

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

FORM 10-Q

- - - - -
XX QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
- - - - - SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: FEBRUARY 28, 1997

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: 0-23996

SCHMITT INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

OREGON

93-1151989

(Place of Incorporation)

(IRS Employer ID Number)

2765 NW NICOLAI STREET, PORTLAND, OREGON 97210

(Address of registrant's principal executive office)

(503) 227-7908

(Registrant's telephone number)

Indicate by check mark whether the registrant has (1) 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 XX No

The number of shares of each class of common stock outstanding as of February 28, 1997
Common stock, no par value 7,045,139

SCHMITT INDUSTRIES, INC.

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PART I - FINANCIAL INFORMATION
 Item 1. Financial Statements

SCHMITT INDUSTRIES, INC.
 CONSOLIDATED BALANCE SHEETS

ASSETS

	February 28, 1997 ----- Unaudited	May 31, 1996 -----
Cash	\$ 673,178	\$ 508,240
Marketable securities & commercial paper	322,382	145,600
Accounts receivable	2,171,545	1,411,805
Inventories	2,671,790	1,781,331
Deferred tax asset	918,081	593,740
Prepaid expenses	29,849	15,906
	-----	-----
Total current assets	6,786,825	4,456,622
 Property and equipment		
Land	299,000	299,000
Buildings & leasehold improvements	939,201	834,850
Furniture and equipment	834,956	660,371
	-----	-----
	2,073,157	1,794,221
 Less accumulated depreciation	467,989	312,189
	-----	-----
Total property & equipment	1,605,168	1,482,032
 Other assets		
Marketing rights	735,914	735,914
Less accumulated amortization	685,439	663,521
	-----	-----
Total other assets	50,475	72,393
 Total assets	\$8,442,468	\$6,011,047
	-----	-----
	-----	-----

SCHMITT INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS

LIABILITIES

	February 28, 1997 Unaudited	May 31, 1996
	-----	-----
Current liabilities		
Trade accounts payable	\$ 523,584	\$ 344,828
Accrued liabilities	271,032	244,613
Income taxes payable	206,609	294,749
Current portion of long term debt	40,346	40,346
Line of credit payable	400,000	-0-
	-----	-----
Total current liabilities	1,441,571	924,536
Long term deferred tax liability	25,107	25,107
Long-term debt, net of current portion	174,532	174,532
	-----	-----
Total liabilities	\$1,641,210	\$1,124,175

STOCKHOLDERS' EQUITY

Common stock		
Authorized: 20,000,000 shares without par value		
Issued and outstanding:		
February 28, 1997 7,045,139 shares	4,707,024	4,098,512
May 31, 1996 6,918,139 shares		
Retained earnings	2,094,234	788,360
	-----	-----
Total stockholders' equity	6,801,258	4,886,872
	-----	-----
Total liabilities and stockholders' equity	\$8,442,468	\$6,011,047
	-----	-----

SCHMITT INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 28, 1997
AND FEBRUARY 29, 1996
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	02/28/97	02/29/96	02/28/97	02/29/96
	-----		-----	
Sales	\$2,918,912	\$1,855,938	\$7,450,924	\$4,722,835
Cost of sales	1,391,054	581,584	3,127,832	1,682,263
	-----		-----	
Gross profit	1,527,858	1,274,354	4,323,092	3,040,572
General and administrative expenses	768,690	694,329	2,453,099	1,926,190
	-----		-----	
Income from operations	759,168	580,025	1,869,993	1,114,382
Other income and expense				
Interest income	14,805	9,881	27,156	18,292
Interest expense	(5,593)	(5,625)	(5,609)	(16,324)
Depreciation	(77,614)	(50,048)	(199,768)	(142,912)
Amortization	(750)	(44,947)	(23,815)	(130,883)
Misc. income	38,448	10,680	69,127	21,432
	-----		-----	
	(30,704)	(80,059)	(132,909)	(250,395)
Income before income tax	728,464	499,966	1,737,084	863,987
Provision for income tax	269,809	15,679	430,809	88,208
	-----		-----	
Net income for period	\$ 458,655	\$ 484,287	\$1,306,275	\$ 775,779
	-----		-----	
Net income per common share and common share equivalent				
Primary	.06	.07	.18	.11
	---		---	
Weighted average number of shares	7,407,175	7,175,477	7,327,403	7,116,715
	-----		-----	
Fully Diluted	.06	.07	.18	.11
	---		---	
Weighted average number of shares	7,407,262	7,202,112	7,384,402	7,167,530
	-----		-----	

