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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission File Number 0-22529

inTEST Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	22-2370659
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)
2 Pin Oak Lane, Cherry Hill, New Jersey	08003
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (856) 424-6886

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

Yes X No ___

Number of shares of Common Stock, $.01 par value, outstanding as of September 30, 1999:

6,536,034

iNTEST CORPORATION

INDEX

PART 1. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

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

	Sept. 30, 1999 (Unaudited)	Dec. 31, 1998 (Audited)
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 9,689	$ 8,468
Trade accounts and notes receivable, net of allowance for doubtful accounts of $169 and $168, respectively	6,960	3,275
Inventories	3,359	2,521
Deferred tax asset	245	245
Refundable domestic and foreign income taxes	-	658
Other current assets	314	137
Total current assets	20,567	15,304
Machinery and equipment:		
Machinery and equipment	2,265	1,690
Leasehold improvements	297	223
	2,562	1,913
Less: accumulated depreciation	(1,335)	(1,078)
Net machinery and equipment	1,227	835
Other assets	214	195
Goodwill	6,525	6,884
Total assets	$28,533	$23,218
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 2,882	$ 969
Accrued expenses	1,348	1,023
Domestic and foreign income taxes payable	989	-
Total current liabilities	5,219	1,992
Commitments		
Stockholders' equity:		
Preferred stock, $0.01 par value; 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, $0.01 par value; 20,000,000 shares authorized; 6,536,034 shares issued and outstanding	65	65
Additional paid-in capital	16,647	16,647
Retained earnings	6,576	4,570
Accumulated other comprehensive earnings (expense)	26	(56)
Total stockholders' equity	23,314	21,226
Total liabilities and stockholders' equity	$28,533	$23,218

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

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

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	1999	1998	1999	1998
Net revenues	$10,097	$ 4,449	$21,392	$15,238
Cost of revenues	4,554	2,118	9,811	6,453
Gross margin	5,543	2,331	11,581	8,785
Operating expenses:				
Selling expense	1,346	862	3,167	2,281
Research and development expense	880	483	2,245	1,338
General and administrative expense	1,191	726	3,072	1,902
Total operating expenses	3,417	2,071	8,484	5,521
Operating income	2,126	260	3,097	3,264
Other income (expense):				
Interest income	89	111	240	377
Interest expense	(17)	(1)	(17)	(3)
Other	44	(10)	69	2
Total other income	116	100	292	376
Earnings before income taxes	2,242	360	3,389	3,640
Income tax expense	901	133	1,383	1,351
Net earnings	$ 1,341	$ 227	$ 2,006	$ 2,289
Net earnings per common share-basic	$0.21	$0.04	$0.31	$0.38
Weighted average common shares outstanding-basic	6,536,034	6,311,849	6,536,034	6,046,107
Net earnings per common share-diluted	$0.20	$0.04	$0.30	$0.38
Weighted average common and common share equivalents outstanding-diluted	6,626,342	6,317,578	6,606,902	6,055,217

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

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

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	1999	1998	1999	1998
Net earnings	$1,341	$ 227	$2,006	$2,289
Foreign currency translation adjustments	168	19	82	(42)
Comprehensive earnings	$1,509	$ 246	$2,088	$2,247

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1999

(In thousands, except share data)

(Unaudited except Balance, December 31, 1998)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings(Expense)	Total Stockholders' Equity
Balance, December 31, 1998	6,536,034	$ 65	$16,647	$ 4,570	$ (56)	$21,226
Net earnings	-	-	-	2,006	-	2,006
Other comprehensive earnings	-	-	-	-	82	82
Balance, Sept. 30, 1999	6,536,034	$ 65	$16,647	$ 6,576	$ 26	$23,314

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

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

	Nine Months Ended Sept. 30, 1999	Nine Months Ended Sept. 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 2,006	$ 2,289
Adjustments to reconcile net earnings to net cash:		
Depreciation and amortization	620	303
Foreign exchange (gain)loss	(15)	6
Changes in assets and liabilities:		
Trade accounts and notes receivable, net	(3,612)	1,507
Inventories	(836)	(134)
Refundable domestic and foreign income taxes	663	(352)
Other current assets	(178)	(94)
Accounts payable	1,917	(70)
Domestic and foreign income taxes payable	989	(1,482)
Accrued expenses	323	(415)
Net cash provided by operating activities	1,877	1,558
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of machinery and equipment	(651)	(165)
Acquisition of business, net of cash acquired	-	(4,629)
Other long-term assets	(7)	(21)
Net cash used in investing activities	(658)	(4,815)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal debt repayments	-	(215)
Net cash used in financing activities	-	(215)
Effects of exchange rates on cash	2	(12)
Net cash provided by all activities	1,221	(3,484)
Cash and cash equivalents at beginning of period	8,468	12,035
Cash and cash equivalents at end of period	$ 9,689	$ 8,551

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information as of September 30, 1999 and for the three months and nine months ended September 30, 1999 and 1998 is unaudited)

(In thousands, except for share data)

(1) NATURE OF OPERATIONS

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

The consolidated entity is comprised of inTEST Corporation (parent) and seven 100% owned subsidiaries: inTEST Limited (Thame, UK), inTEST Kabushiki Kaisha (Kichijoji, Japan), inTEST PTE, Limited (Singapore), inTEST Sunnyvale Corp. (Delaware), inTEST Investments, Inc. (a Delaware holding company), inTEST IP Corp.(a Delaware holding company) and inTEST Licensing Corp. (a Delaware holding company).

