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, 1999

Commission File Number 1-11038

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

Delaware
(State of Incorporation)

41-0857886
(I.R.S. Employer Identification Number)

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

(651) 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, 1999
Common Stock, $.02 par value	3,862,792

"This document consists of __14__ pages. One exhibit is being filed."

PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

BALANCE SHEETS (UNAUDITED)

	FEBRUARY 28, 1999	AUGUST 31, 1998	FEBRUARY 28, 1998
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 1,418,410	$ 2,200,490	$ 2,732,485
Receivables:			
Trade, less allowance for doubtful accounts of $32,000, $25,000, and $25,000, respectively	1,332,697	1,042,428	1,470,136
Corporate joint ventures	451,799	352,164	399,715
Income taxes	102,047	--	--
Inventories	792,627	969,520	885,302
Prepaid expenses and other	41,361	118,259	119,737
Deferred income taxes	230,000	230,000	240,000
Total current assets	4,368,941	4,912,861	5,847,375
PROPERTY AND EQUIPMENT, net	1,104,191	955,010	996,964
OTHER ASSETS:			
Investments in corporate joint ventures	3,298,178	2,754,165	2,308,965
Investment in European holding company	249,510	247,869	264,430
Deferred income taxes	120,000	120,000	130,000
Other	515,397	357,106	603,952
	4,183,085	3,479,140	3,307,347
	$ 9,656,217	$ 9,347,011	$ 10,151,686

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:			
Accounts payable	$ 78,933	$ 156,604	$ 106,368
Income taxes	--	66,416	18,522
Accrued liabilities:			
Payroll	59,150	3,132	114,500
Other	78,943	119,375	186,279
Total current liabilities	217,026	345,527	425,669
DEFERRED GROSS PROFIT	120,000	120,000	118,000
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 3,863,759 3,847,452, and 4,128,290, respectively	77,275	76,949	82,566
Additional paid-in capital	4,547,821	4,477,167	5,031,368
Retained earnings	5,158,206	4,850,696	4,990,203
Cumulative foreign currency translation adjustments	(334,304)	(393,521)	(366,313)
	9,448,998	9,011,291	9,737,824
Notes and related interest receivable from purchase of common stock	(129,807)	(129,807)	(129,807)
Total stockholders' equity	9,319,191	8,881,484	9,608,017
	$ 9,656,217	$ 9,347,011	$ 10,151,686

See notes to financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	FEBRUARY 28, 1999	FEBRUARY 28, 1998	FEBRUARY 28, 1999	FEBRUARY 28, 1998
SALES	$ 2,005,873	$ 2,532,443	$ 4,161,268	$ 5,215,184
COST OF GOODS SOLD	978,486	1,241,662	2,048,189	2,629,177
GROSS PROFIT	1,027,387	1,290,781	2,113,079	2,586,007
OPERATING EXPENSES:				
Selling	383,363	346,960	724,994	619,695
General and administrative	322,981	430,364	835,609	954,765
Research, engineering, and technical support	160,019	135,847	262,498	247,975
	866,363	913,171	1,823,101	1,822,435
OPERATING INCOME	161,024	377,610	289,978	763,572
CORPORATE JOINT VENTURES AND EUROPEAN HOLDING COMPANY:				
Equity in income of corporate joint ventures and European holding company	3,866	99,883	181,669	214,028
Fees for technical assistance to corporate joint ventures	566,682	371,479	1,161,395	838,300
Corporate joint venture expense	(171,221)	(114,635)	(311,070)	(300,273)
	399,327	356,727	1,031,994	752,055
INTEREST INCOME	19,927	54,591	35,949	87,307
INCOME BEFORE INCOME TAXES	580,278	788,928	1,357,921	1,602,934
INCOME TAXES	205,000	250,000	425,000	500,000
NET INCOME	$ 375,278	$ 538,928	$ 932,921	$ 1,102,934
NET INCOME PER COMMON SHARE:				
Basic	$ .10	$ .13	$ .24	$ .26
Diluted	$ .10	$ .13	$ .24	$ .26
WEIGHTED AVERAGE COMMON SHARES ASSUMED OUTSTANDING:				
Basic	3,871,863	4,143,451	3,864,093	4,169,098
Diluted	3,911,779	4,219,147	3,886,120	4,252,088

See notes to financial statements.