SCHMITT INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 1997 AND FEBRUARY 29, 1996
(UNAUDITED)

Cash flows from operating activities:	Feb. 28, 1997	Feb. 29, 1996
	-----	-----
Net earnings from operations	\$1,306,275	\$775,779
Items not affecting cash:		
Amortization	23,815	130,883
Depreciation	199,768	142,912
Deferred taxes	(5,659)	-0-
	-----	-----
	1,524,199	1,049,574
 Cash flows from changes in assets & liabilities:		
Increase (decrease) in accounts payable	178,756	73,897
Increase (decrease) in rent deposit	-0-	900
Increase (decrease) in current-mortgage	-0-	921
Increase (decrease) in other liabilities	26,419	-0-
Decrease (increase) in accounts receivable	(759,740)	(377,502)
Decrease (increase) in marketable securities & commercial paper	(176,782)	126,148
Decrease (increase) in inventory	(890,459)	(610,001)
Decrease (increase) in prepaid expenses	(13,943)	(10,328)
Decrease (increase) in other assets	-0-	(39,961)
Increase (decrease) in corp income tax	(88,140)	112,037
Decrease (increase) in income tax receivables	-0-	50,000
Decrease (increase) in note receivable	-0-	10,000
	-----	-----
	(1,723,889)	(663,889)
	-----	-----
Net cash provided (used) by operating activities:	(199,690)	385,685
 Cash flows from investing activities:		
Acquisition of capital assets	(313,884)	(287,356)
	-----	-----
Net cash provided (used) by financing activities:	(313,884)	(287,356)
 Cash flows from financing activities:		
Line of credit	400,000	-0-
Mortgage payable	-0-	(10,462)
Exercise of stock options	278,512	-0-
	-----	-----
Net cash provided (used) by financing activities:	678,512	(10,462)
 Increase (decrease) in cash	164,938	87,867
Cash beginning of period	508,240	141,244
Cash end of period	\$ 673,178	\$ 229,111
	-----	-----

February 28, 1997 February 29, 1996

SUPPLEMENTAL SCHEDULE OF NON CASH INVESTING AND FINANCING ACTIVITIES

Income tax benefit of stock options exercised (\$330,000)

Supplemental Information

Income taxes paid	\$ 124,100	\$ 3,897
Interest paid	\$ 5,609	\$ 16,324

NOTES TO INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, and all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and nine-month periods ended February 28, 1997 are not necessarily indicative of the results that may be experienced for the fiscal year ending May 31, 1997.

These financial statements are those of the Company and its wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in the preparation of the consolidated financial statements.

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Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations:

The following information contains certain forward-looking statements that anticipate future trends or events. These statements are based on certain assumptions that may prove to be erroneous and are subject to certain risks including but not limited to the uncertainties of the Company's new product introduction and the risks of increased competition and technological change in the Company's industry. Accordingly, actual results may differ, possibly materially, from the predictions contained herein.

Company operations improved dramatically during the third quarter of fiscal 1997, ended February 28, 1997, as evidenced by major increases in sales and profit levels. During the third quarter, the Company completed its acquisition of "Schmitt Hofmann Systems GmbH" in Germany. The Company purchased the assets of Hofmann Maschinenbau GmbH and then formed a new wholly owned subsidiary as of 12/1/96 for a total cost of \$500,000.

During the third quarter ended February 28, 1997, the Company, through its wholly owned subsidiary Schmitt Measurement Systems, Inc. ("SMS"), continued to sell TMS-2000 non-contact laser texture measurement systems (TMS 2000) to the computer hard drive market. The Company has secured additional orders for these products and expects increased delivery during the balance of fiscal 1997.