The Company manufactures its products in the U.S.,U.K. and Singapore (where the company commenced manufacturing during September 1999). Marketing and support activities are conducted worldwide from the Company's facilities in the U.S., U.K., Japan and Singapore.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated upon consolidation. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interim Financial Reporting

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments (consisting only of normally recurring adjustments) necessary to present fairly the financial position, results of operations, and changes in cash flows for the interim periods presented.

Certain footnote information has been condensed or omitted from these financial statements. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and and accompanying footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

Net Earnings Per Common Share

Basic earnings per common share is computed by dividing net earnings by the weighted average common shares outstanding during each period. Diluted earnings per common share is computed by dividing net income by the weighted average common and common share equivalents outstanding during each period. Common share equivalents include dilutive stock options using the treasury stock method.

As discussed in Note 3, pro forma earnings per common share information for the three months and nine months ended September 30, 1998 includes certain adjustments to reflect results as if the acquisition of inTEST Sunnyvale Corp. (f/k/a TestDesign Corporation) had occurred on January 1, 1998.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivatives and Hedging Activities, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities. SFAS 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company plans to adopt this Statement, as required. The adoption of this Statement is not expected to have a material affect on the results of operations, financial condition or long-term liquidity of the Company.

(3) PRO FORMA STATEMENT OF EARNINGS INFORMATION

On August 3, 1998, the Company acquired all of the outstanding capital stock of TestDesign Corporation ("TestDesign"), a privately held California corporation (the "Acquisition"). Subsequent to the Acquisition, the Company changed the name of TestDesign to inTEST Sunnyvale Corp. TestDesign is engaged in the design and manufacture of tester interfaces used by the semiconductor industry. The purchase price was $4.4 million in cash and 625,000 shares of the Company's common stock (subject to certain adjustments). Although the Company's common stock had a market price of $4.75 per share on the closing date of the transaction, all of the 625,000 shares issued in connection with the Acquisition are subject to legal restrictions on transfer and have been valued at a 10% discount to the market price of the shares. In addition, the Company incurred transaction costs of approximately $425,000 in completing the Acquisition. The following is an allocation of the purchase price:

Cash payment	$4,400
Transaction costs	425
625,000 common shares at $4.28	2,672
	7,497
Estimated fair value of identifiable assets acquired net of liabilities assumes	1,650
Goodwill to be amortized over 15 years	$5,847

The Acquisition has been accounted for as a purchase and the results of operations of the acquired business have been included in the Company's consolidated financial statements since the date of the Acquisition. The following unaudited pro forma information presents a summary of consolidated results of operations for the Company and TestDesign for the three months and nine months ended September 30, 1998 as if the Acquisition had occurred on January 1, 1998:

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

	Three Months Ended Sept 30, 1998	Nine Months Ended Sept 30, 1998
Pro forma net revenues	$ 4,817	$19,498
Pro forma net earnings	144	2,173
Pro forma net earnings per common share-diluted	$ 0.02	$ 0.33

(4) SEGMENT INFORMATION

The various products the Company designs, manufactures and markets, which include docking hardware, test head manipulators and tester interfaces, are considered by management to be a single operating segment. Included in this segment are products the Company designs and markets which are manufactured by third parties, which include high performance test sockets and interface boards. The Company operates its business worldwide and divides the world into three geographic operating segments: North America, Asia-Pacific and Europe. The North America segment includes the Company's manufacturing, design and service facilities in New Jersey and California; the Asia-Pacific segment includes the Company's design and service facilities in Singapore and Japan; and the Europe segment includes the Company's manufacturing, design and service facility in the UK.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Unaudited)

(4) SEGMENT INFORMATION (Continued)

	Three Months Ended Sept 30,		Nine Months Ended Sept 30,	
	1999	1998	1999	1998
Net revenues from unaffiliated customers:				
North America	$ 7,589	$2,748	$15,852	$ 9,918
Asia-Pacific	1,596	1,049	3,979	3,879
Europe	912	652	1,561	1,441
	$10,097	$4,449	$21,392	$15,238
Affiliate sales or transfers from:				
North America	$ 442	$ 179	$ 1,074	$ 742
Asia-Pacific	-	-	-	-
Europe	290	56	724	323
	$ 732	$ 235	$ 1,798	$ 1,065
Operating income (loss):				
North America	$ 1,579	$ (63)	$ 2,200	$ 2,292
Asia-Pacific	26	47	230	421
Europe	521	276	667	551
	$ 2,126	$ 260	$ 3,097	$ 3,264
Earnings before income taxes:				
North America	$ 1,641	$ 28	$ 2,387	$ 2,620
Asia-Pacific	77	47	321	444
Europe	524	285	681	576
	$ 2,242	$ 360	$ 3,389	$ 3,640
Net earnings (loss):				
North America	$ 972	$ (5)	$ 1,402	$ 1,684
Asia-Pacific	(21)	6	62	137
Europe	390	226	542	468
	$ 1,341	$ 227	$ 2,006	$ 2,289