NORTHERN TECHNOLOGIES INTERNATIONAL CORPORATION

STATEMENTS OF CASH FLOWS (UNAUDITED)

	SIX MONTHS ENDED	
	FEBRUARY 28, 1999	FEBRUARY 28, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 932,921	$ 1,102,934
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	68,950	59,400
Equity income of corporate joint ventures and European holding company	(181,669)	(214,028)
Dividends received from corporate joint ventures	10,292	284,461
Change in current assets and liabilities:		
Receivables:		
Trade	(290,269)	(305,476)
Joint ventures	(99,635)	117,836
Income taxes	(102,047)	--
Inventories	176,893	(43,684)
Prepaid expenses and other	126,207	1,051
Accounts payable	(77,671)	(56,109)
Income taxes	(66,416)	(358,345)
Accrued liabilities	15,586	(119,879)
Total adjustments	(419,779)	(634,773)
Net cash provided by operating activities	513,142	468,161
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in corporate joint ventures	(522,660)	(79,311)
Additions to property	(218,131)	(94,036)
Increase in other assets	--	(22,000)
Net cash used in investing activities	(740,791)	(195,347)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	95,573	51,497
Repurchase of common stock	(68,900)	(915,595)
Dividends paid	(581,104)	(621,798)
Net cash used in financing activities	(554,431)	(1,485,896)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(782,080)	(1,213,082)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,200,490	3,945,567
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 1,418,410	$ 2,732,485

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, 1999 and 1998, the results of operations for the three and six months ended February 28, 1999 and 1998, and the cash flows for the six months ended February 28, 1999 and 1998, 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, 1998 contained in the Company's filing on Form 10-KSB dated November 20, 1998 and with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing on pages 8 through 11 of this quarterly report.

Certain fiscal year 1998 amounts have been reclassified to conform to fiscal year 1999 presentations. These classification had no effect on stockholders' equity, sales, or net income as previously reported.

2. COMPREHENSIVE INCOME

Effective September 1, 1998, the Company adopted Statement of Financial Accounting Standards 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. Comprehensive income is defined as all changes in stockholders' equity except those resulting from investments by and distributions to owners. Annual financial statements for prior periods will be reclassified as required. The Company's total comprehensive incomes were as follows:

	Three Months Ended February 28		Six Months Ended February 28	
	1999	1998	1999	1998
Net income	$ 375,278	$ 538,928	$ 932,921	$ 1,102,934
Other comprehensive (loss) income	(58,048)	(62,258)	59,217	(113,722)
Total comprehensive income	$ 317,230	$ 476,670	$ 992,138	$ 989,212

3. INVENTORIES

Inventories consist of the following:

	February 28, 1999	August 31, 1998	February 28, 1998
Production materials	$ 154,563	$ 163,177	$ 419,147
Work in process	31,681	32,334	219,800
Finished goods	606,383	774,009	246,355
	$ 792,627	$ 969,520	$ 885,302

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	February 28, 1999	August 31, 1998	February 28, 1998
Land	$ 246,097	$ 246,097	$ 246,097
Buildings and improvements	1,083,964	1,077,670	1,077,670
Machinery and equipment	885,839	674,002	657,229
	2,215,900	1,997,769	1,980,996
Less accumulated depreciation	1,111,709	1,042,759	984,032
	$1,104,191	$ 955,010	$ 996,964

5. INVESTMENTS IN CORPORATE JOINT VENTURES

During the six months ended February 28, 1999, the Company invested an additional $522,660 in existing foreign joint ventures.

6. STOCKHOLDERS' EQUITY

During the six months ended February 28, 1999, the Company purchased and retired 10,600 shares of common stock for $68,900.

In November 1998, the Company declared a cash dividend of $.15 per share payable on December 18, 1998 to shareholders of record on December 4, 1998.

During the six months ended February 28, 1999, stock options for the purchase of 26,907 shares of the Company's common stock were exercised at prices between $3.00 and $12.00 per share.

7. NET INCOME PER SHARE

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

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 decreased by $526,570 or 21% during the second quarter of 1999 from those of the second quarter of 1998. Net sales decreased by $1,053,916 or 20% during the six months ended February 28, 1999 compared to the six months ended February 28, 1998. These changes in sales are due to a decrease in demand for corrosion inhibiting products. 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 was 49% for the second quarter of 1999 and 1998. The cost of goods sold percentage of net sales was 49% and 50% for the six months ended February 28, 1999 and 1998, respectively. Variations are due primarily to the mix of product sales.

OPERATING EXPENSES - As a percentage of net sales, total operating expenses increased to 43% in the second quarter of fiscal 1999 from 36% in the second quarter of fiscal 1998. Operating expenses were 44% of net sales for the six months ended February 28, 1999 and 35% for the six months ended February 28, 1998.

Operating expense classification percentages of net sales were as follows:

	Three Months Ended		Six Months Ended	
	February 28, 1999	February 28, 1998	February 28, 1999	February 28, 1998
Selling expense	19%	14%	18%	12%
General and administrative	16	17	20	18
Research, engineering, and technical support	8	5	6	5

Selling expenses increased during the second quarter of fiscal 1999 as compared to the same period in fiscal 1998 due primarily to increases in product promotion, distributor commissions and travel expenses. These same factors account for the increase in the selling expense for the six months ended February 28, 1999 over the same period in fiscal 1998. Selling expenses as a percentage of net sales increased for the quarter and six months ended February 28, 1999 as compared to the same periods in fiscal 1998 due to the decreased in sales in fiscal 1999 and an increase in fiscal 1999 selling expenses.