RESULTS OF OPERATIONS:

Sales in the third quarter of fiscal 1997 increased to \$2,918,912 versus \$1,855,938 in the same period last year. Sales for the nine months ended February 28, 1997, totaled \$7,450,924 versus \$4,722,835 in the same period last year. The three months sales level was a 57% increase, the nine months results increased by 58% over the same period last year. These increases were caused by across-the-board gains in orders from both domestic and international customers. Management believes sales increases resulted from improved marketing coverage and advertising and the weakening of competitors. Additionally, SMS sales accounted for \$916,226 of the third quarter sales as the TMS-2000 had increased shipments, as compared to \$737,690 in third quarter 1996 SMS sales.

Third quarter cost-of-sales increased to 48% of sales versus 31% in the same period last year. Third quarter fiscal 1997 net profits before taxes increased 46% to \$728,464 versus \$499,966 in fiscal 1996. Net profits after taxes for the third quarter of fiscal 1997 were \$458,655 versus \$484,287 for the third quarter of fiscal 1996. Nine-month net profit after tax totaled \$1,306,275 versus \$775,779 for the same period last year. This is a 68% increase of net profits after tax for the first nine months of fiscal 1997.

The third quarter general and administrative expenses totaled \$768,690 versus \$694,329 for the same period last year. The nine-month general administrative expenses totaled \$2,453,099 versus \$1,926,190 for the same period last year. These increases are attributed to increased sales levels this year and lower levels of expenses in the same period last year. The expansion in advertising, sales training costs, computer purchases and employee salaries continued. Also, an increasing percentage of the Company's products are being sold through commissioned agents and salesmen, as compared with last year, a trend management expects to continue.

Sales in the German subsidiary, Schmitt Hofmann Systems GmbH, totaled approximately \$600,000 of total reported sales for the quarter. These sales levels are higher than expected by management, as many efforts were expended during this quarter in Germany to physically move the Company to a new location, install a new computer and accounting

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system, and non-recurring costs were incurred as a result of these activities. Earnings before taxes in Germany totaled approximately \$120,000. Management expects earnings in Germany will increase as the full result of quantity purchases of inventory impact Schmitt Hofmann Systems GmbH future income statements.

General and administrative expenses as a percentage of sales during the third quarter of fiscal 1997 were 33% compared to 41% for the same period last year, and management feels these costs will stabilize at approximately 40% for fiscal 1997, down from 43% for fiscal 1996 and 47% in fiscal 1995.

In the nine-month period ended February 28, 1997 net income totaled \$1,306,275 versus \$775,779 for the same period last year. For the third quarter period ended February 28, 1997, net income totaled \$458,655 versus \$484,287 for the same period last year. Taxes were accrued at an increased rate for the third quarter given a total of 25% rate compared with 10% in the same period last year for the first nine months of fiscal 1997. Management anticipates that the tax rate for fiscal 1997 will approximate 30% due to prior year tax credits and refunds.

Third quarter net income per common share and common share equivalent on both a primary and a fully diluted basis totaled \$0.06 versus \$0.07 last year for the same period. Fiscal 1997 nine-month primary and fully diluted net income per common share and common share equivalent were \$0.18 versus \$0.11 last year for the same period.

LIQUIDITY AND CAPITAL RESOURCES:

The Company increased its working capital position during the third quarter while still financing the growth of the new SMS products and inventory growth. Working capital totaled \$5,345,254 at February 28, 1997 versus \$3,532,086 at May 31, 1996 fiscal year end. Corporate cash and marketable securities levels stood at \$995,560 at February 28, 1997.

During the nine-month period ended February 28, 1997, net cash used in operating activities totaled \$199,690. Included in cash flow from operations was a \$890,459 increase in inventory. Increases in inventory were planned to take advantage of quantity purchases from vendors and to service increased sales levels. During the period, accounts receivable increased by \$759,740 to a total of \$2,171,545 and marketable securities and commercial paper increased by \$176,782 to \$322,382.

The increase in accounts receivable occurred because of the increased sales during the third quarter ended February 28, 1997 compared with the first six months of fiscal 1997. As a result of its high-quality customer base, the Company has experienced near 100% collection and no reserve for uncollectables, returns or allowances has been established.