(5) LEGAL PROCEEDINGS

As reported in the Company's prior periodic reports filed with the Securities and Exchange Commission during 1999, on November 18, 1998 the Company and its subsidiary inTEST IP Corp. (which holds title to all Company intellectual property) filed suit against Reid-Ashman Manufacturing, Inc. for infringement of a United States patent held by the Company. The matter is presently in the discovery stage. In addition, the parties are pursuing court facilitated mediation.

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

Overview

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

The Company's revenues are substantially dependent upon the demand for ATE by semiconductor manufacturers and, therefore, fluctuate generally as a result of cyclicality in the semiconductor manufacturing industry. During the past several years, the demand for ATE by the semiconductor industry exhibited a high degree of cyclicality. 1996 represented a year of sequential quarterly declines in orders for and sales of the Company's products due to a reduced level of semiconductor manufacturing activity which caused cutbacks in semiconductor manufacturers' capital budgets. 1997 marked a turnaround in the semiconductor industry, which was evidenced by renewal in demand for ATE and related equipment, which resulted in sequential quarterly increases in orders for and sales of the Company's products. 1998, like 1996, represented a year of sequential quarterly declines in orders for and sales of the Company's products, however, to a more significant degree than in 1996. During 1998, worldwide demand for ICs fell dramatically due to excess inventory of older IC designs, and slower transition to new IC designs resulting from softening demand for end user products. In addition, the economic downturns in many world economies, especially those in Southeast Asia and Japan, exacerbated the semiconductor industry downturn. The combination of these conditions contributed to a reduced demand for products manufactured by semiconductor manufacturers, which in turn significantly reduced their need for new or additional ATE equipment.

1999, like 1997, marked a turnaround in the semiconductor industry. During the first nine months of 1999, the Company has seen significant quarterly increases in the level of orders for its products ("bookings"). Bookings were $7.2 million for the quarter ended March 31, 1999, $10.7 million for the quarter ended June 30, 1999, and a record $13.1 million for the quarter ended September 30, 1999. As a result of the increased booking activity, the Company's backlog increased from $3.4 million at December 31, 1998 to a record $11.4 million at September 30, 1999. During the same period the Company experienced a significant increase in its net revenues, which grew from $3.8 million for the quarter ended December 31, 1999 to a record $10.1 million for the quarter ended September 30, 1999. The increase in the Company's bookings, net revenues and backlog reflects the increased demand for ATE by semiconductor manufacturers resulting from increased worldwide demand for ICs combined with back end ATE capacity constraints caused by the significantly reduced capital spending during 1998. While bookings and

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

backlog are calculated on the basis of firm orders, no assurance can be given that customers will purchase the equipment subject to such orders. As a result, the Company's bookings for any period and backlog at any particular date are not necessarily indicative of actual sales for any succeeding period.

Results of Operations

Three Months Ended September 30, 1999 Compared to Three Months Ended September 30,1998:

Net Revenues. Net revenues were a record $10.1 million for the quarter ended September 30, 1999 compared to $4.4 million for the same period in 1998, an increase of $5.6 million or 127%. The significant increase in net revenues over the comparable prior period is principally the result of the aforementioned turnaround in the demand for ATE in 1999 compared to 1998.

Gross Margin. Gross margin increased to 55% for the quarter ended September 30, 1999 compared to 52% for the comparable period in 1998. The improvement in gross margin was primarily the result of better absorption of fixed manufacturing costs by higher net revenue levels. The improvement in the gross margin was offset by the increase in manufacturing costs associated with the acquisition of inTEST Sunnyvale, which was acquired on August 3, 1998 (the "Acquisition").

Selling Expense. Selling expense was $1.3 million for the quarter ended September 30, 1999 compared to $862,000 for the same period in 1998, an increase of $484,000 or 56%. The increase was attributable to several factors including the salary expense of new sales and marketing staff, increased expenditures for travel, increased commission expenses for external sales representatives resulting from the higher sales levels, increased advertising costs and higher levels of freight expenses.

Research and Development Expense. Research and development expense was $880,000 for the quarter ended September 30, 1999 compared to $483,000 for the same period in 1998, an increase of $397,000 or 82%. The increase was attributable to the additional salary expense of inTEST Sunnyvale engineering and technical staff coupled with an increase in the Company's total number of engineering and technical staff. In addition, expenditures for research and development materials and travel expenses associated with new product development comprised a significant portion of the increase as compared to the prior comparable period.