General and administrative expenses decreased during the second quarter of fiscal 1999 as compared to the same period in fiscal 1998 due primarily to decreases in salary expense and travel expense. These same factors account for the decrease in the general and administrative expenses for the six months ended February 28, 1999 over the same period in fiscal 1998. General and administrative expenses as a percentage of net sales were substantially unchanged for the quarters ended February 28, 1999 and 1998. General and administrative expenses as a percentage of net sales increased for the six months ended

February 28, 1999, as compared to the same period in fiscal 1998 due to the decreased in sales in fiscal 1999 not being fully offsetting by the decreased fiscal 1999 general and administrative expenses.

Research, engineering, and technical support expenses increased during the second quarter of fiscal 1999 as compared to the same period in fiscal 1998 due primarily to an increase in independent consulting services for product development partially offset by decreases in staff salaries and supplies. These same factors account for the increase in research, engineering, and technical support expenses for the six months ended February 28, 1999 over the same period in fiscal 1998. Such expenses, as a percentage of sales increased for the quarter and six months ended February 28, 1999 as compared to the same period in fiscal 1998 due to the decrease in sales and an increase in fiscal 1999 research, engineering, and technical support.

CORPORATE JOINT VENTURES AND EUROPEAN HOLDING COMPANY - Net earnings from corporate joint ventures and European holding company were $399,327 and $1,031,994 for the three and six months ended February 28, 1999, respectively, compared to $356,727 and $752,055 for the three and the six months ended February 28, 1998. This net increase is due to the weakening of the U.S. dollar when compared to the local currencies of the Company's corporate joint ventures and increased sales volume at certain of the Company's joint ventures.

INCOME TAXES - Income tax expense for the three and six months ended February 28, 1999 and 1998 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 1999 and 1998 is lower than the statutory rate primarily due to the Company's equity in income of corporate joint ventures and European holding 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, 1999, the Company's working capital was $4,151,915, including $1,418,410 in cash and cash equivalents, compared to working capital of $4,567,334 and $5,421,706 as of August 31, 1998 and February 28, 1998, 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, 1999 and 1998 was $513,142 and $468,161, respectively. The net cash flow from operations for the six months ended February 28, 1999 and 1998 resulted principally from net income and corporate joint venture dividends offset by equity income of corporate joint ventures and European holding company, increased trade receivables, and income tax payments.

Net cash used in investing activities for the six months ended February 28, 1998 was $740,791 which resulted from additional investments in existing corporate joint ventures and additions to property. Net cash used in investing activities for the six months ended February 28, 1998 was $195,347 which resulted from investments in corporate joint ventures, additions to property and other assets.

Net cash used in financing activities for the six months ended February 28, 1999 was $554,431 which resulted from the payment of dividends to stockholders of $581,104 and the repurchase of common stock of $68,900 offset by proceeds from the exercise of stock options of $95,573. 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.

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, 1999.

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

IMPACT OF YEAR 2000

Computer programs have historically been written to abbreviate dates by using two digits instead of four digits to identify a particular year. The so-called "year 2000 problem" or "millennium bug" is the inability of computer software or hardware (collectively, Systems) to recognize or properly process dates ending in "00" and dates after the year 2000. Significant attention is being focused as the year 2000 approaches on updating or replacing such Systems in order to avoid System failures, miscalculations or business interruptions that might otherwise result. The Company believes it is taking the steps necessary to insure that this potential problem does not adversely affect the Company's operating results in the future, and is continuing the as-yet incomplete assessment of the impact of the year 2000 problem on the Company.

The Company has taken, and will continue to take, actions intended to minimize the impact of the year 2000 problem and maximize the Company's state of readiness for the year 2000. However, it is impossible to eliminate year-2000 risks entirely. Unfortunately, there is no single test that can be used to conclusively determine whether Systems are year-2000 compliant. To the contrary, the technology community identifies additional potential year 2000 risks regularly. Also impeding year-2000 testing is the high degree of integration between various Systems and the difficulty in conducting full-scale live testing. Consequently, interrelated Systems believed secure in a test environment could conceivably fail when operating together under real-time workloads.

The Company's state of readiness for the year 2000, the Company's estimated costs associates with year-2000 issues, the risks the Company faces associated with year-2000 issues and the Company's year-2000 contingency plans are summarized below.