Management believes that its cash flow from operations, available credit resources and its improving cash position will provide adequate funds on a short-term basis to cover currently foreseeable debt payments, lease commitments and payments under existing and anticipated supplier agreements. Management believes that such cash flow is sufficient to finance current short-term operations, projected capital expenditures, anticipated short-term sales agreements and other contingencies during the next six months.

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PART II - OTHER INFORMATION

- Item 1. Legal Proceedings - None
- Item 2. Changes in Securities - None
- Item 3. Default Upon Senior Securities - None
- Item 4. Submission of Matters to a Vote of Security Holders:
-- None --
- Item 5. Other Information - None
- Item 6(a) Exhibit 10.1 - Sales Contract between Herr Dirk Pfeil, receiver
of Hofmann Maschinenbau GmbH, and Schmitt Hofmann Systems
GmbH, dated November 19, 1996
Exhibit 11.1 - Schedule of Computation of Net Income Per Share
Exhibit 27 - Financial Data Schedule
- Item 6(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.

SCHMITT INDUSTRIES, INC.

(Registrant)

Date: 4/11/97

Wayne A. Case, President/CEO/Director

Date: 4/11/97

Annie Windsor, Chief Financial Officer

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EXHIBIT INDEX

Number	Description	Location
10.1	Sales Contract between Herr Dirk Pfeil, receiver of Hofmann Maschinenbau GmbH, and Schmitt Hofmann Systems GmbH, dated November 19, 1996	Page 12
11.1	Schedule of Computation of Net Income Per Share	Page 17
27	Financial Data Schedule	Page 18

SALES CONTRACT

between

Herr Dirk Pfeil
receiver of
Hofmann Maschinenbau GmbH
Werner-von-Siemens-Strasse 2, 64319 Pfungstadt
Eschersheimer Landstrasse 60
60332 Frankfurt/Main

-Seller-

and

B U R - Vermoegensverwaltung GmbH
(registered at the court of Mannheim under HRB 16085)
in future registered under the name
Schmitt Hofmann Systems GmbH
represented by its Geschaeftsfuehrer Wayne Case
who has the right for exclusive representation
Mannheimer Strasse 66
68782 Bruehl

-Buyer-

PRELIMINARY STATEMENT

On 1 October 1996, follow-up bankruptcy proceedings were initiated against Hofmann Maschinenbau GmbH ("Common Debtor") in Pfungstadt. The Amtsgericht Darmstadt appointed Seller as the trustee in bankruptcy. Buyer acknowledges that within the framework of the bankruptcy proceedings, Seller will continue the business of the Common Debtor. The "Schwingungsmesstechnik" division that Buyer intends to take over forms part of the business of the Common Debtor. Subject of this sales contract are the rights and goods and equipment that directly pertain to the "Schwingungsmesstechnik" division of the Common Debtor's business located in Pfungstadt. Buyer acknowledges that the Common Debtor does not own any real estate. The present facility is rented from Wegmann & Co and therefore is not part of the sales contract. Furthermore, Buyer acknowledges that Seller's knowledge of the business is only from carrying on the business within the framework of the bankruptcy proceedings. Seller does not make any guarantees that are not mentioned in this contract.

On the basis of this understanding, the two parties have made the following agreement:

1. Buyer will acquire the following rights and goods and equipment that pertain to the business of the Common Debtor in Pfungstadt for the "Schwingungsmesstechnik" division:
 - a. All machinery, tools and pieces of furniture set forth in the list provided to Buyer. Items sold to the Buyer also include items used exclusively for this division by Seller.
 - b. Raw materials, auxiliary materials and factory supplies as well as unfinished goods and finished goods as set forth in the list provided to Buyer.
 - c. Available trade/manufacturing expertise shall be made available by handing over all documents, plans, technical drawings, piece lists, work plans, list of customers, purchasing documents, calculations, customer documents etc. available in Pfungstadt from the Common Debtor as set forth in the list provided to Buyer.
 - d. Commercial patent rights that can be transferred and that are in possession of the Common Debtor as set forth in the list provided to Buyer. If a formal transfer of the patent rights to Buyer is not possible, Seller grants Buyer unlimited, irrevocable and exclusive usufructuary rights. In this case Buyer will bear the cost for the maintenance of the patent rights.