General and Administrative Expense. General and administrative expense was $1.2 million for the quarter ended September 30, 1999 compared to $726,000 for the same period in 1998, an increase of $465,000 or 64%. The increase was primarily attributable to legal costs related to the Company's patent infringement suit, costs to maintain existing patents and file for new patents worldwide, accruals for incentive compensation for certain executive officers and the additional salary and other administrative costs of inTEST Sunnyvale.

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

In addition, administrative salary expense increased due to both staffing increases and salary increases for existing staff, as well as increases in investor relations expenses and the amortization of goodwill resulting from the Acquisition.

Income Tax Expense. Income tax expense increased to $901,000 for the quarter ended September 30, 1999 from $133,000 for the comparable period in 1998, an increase of $768,000. The Company's effective tax rate was 40% for the third quarter of 1999 compared to 37% for the same period in 1998. The increase in the effective tax rate is primarily the result of goodwill amortization related to the Acquisition, which is not deductible for tax purposes, and a higher effective tax rate in Japan, caused by certain recurring expenses which are not deductible for tax purposes, which was compounded by the reduced profitability of the Company's Japanese operations in 1999 compared to 1998.

Nine Months Ended September 30, 1999 Compared to Nine Months Ended September 30, 1998

Net Revenues. Net revenues were $21.4 million for the nine months ended September 30, 1999 compared to $15.2 million for the same period in 1998, an increase of $6.2 million or 40%. The significant increase in net revenues over the comparable prior period is a result of the aforementioned turnaround in demand for ATE in 1999 compared to 1998, as well as the Acquisition of inTEST Sunnyvale.

Gross Margin. Gross margin declined to 54% for the nine months ended September 30, 1999 compared to 58% for the comparable period in 1998. The reduction in gross margin was primarily the result of the additional fixed costs of manufacturing and direct labor costs of inTEST Sunnyvale.

Selling Expense. Selling expense was $3.2 million for the nine months ended September 30, 1999 compared to $2.3 million for the same period in 1998, an increase of $886,000 or 39%. The increase was attributable to several factors including the additional salary expense of inTEST Sunnyvale sales staff and new sales and marketing staff, increased expenditures for travel, higher levels of warranty replacement expenses and increased advertising costs offset by a reduction in commission expenses for external sales representatives.

Research and Development Expense. Research and development expense was $2.2 million for the nine months ended September 30, 1999 compared to $1.3 million for the same period in 1998, an increase of $907,000 or 68%. The increase was attributable to the additional salary expense of inTEST Sunnyvale engineering and technical staff coupled with an increase in the number of engineering and technical staff and higher levels of travel expenses which were offset in part by reductions in spending on research and development materials in 1999 as compared to 1998.

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

General and Administrative Expense. General and administrative expense was $3.1 million for the nine months ended September 30, 1999 compared to $1.9 million for the same period in 1998, an increase of $1.2 million or 62%. The increase was primarily attributable to legal costs related to the Company's patent infringement suit, costs to maintain existing patents and file for new patents worldwide and the amortization of goodwill resulting from the Acquisition. In addition, there were increases in administrative salary expense due to staffing increases and salary increases for existing staff, accruals for incentive compensation for certain executive officers and communications expense.

Income Tax Expense. Income tax expense remained constant at $1.4 million for the nine months ended September 30, 1999 and 1998. The Company's effective tax rate was 41% for the first nine months of 1999 compared to 37% for the same period in 1998. The increase in the effective tax rate is primarily the result of goodwill amortization related to the Acquisition, which is not deductible for tax purposes, and a higher effective tax rate in Japan, caused by certain recurring expenses which are not deductible for tax purposes, which was compounded by the reduced profitability of the Company's Japanese operations in 1999 compared to 1998.

Liquidity and Capital Resources

Net cash provided from operations for the nine months ended September 30, 1999 was $1.9 million. Accounts receivable increased $3.6 million from December 31, 1998 to September 30, 1999 due to the increase in sales activity during the first nine months of 1999. Inventories increased $836,000 as a result of materials purchases for future product shipments. Refundable domestic and foreign income taxes decreased $663,000 due to a refund of excess Federal taxes paid during 1998. Other current assets increased $178,000, primarily as a result of increases in prepaid expenses. Accounts payable increased $1.9 million due to the higher production levels during the first nine months of 1999. Accrued expenses increased $323,000 primarily as a result of the increased sales activity and staffing additions and their related expense accruals. Domestic and foreign income taxes payable increased $989,000 as a result of the refund of excess Federal taxes received during the first quarter and the accrual of income taxes on the earnings for the first nine months of 1999.

Purchases of machinery and equipment were $651,000 for the nine months ended September 30, 1999, which consisted primarily of improvements to the Company's facilities in the United States and, to a lesser extent, the UK. The Company began the renovation of its UK manufacturing facility during the second quarter and plans to spend approximately $200,000 during the fourth quarter of 1999 to complete the renovations and to purchase a coordinate measuring machine for this facility. During the third quarter of 1999, the Company increased its domestic fabrication capacity through the addition of a

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

machining operation in Cherry Hill. The Company estimates the costs to acquire equipment for this new machining operation at between $600,000 and $800,000; approximately $200,000 of this amount was spent during the third quarter of 1999. The Company commenced manufacturing operations at its Singapore facility late in the third quarter of 1999 and does not foresee significant capital expenditures related to this operation.

