 28, 1998, the Company invested $79,311 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.

5. STOCKHOLDERS' EQUITY

During the six months ended February 28, 1998, the Company purchased and retired 90,020 shares of common stock for $915,595.

In November 1997, the Company declared a cash dividend of $.15 per share payable on December 15, 1997 to shareholders of record on December 1, 1997.

During the six months ended February 28, 1998, stock options for the purchase of 15,802 shares of the Company's common stock were exercised at prices between $3.00 and $6.13 per share.

6. INCOME PER SHARE

Basic income per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted income per share assumes the exercise of stock options using the treasury stock method, if dilutive.

7. SUBSEQUENT EVENT

During March 1998, the Company acquired 100,000 shares of its common stock for $912,500.

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 and foreign company. The exchange rate differential relating to investments in foreign joint ventures and foreign company is accounted for under the requirements of SFAS No. 52.

SALES - Net sales increased by $439,482 or 21% during the second quarter of 1998 from those of the second quarter of 1997. Net sales increased by $1,200,809 or 30% during the six months ended February 28, 1998 compared to the six months ended February 28, 1997. 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 1998 was 49% compared to 46% for the second quarter of 1997. The cost of goods sold percentage of net sales was 50% and 47% for the six months ended February 28, 1998 and 1997, respectively. Variations are due primarily to the mix of product sales.

OPERATING EXPENSES - As a percentage of net sales, total operating expenses decreased to 36% in the second quarter of fiscal 1998 from 38% in the second quarter of fiscal 1997. Operating expenses were 35% of net sales for the six months ended February 28, 1998 and 41% for the six months ended February 28, 1997.

Operating expense classification percentages of net sales were as follows:

	Three Months Ended		Six Months Ended	
	February 28, 1998	February 28, 1997	February 28, 1998	February 28, 1997
Selling expense	14%	15%	12%	15%
General and administrative	17	17	18	20
Research, engineering, and technical support	5	6	5	6

Selling expenses increased during the second quarter of fiscal 1998 as compared to the same period in fiscal 1997 due to increase in staff salaries and distributor commissions. These same factors account for the increase in the selling expense for the six months ended February 28, 1998 over the same period in fiscal 1997. Selling expenses as a percentage of net sales decreased for the quarter and six months ended February 28, 1998 as compared to the same periods in fiscal 1997 due to the increased level of net sales in fiscal 1998 offsetting the effect of increased fiscal 1998 selling expenses.

General and administrative expenses increased during the second quarter of fiscal 1998 as compared to the same period in fiscal 1997 due to increases in salary expense, insurance expense, and travel expense. These same factors account for the increase in the general and administrative expenses for the six months ended February 28, 1998 over the same period in fiscal 1997. General and administrative expenses as a percentage of net sales were 17% for the quarters ended February 28, 1998 and 1997. General and administrative expenses as a percentage of net sales decreased for the six months ended February 28, 1998, as compared to the same period in 1997 due to the increased level of net sales in fiscal 1998 offsetting the effect of increased fiscal 1998 general and administrative expenses.

Research, engineering, and technical support expenses increased during the second quarter of fiscal 1998 as compared to the same period in fiscal 1997 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, 1998 over the same period in fiscal 1997. Such expenses, as a percentage of sales were largely unchanged for the three and six month periods ended February 28, 1998 as compared to fiscal 1997 periods.

JOINT VENTURES, EUROPEAN HOLDING COMPANY, AND FOREIGN COMPANY - Net earnings from corporate joint ventures, European holding company, and foreign company were $356,727 and $752,055 for the three and six months ended February 28, 1998, respectively, compared to $467,837 and $1,013,464 for the three and the six months ended February 28, 1997. This net decrease is due to the strengthening of the U.S. dollar when compared to the local currencies of the Company's corporate joint ventures and decreased sales volume at certain of the Company's joint ventures located in the Pacific Rim.

INCOME TAXES - Income tax expense for the three and six months ended February 28, 1998 and 1997 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 1998 and 1997 is lower than the statutory rate primarily due to the Company's equity in income of corporate joint ventures, European holding company, 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, 1998, the Company's working capital was $5,421,706, including $2,732,485 in cash and cash equivalents, compared to working capital of $5,826,590 and $5,034,130 as of August 31, 1997 and February 28, 1997, 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, 1998 and 1997 was $468,161 and $536,752, respectively. The net cash flow from operations for the six months ended February 28, 1998 and 1997 resulted principally from net income and joint venture dividends offset by equity income of joint ventures, increased trade receivables, and payments on income tax liabilities.

Net cash used in investing activities for the six months ended February 28, 1998 was $195,347 which resulted from investments in joint ventures, additions to property and other assets. 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 other assets.

Net cash used in financing activities for the six months ended February 28, 1998 resulted from the payment of dividends to stockholders of $621,798 and the repurchase of common stock of $915,595 offset by proceeds of $51,497 from the exercise of stock options. 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.

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, 1998.

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

RECENTLY ISSUED ACCOUNTING STANDARD

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 130, REPORTING COMPREHENSIVE INCOME, which establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. The Company will be required to adopt SFAS No. 130 in fiscal 1999.

In June 1997, the FASB also issued SFAS No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION. SFAS No. 131 redefines how operating segments are determined and requires disclosures of certain financial and descriptive information about a company's operating segments. The Company anticipates the adoption of SFAS No. 131 will result in the Company continuing to operate in one segment. The Company will be required to adopt SFAS No. 131 in fiscal 1999.

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

The Annual Meeting of Stockholders of the Company (Annual Meeting) was held on February 20, 1998. The following matters were voted on and approved by the Company's stockholders at the Annual Meeting. The tabulation of votes with respect to each of the following matters voted on at the Annual Meeting is set forth as follows:

1. ELECTION OF DIRECTORS:

	For	Against	Abstain
Sidney Dworkin	3,646,282	1,568	2,760
Vincent J. Graziano	3,647,400	450	2,760
Gerhard Hahn	3,647,400	450	2,760
Dr. Donald A. Kubik	3,647,400	450	2,760
Richard G. Lareau	3,646,800	1,050	2,760
Philip M. Lynch	3,647,200	650	2,760
Haruhiko Rikuta	3,647,400	450	2,760
Dr. Milan R. Vukcevich	3,647,400	450	2,760

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, 1998 was ratified. Total votes cast:

For	3,641,160
Against	2,400
Abstain	7,050

ITEM 5 - OTHER INFORMATION

None

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

27   Financial Data Schedule

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 13, 1998

/s/ Donald A. Kubik
Donald A. Kubik
Treasurer

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AUG-31-1998
SEP-01-1997
FEB-28-1998
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