Seller warrants that all items and rights sold are freely disposable and can be transferred free from rights of third parties. However, Seller points out that with respect to the patent rights, the employee inventors have a legal preemptive right.

2. The purchase price for the objects and rights mentioned under Section 1 of this contract is DM 750,000.00 plus 15% value-added tax ("VAT"), if this tax must be paid. The net purchase price of DM 750,000.00 is payable at 2 December 1996. The purchase price will be paid into the following bankruptcy deposit account:

Number: 26 001008
with B H F Bank, AG, Frankfurt/Main
bank code number: 500 202 00.

It is the opinion of both parties that all items are sold within the framework of a sale of a whole business according to Section 1 Sec. 1 a of the VAT law and that consequently no VAT has to be paid. If this opinion is not correct, Buyer shall be obligated to pay the VAT at the current rate, which is 15% of the purchase price to Seller.

Seller only has to pay VAT if and so long as the financial authorities in charge of Buyer's affairs accept VAT as an reimbursement for Buyer. In this case, Seller will prepare an invoice on which VAT is shown separately for Buyer.

If the financial authorities do not have any counterclaims which can be set off against Seller, Buyer transfers his right for VAT-refund from the financial authorities, which may exist because of this sales contract, to Seller. Consequently Seller can set off the transferred right for VAT-refund against his VAT liability to the financial authorities due to this sales contract according to Section 46 Sec. 2 A0. The rights are to be transferred on an official form. If the financial authorities do not agree with the transfer or if a transfer is not possible for other reasons, the whole amount of the value-added- tax must be paid to Seller by 15 January 1997.

If Buyer does not pay the complete purchase price as of the required date, interest of 10% per annum must be paid from the date when payment was due.

3. The acquired rights and items are taken over by the Buyer as inspected; he acknowledges their condition. Warranty claims, defects and other warranties of any kind are excluded. The Buyer renounces any possible warranties for cancellation, reduction of the sales price, compensation payment or an eventual right of rescission from this contract. The right of rescission mentioned in Section 16 of this contract is not affected hereby.
4. The transfer is valid effective from 1 December 1996 on, provided Seller receives the net sales price of DM 750.000,00 by 2 December 1996. Seller retains title to the items sold until complete payment of the sales price has been effected. Buyer has the right to assemble the goods in stock in the ordinary course of business and to sell them as long as he does not delay payment. Assembly or change always takes place for Seller as a producer, but without obligations for him. Buyer hereby fully transfers any claims resulting from reselling goods under reservation of ownership to the Seller.
5. Seller will make sure that the normal course of business is continued until the date of transfer. Buyer agrees to process orders received until the date of transfer and to carry out the orders properly. This is also valid for orders submitted to suppliers by Seller, etc. Seller will be reimbursed by Buyer for eventual prepayments for goods that have not yet been delivered or for services that have not yet been rendered. Incoming invoices for services already rendered at the date of transfer or goods already received will be paid by the Seller.
6. Both parties agree to discuss all present contracts immediately after signing this contract. They will decide which contracts will be terminated by Seller before the date of transferral.
7. Buyer takes over those warranty and guarantee obligations (reworking and delivery of spare parts) which result from orders processed after the opening of the bankruptcy proceedings or of orders which had been in process.