The Company believes that existing cash and cash equivalents, its $1.5 million unused line of credit and the anticipated net cash provided from operations will be sufficient to satisfy the Company's cash requirements including those of its new subsidiary for the foreseeable future. However, additional acquisitions may require additional equity or debt financing to meet working capital requirements or capital expenditure needs. The Company does not anticipate that it will pay dividends in the foreseeable future.

Year 2000

The Year 2000 issue is the result of computer programs being written using two digits rather than four digits to define the applicable year. Computer programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, a temporary inability to process transactions, send invoices, or engage in normal business activities.

Currently, the Company has a program in process to analyze potentially affected business and process systems and replace or correct all non-compliant critical business and process systems that it will require in the new millennium. Prior to the acquisition of inTEST Sunnyvale, the Company had completed its review and testing of its then existing systems and determined that they were Year 2000 compliant. The Company has identified those systems of inTEST Sunnyvale which were not yet Year 2000 compliant and has converted them to systems which are Year 2000 compliant. The Company completed the system modifications at inTEST Sunnyvale during the third quarter of 1999.

The products that the Company has sold and currently sells are not date-sensitive, and therefore the Company believes its product related exposures are low.

In conjunction with the Company's Year 2000 effort, all suppliers that are critical to the function of the Company are being surveyed to ensure readiness and non-disruption to the Company supply chain. The Company relies on subcontractors for fabrication and certain other processes performed on its products and utilizes third-party network equipment and software products which may or may not be Year 2000 compliant. In addition, the Company relies on utility and telecommunications suppliers to operate its businesses

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

worldwide. The Company has sent questionnaires to these critical suppliers to determine the extent to which the Company's operations are exposed to failure of Year 2000 issues. The Company has received responses from virtually all of its domestic suppliers and is still awaiting responses from many of its foreign suppliers. The Company has identified new critical raw materials and fabrication suppliers to replace those which cannot demonstrate Year 2000 compliance before the end of the fourth quarter of 1999. There can be no assurance that the Company will be successful in its efforts to identify and resolve any Year 2000 issues involving its suppliers or to continue receiving products and services from these suppliers if Year 2000 problems were to materialize. The failure to resolve these issues could result in the shut-down of some or all of the Company's operations, which would have a material adverse effect on the Company.

The total expense of the Company's Year 2000 effort is currently estimated at less than $100,000 for the identification and remediation of any Year 2000 problems related to the Company's internal systems. If required modifications to existing software and hardware are not made, or are not completed in a timely manner, the Year 2000 issue could have a material impact on the operations of the Company. There can be no assurance that the costs to remediate any Year 2000 problems which may be identified in the future will not exceed the Company's current estimate or that the Company will be able to resolve these issues in a timely manner. The expenses of the Year 2000 project are being funded through operating cash flows.

The Company does not currently have any information concerning Year 2000 compliance status of its customers. If any of the Company's significant customers and suppliers do not successfully and in a timely manner achieve Year 2000 compliance, and as a result of such non-compliance such customers operations are disrupted, shut-down or otherwise impacted, the Company's business or operations could be adversely affected. There can be no assurance that another company's failure to ensure Year 2000 capability would not have an adverse effect on the Company.

The Company has not yet developed a comprehensive contingency plan to address situations which it believes to be beyond its control (i.e. such as utilities and telecommunications). There can be no assurance that the Company will be able to develop a contingency plan that will adequately address issues that may arise in the Year 2000. The failure of the Company to successfully resolve such issues could result in a shutdown of some or all of the Company's operations, which would have a material adverse effect on the Company.

International Operations

Revenues generated by the Company's foreign subsidiaries were 26% and 35% of consolidated revenues for the nine months ended September 30, 1999 and 1998, respectively. The Company anticipates that revenues generated by the

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

Company's foreign subsidiaries will continue to account for a significant portion of consolidated revenues in the foreseeable future. These revenues generated by the Company's foreign subsidiaries will continue to be subject to certain risks, including changes in regulatory requirements, tariffs and other barriers, political and economic instability, an outbreak of hostilities, foreign currency exchange rate fluctuations, potentially adverse tax consequences and the possibility of difficulty in accounts receivable collection. The Company cannot predict whether quotas, duties, taxes or other charges or restrictions will be implemented by the United States or any other country upon the importation or exportation of the Company's products in the future. Any of these factors or the adoption of restrictive policies could have a material adverse effect on the Company business, financial condition or results of operations.

Revenues denominated in foreign currencies were 16% and 26% of consolidated revenues for the nine months ended September 30, 1999 and 1998, respectively. Although the Company operates its business such that a significant portion of its product costs are denominated in the same currency that the associated sales are made in, there can be no assurance that the Company will not be adversely impacted in the future due to its exposure to foreign operations. Revenues denominated in currencies other than U.S. dollars expose the Company to currency fluctuations, which can adversely affect results of operations.