STATE OF READINESS - All major internal information technology (IT) systems have been replaced. Year-2000 issues were addressed when selecting and implementing these new systems, and the Company believes they are year-2000 compliant. The Company has also reviewed its major non-IT systems, including hardware, software, phone and security systems, and the Company believes they are year-2000 compliant. The Company anticipates continuing to invest in IT and non-IT technology to accommodate the Company's future growth, and the Company expects these investments and upgrades to be year-2000 compliant. The Company is currently implementing a testing program of its other various Systems, and expects to substantially complete this testing before August 31, 1999. The Company is in the process of reviewing the year-2000 readiness of the corporate joint ventures.

COSTS ASSOCIATED WITH YEAR-2000 ISSUES - Until the Company completes its System testing, it will be unable to quantify the total expected costs associated with year-2000 issues. The Company believes that these costs will not have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. The total amount the Company has expended on year-2000 issues through February 28, 1999 was approximately $25,000. The Company anticipates that future costs associated with year-2000 issues will be financed with cash flows from operations.

RISKS ASSOCIATED WITH YEAR-2000 ISSUES - The Company is dependent on computer processing in its business activities and the year-2000 problem creates the risk of unforeseen problems in the Company's Systems and the Systems of third parties with whom the Company does business. The failure of the Company's Systems and/or third parties' Systems could have a material adverse effect on the Company's results of operations, liquidity, and financial condition. Due to the general uncertainty inherent in the year-2000 problem, resulting in part from the uncertainty of the year 2000 readiness of third-party suppliers and customers, the Company is unable to determine at this time whether the consequences of year 2000 failures will have a material impact on the Company's results of operations, liquidity, or financial condition. The Company believes that it may need to temporarily reduce its operations if third party suppliers are not year-2000 compliant. The Company is also unable at this time to determine what the reasonably likely worst case year-2000 scenario is for the Company.

CONTINGENCY PLANS - The Company has not yet developed specific contingency plans for the millennium bug because its assessment of year-2000 issues is incomplete. The Company plans on developing, to the extent practicable, a business interruption contingency plan to address internal and external issues specific to the year-2000 problem before August 31, 1999. However, the Company believes that due to the widespread nature of the year-2000 problem, the contingency planning process is an ongoing one which will require modifications as the Company obtains additional information regarding the Company's internal systems and equipment and the status of third-party year-2000 readiness.

EURO CURRENCY ISSUE

On January 1, 1999, eleven of the fifteen member countries of the European Union established fixed conversion rates between their respective existing currencies and the Euro and to adopt the Euro as their common legal currency on that date (the Euro Conversion). Following the Euro Conversion, however, the previously existing currencies of the participating countries are scheduled to remain legal tender in the participating countries between January 1, 1999 and January 2002. During this transition period, public and private parties may pay for goods and services using either the Euro or the previously existing currencies. Beginning January 1, 2002, the participating countries will issue new Euro-denominated bills and coins for use in cash transactions. No later than July 1, 2002, the participating countries will withdraw all bills and coins denominated in the previously existing currencies making Euro Conversion complete.

The Company and the corporate joint ventures have been evaluating the potential impact the Euro Conversion and the Euro currency may have on their results of operations, liquidity or financial condition. The Company has determined that expected costs for compliance will not be material to its results of operations, liquidity, financial condition or capital expenditures. Significant noncompliance by the Company's corporate joint ventures and their customers or suppliers could adversely impact the Company's results of operations, liquidity or financial condition. To date, the Euro Conversion has not had a material impact on the overall business operations of the Company. However, there can be no assurance that the Euro Conversion will not have a material impact on the overall business operations of the Company in the future.

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 19, 1999. 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	3,547,635	8,800	12,554
Vincent J. Graziano	3,555,153	1,282	12,554
Gerhard Hahn	3,555,585	850	12,554
Dr. Donald A. Kubik	3,554,997	1,438	12,554
Richard G. Lareau	3,548,135	8,300	12,554
Philip M. Lynch	3,547,897	8,538	12,554
Haruhiko Rikuta	3,554,553	1,882	12,554
Dr. Milan R. Vukcevich	3,555,585	850	12,554

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, 1999 was ratified. Total votes cast:

For	3,521,735
Against	2,350
Abstain	44,904

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, 1999

/s/ Loren M. Ehrmanntraut

Loren M. Ehrmanntraut
Chief Financial Officer and
Corporate Secretary

5

6-MOS
AUG-31-1999
SEP-01-1998
FEB-28-1999
1,418,410
0
1,364,697
32,000
792,627
4,368,941
2,215,900
1,111,709
9,656,217
217,026
0
0
0
77,275
9,241,916
9,656,217
4,161,268
4,161,268
2,048,189
2,048,189
0
7,000
0
1,357,921
425,000
932,921
0
0
0
932,921
.24
.24