8. A list of orders received at the "Schwingungsmesstechnik" division as of 18 November 1996 has been provided to Buyer. Orders which have been completed as of the date of the transfer and services that had been rendered at that time will be dealt with between Seller and customer. Deliveries and services which took place after the transferral will be dealt with between Buyer and customer. Both parties will do their best in order to transfer the orders received as of the date of transfer from Seller to Buyer in accordance with the customer.
9. Seller shall continue the initiated legal proceedings against Dionys Hofmann and his companies, respectively, concerning the "Schwingungsmesstechnik" division. To the best of his abilities, Seller will also support Buyer in any similar future conflicts with Dionys Hofmann or one of his companies.
10. Buyer acknowledges that the Common Debtor employs 20 people in the "Schwingungsmesstechnik" division in Pfungstadt. However, Buyer is only willing to employ a maximum of 14 people. Therefore, Buyer is granted the right to ask Seller to pay DM 35,000.00 for each additional person Buyer has to employ according to the regulations of Section 613 a BGB. Buyer may decide which employees he intends to continue to employ. Seller shall regulate all claims of continuing employees existing at the date of transfer within the framework of the bankruptcy proceedings so that no obligations for Buyer may result. All claims arising after the date of transfer will be dealt with by Buyer. Holiday entitlements and holiday pay of the continuing employees will be established as of the date of transfer. Seller has no pension obligations to the continuing employees.
11. Buyer has the right to use the current facilities for the "Schwingungsmesstechnik" division until 31 January 1997, at the latest, for which payment of a monthly flat rate of DM 10,000.00 plus VAT is due. Seller has no warranty obligations for these facilities.
12. In the future, Buyer will pass orders to Seller for part "zerspanende Fertigung." Buyer or third persons named by Buyer will have the opportunity to observe the execution of these orders in order to get fabrication know-how. Seller hereby agrees to help Buyer and will ensure that Buyer's competitors will not have access to this know-how.
13. Both parties will engage an outside EDP-company to transfer the technical and trading data concerning the objects sold to Buyer and remove them from the EDP-system of Seller. The costs therefor shall be borne by Buyer. Existing backup copies will be handed over to Buyer.
14. Seller allows Buyer to remove tools with a maximum value of DM 5,000.00 from the tools in stock in Pfungstadt.

15. Seller has the right to withdraw from this sales contract if the Buyer delays payment for more than three days. Written withdrawal from the contract must be given to Buyer.
16. Buyer has the right to withdraw from this contract if Mr. Menigat does not renounce his preemptive right according to the employee invention law. The right for withdrawal must be carried out by 26 November 1996 by written notice to Seller.
17. If any provision of this contract is or becomes invalid, the validity of the whole contract is not affected. Both parties will do their best to correct any invalid provision so that it complies legally and economically and comes as close as possible to the intention of the original provision.
18. Place of performance and jurisdiction is Frankfurt/Main.

Frankfurt/Main, 19 November 1996

- Seller-

- Buyer-

 EXHIBIT 11.1

SCHMITT INDUSTRIES, INC.
 SCHEDULE OF COMPUTATION OF NET INCOME PER SHARE
 (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	02/28/97	02/29/96	02/28/97	02/29/96
	-----	-----	-----	-----
I. Net income for period	\$ 458,655	\$ 484,287	\$ 1,306,275	\$ 775,779
	-----	-----	-----	-----
II. Determination of shares				
Weighted average number of common shares outstanding	7,042,886	6,886,889	7,012,557	6,886,889
Common equivalent shares (determined using the "treasury stock" method) representing shares issuable upon exercise of employee stock options	364,289	288,588	314,846	229,826
Weighted average number of shares used in calculation of primary income per share	7,407,175	7,175,477	7,327,403	7,116,715
Shares issuable on exercise of stock options, net of shares assumed to be purchased out of proceeds at market price	87	26,635	56,999	50,815
Weighted average number of shares used in fully diluted income per share	7,407,262	7,202,112	7,384,402	7,167,530
	-----	-----	-----	-----
III. Net income per common share and common share equivalent				
Primary	.06	.07	.18	.11
	---	---	---	---
Fully diluted	.06	.07	.18	.11
	---	---	---	---

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM 10Q OF FEBRUARY 28, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

9-MOS		
	MAY-31-1997	
	JUN-01-1996	
	FEB-28-1997	
		673,178
		322,382
		2,171,545
		0
		2,671,790
		6,786,825
		2,073,157
		467,989
		8,442,468
1,441,571		
		0
		0
		4,707,024
		4,707,024
8,442,468		
		7,450,924
		7,450,924
		3,127,832
		3,127,832
		2,453,099
		0
		5,609
		1,737,084
		430,809
1,306,275		
		0
		0
		0
		1,306,275
		.18
		.18