The portion of the Company's consolidated revenues that were derived from sales to the Asia Pacific region were 19% and 26% for the nine months ended September 30, 1999 and 1998, respectively. Countries in the Asia Pacific region, including Japan, have experienced economic instability resulting in weaknesses in their currency, banking and equity markets. Although the past economic instability in the Asia Pacific region has not materially adversely affected the Company's order backlog, balance sheet, or results of operations to date, there can be no assurance that continued economic instability will not in the future have a material adverse affect on demand for the Company's products and its consolidated results of operations.

Cautionary Statement Regarding Forward Looking Statements

This Report contains certain statements of a forward-looking nature relating to future events, such as statements regarding the Company's plans and strategies or future financial performance. Such statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. Investors and prospective investors are cautioned that such statements are only projections and that actual events or results may differ materially from those expressed in any such forward-looking statements. In addition to the factors described

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

in this Report, the Company's actual consolidated quarterly or annual operating results have been affected in the past, or could be affected in the future, by additional factors, including, without limitation: changes in business conditions and the economy, generally; the ability of the Company to obtain patent protection, and enforce its patent rights, for existing and developing proprietary technologies; the ability of the Company to integrate successfully businesses, technologies or products which it may acquire; the effect of the loss of, or reduction in orders from, a major customer; and competition from other manufacturers of docking hardware, test head manipulators, tester interfaces and related ATE interface products.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to currency exchange rate risk in the normal course of its business. The Company employs risk management strategies including the use of forward exchange rate contracts to manage this exposure. The Company's objective in managing currency exchange risk is to minimize the impact of significant currency exchange rate fluctuations primarily in the Japanese Yen. The Company's Japanese operations expose its earnings to changes in currency exchange rates because its Japanese subsidiary makes its sales in Japanese Yen and purchases its sales inventory in U.S. dollars. Forward exchange rate contracts are used to establish a fixed conversion rate between the Japanese Yen and the U.S. dollar so that the level of the Company's gross margin from sales in Japan is not negatively impacted from significant movements in the Japanese Yen to U.S. dollar exchange rate. The Company purchases forward exchange rate contracts on a monthly basis in the amounts necessary to pay the U.S. dollar denominated obligations of its Japanese subsidiary. As of September 30, 1999, there were no forward exchange rate contracts outstanding.

It is the Company's policy to enter into forward exchange rate contracts only to the extent necessary to achieve the desired objectives of management in limiting the Company's exposure to significant fluctuations in currency exchange rates. The Company does not hedge all of its currency exchange rate risk exposures in a manner that would completely eliminate the impact of changes in currency exchange rates on its net earnings. The Company does not expect that its results of operations or liquidity will be materially affected by these risk management activities.

The notional amounts of the Company's forward exchange rate contracts are used only to satisfy current payments to material vendors to be exchanged and are not a measure of the Company's credit risk or its future cash requirements. Exchange risk related to forward exchange rate contracts is limited to movement in the exchange rates that would provide a more favorable exchange rate than that locked in the forward contract and forward contract amounts purchased in excess of the amount needed by the Company to satisfy its obligations. The Company manages that rate risk by limiting the size of the forward contracts purchased to the known amount of obligations due and not purchasing forward contracts with settlement dates beyond 30 days. The Company believes that the risk of loss due to exchange rate fluctuations is remote and that any losses would not be material to its financial condition or results of operations.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

As reported in the Company's prior periodic reports filed with the Securities and Exchange Commission during 1999, on November 18, 1998 the Company and its subsidiary inTEST IP Corp. (which holds title to all Company intellectual property) filed suit against Reid-Ashman Manufacturing, Inc. for infringement of a United States patent held by the Company. The matter is presently in the discovery stage. In addition, the parties are pursuing court facilitated mediation.

PART II. OTHER INFORMATION (Continued)

Item 2. Changes in Securities and Use of Proceeds

On June 17, 1997, the Company's Registration Statement on Form S-1 covering the Offering of 2,275,000 shares of the Company's Common Stock, Commission file number 333-26457, was declared effective. The Offering commenced on June 20, 1997, managed by Janney Montgomery Scott, Inc. and Needham & Company, Inc. as representatives of the several underwriters named in the Registration Statement (the "Underwriters").

Of the 2,275,000 shares sold pursuant to the Offering, 1,820,000 shares were sold by the Company and 455,000 were sold by certain selling stockholders (the "Selling Stockholders"). In addition, the Underwriters exercised an over-allotment option to purchase an additional 341,250 shares of the Company's Common Stock from the Selling Stockholders. The total price to the public for the shares offered and sold by the Company and the Selling Stockholders was $13,650,000 and $5,971,875, respectively.

The amount of expenses incurred for the Company's account in connection with the Offering are as follows:

Underwriting discounts and commissions:	$1,023,750
Finders' fees:	None
Expenses paid to or for the Underwriters:	16,650
Other expenses:	954,758
Total expenses:	$1,995,158

All of the foregoing expenses were direct or indirect payments to persons other than (i) directors, officers or their associates; (ii) persons owning ten percent (10%) or more of the Company's Common Stock; or (iii) affiliates of the Company.

The net proceeds of the Offering to the Company (after deducting the foregoing expenses) was $11,654,842. From the effective date of the Registration Statement, the net proceeds have been used for the following purposes:

PART II. OTHER INFORMATION (Continued)

Item 2. Changes in Securities and Use of Proceeds (Continued)

Construction of plant, building and facilities	$ -
Purchase and installation of machinery and equipment	949,538
Purchase of real estate	-
Acquisition of other business (including transaction costs	4,825,000
Repayment of indebtedness	388,098
Working capital	599,725
Temporary investments, including cash & cash equivalents	4,291,716
Other purposes (for which at least $100,000 has been used), including:	
Payment of final S corporation distribution	600,765
	$11,654,842

In connection with the termination of the Company's status as an S corporation, the Company used $601,000 of the net proceeds to pay a portion of the $4.3 million final distribution of previously taxed but undistributed earnings of the Company.

All of the foregoing payments with the exception of the final S corporation distribution were direct or indirect payments to persons other than (i) directors, officers or their associates; (ii) persons owning ten percent (10%) or more of the Company's Common Stock; or (iii) affiliates of the Company.

Item 3. Defaults Upon Senior Securities

None

PART II. OTHER INFORMATION (Continued)

Item 4. Submission of Matters to a Vote of Securities Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

3.1 Articles of Incorporation: Previously filed by the Company as an Exhibit to the Company's Registration Statement on Form S-1, File No. 333-26457, and Incorporated herein by reference.

3.2 By-Laws: Previously filed by the Company as an Exhibit to the Company's Registration Statement on Form S-1, File No. 333-26457, and incorporated herein by reference.

10 Lease Agreement between the Company and Hoot Owl Farms, Inc. dated July 28, 1999

27 Financial Data Schedule

(b) Reports on Form 8-K

None

Signatures

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

inTEST Corporation

Date: November 15, 1999	/s/ Robert E. Matthiessen Robert E. Matthiessen President and Chief Executive Officer
Date: November 15, 1999	/s/ Hugh T. Regan, Jr. Hugh T. Regan, Jr. Treasurer and Chief Financial Officer

Index to Exhibits

Item 6. Exhibits and Reports on Form 8-K

3.1 Articles of Incorporation: Previously filed by the Company as an Exhibit to the Company's Registration Statement on Form S-1, File No. 333-26457, and Incorporated herein by reference.

3.2 By-Laws: Previously filed by the Company as an Exhibit to the Company's Registration Statement on Form S-1, File No. 333-26457, and incorporated herein by reference.

10 Lease Agreement between the Company and Hoot Owl Farms, Inc. dated July 28, 1999

27 Financial Data Schedule

Exhibit 10

BUSINESS LEASE

The Landlord and the Tenant agree to lease the Rental Space for the Term and at the Rent stated, as follows: (The words Landlord and Tenant include all landlords and all tenants under this Lease.)

Landlord	HOOT OWL FARMS, INC. c/o Lahn Real Estate, Inc. Rte, 70 and 73 Cir. POB 248, Marlton, NJ 08053	Tenant	inTEST CORP,.a.DE.Corporation 2 Pin Oak Lane Cherry Hill,.NJ 08003

Rental Space Approximately 11,000 sq. ft. of a 22,000 sq. ft., M/L building on the East side of Old Cuthbert Road as identified as Section 1.

in the Building at 1871 Old Cuthbert Road, Cherry Hill, NJ 08003

Date of Lease	July 28, 1999	Rent for the Term is $242,000.00
Term	5 years	
Beginning	9/1/99	The Rent is payable in advance on the first day of each month, as follows:
Ending	8/31/2004	
Security	$4,000.00	9/1/99-8/31/01, $4.25 s.f. NN ($3,895.83/mo.)*
		9/1/01-8/31/04, $4.50 s.f. NN ($4,125.00/mo.)*

Broker. The Landlord and the Tenant recognize LAHN AGENCY INC. AND MERTZ CORP. as the Broker who brought about this Lease. The Landlord shall pay the Broker's commission

Rent payable to "HOOT OWL FARMS, INC."
Rte. 70 & 73 Circle
Marlton, NJ 08053

* Plus Tenants proportional share (50%) of Annual property taxes and insurance

Liability Insurance. Minimum amounts: for each person injured $500,000.00 for any one accident $1,000,000.00 for property damage $500,000.00

Use of Rental Space Machine Shop and Office

Additional agreements: 1) Late payment of rent: Tenant shall be assessed and pay an additional amount of eight (8%) percent of monthly rent as a late charge for all monthly rent payments received after ten (10) days from scheduled due date. In the event that a check tendered in payment of rent hereunder is returned by the bank as uncollectible, tenant shall also pay an additional charge of $20.00. 2)Upon signing lease, tenant shall pay $7,895.83, representing first months rent ($3,895.83) and security deposit ($4,000.00). Tenant may take occupancy at that time but may not begin operations until tenant receives a certificate of occupancy.

Table of Contents

1. Possession and Use

The Landlord shall give possession of the Rental Space to the Tenant for the Term. The Tenant shall take possession of and use the Rental Space for the purpose stated above. The Tenant may not use the Rental Space for any other purpose without the written consent of the Landlord.

The Tenant shall not allow the Rental Space to be used for any unlawful or hazardous purpose. The Tenant is satisfied that the Rental Space is zoned for the Use stated. The Tenant shall obtain any necessary certificate of occupancy or other certificate permitting the Tenant to use the Rental Space for that Use.

The Tenant shall not use the Rental Space in any manner that results in (1) an increase in the rate of fire or liability insurance or (2) cancellation of any fire or liability insurance policy on the Rental Space. The Tenant shall comply with all requirements of the insurance companies insuring the Rental Space. The Tenant shall not abandon the Rental Space during the Term of this Lease or permit it to become vacant.

2. Delay in Giving of Possession

This paragraph applies if (a) the Landlord cannot give possession of the Rental Space to the Tenant on the beginning date and (b) the reason for the delay is not the Landlord's fault. The Landlord shall not be held liable for the delay. The Landlord shall then have 30 days in which to give possession. If possession is given within that time, the Tenant shall accept possession and pay the Rent from that date. The ending date of the Term shall not change. If possession is not given within that time this Lease may be cancelled by either party on notice to the other.

3. No Assignment or Subletting.

The Tenant may not do any of the following without the Landlord's written consent: (a) assign this Lease (if the Tenant is a corporation, the sale of a majority of its common shares shall be treated as an assignment), (b) sublet all or any part of the Rental Space or (c).permit any other person or business to use the Rental Space.

4. Rent and Additional Rent

Tenant shall pay the rent to the Landlord at the Landlord's address.

If the Tenant fails to comply with any agreement in this Lease, the Landlord may do so on behalf of the Tenant. The Landlord may charge the cost to comply, including reasonable attorney's fees, to the Tenant as "additional rent". The additional rent shall be due and payable as Rent with the next monthly Rent payment. Non-payment of additional rent shall give the Landlord the same rights against the Tenant as if the Tenant failed to pay the Rent.

5. Security

The Tenant has given to the Landlord the Security stated above. The Security shall be held by the Landlord during the Term of this Lease. The Landlord may deduct from the Security any expenses incurred in connection with the Tenant's violation of any agreement in this Lease. For example, if the Tenant does not leave the Rental Space in good condition at the end of the Term, the Security may be used to put it in good condition. If the amount of damage exceeds the Security, the Tenant shall pay the additional amount to the Landlord on demand.

If the Landlord uses the Security or any part of it during the Term, the Tenant shall on demand pay the Landlord for the amount spent. The amount of the Security is to remain constant throughout the Term. The Security is not to be used by the Tenant for the payment of Rent. The Landlord shall repay to the Tenant any balance remaining within a reasonable time after the end of the Term. The Tenant shall not be entitled to interest on the Security.

If the Landlord's interest in the Rental Space is transferred, the Landlord shall turn over the Security to the new Landlord. The Landlord shall notify the Tenant of the name and address of the new Landlord. Notification must be given within 5 days after the transfer, by registered or certified mail. The Landlord shall then no longer be responsible to the Tenant for the repayment of the Security. The new Landlord shall be responsible to the Tenant for the return of the Security.

6. Liability Insurance

The Tenant shall obtain, pay for, and keep in effect for the benefit of the Landlord and the Tenant public liability insurance on the Rental Space. The insurance company and the broker must be acceptable to the Landlord. This coverage must be in the minimum amounts stated above.

All policies shall state that the insurance company cannot cancel or refuse to renew without at least 10 days written notice to the Landlord.

The Tenant shall deliver the original policy to the Landlord with proof of payment of the first year's premiums. This shall be done not less than 15 days before the Beginning of the Term. The Tenant shall deliver a renewal policy to the Landlord with proof of payment not less than 15 days before the expiration date of each policy.

7. Unavailability of Fire Insurance, Rate Increases

If due to the Tenant's use of the Rental Space the Landlord cannot obtain fire insurance on the Building in an amount and form acceptable to the Landlord, the Landlord may cancel this Lease on 30 days notice to the Tenant. If due to the Tenant's use of the Rental Space the fire insurance rate is increased, the Tenant shall pay the increase in the premium to the Landlord on demand.

8. Water Damage

The Landlord shall not be liable for any damage or injury to any persons or property caused by the leak or flow of water from or into any part of the Building.

9. Liability of Landlord and Tenant

The Landlord shall not be liable for injury or damage to any person or property unless it is due to the Landlord's act or neglect. The Tenant shall defend the Landlord from and reimburse the Landlord for all liability and costs resulting from any injury or damage due to the act or neglect of the Tenant or the Tenant's employees.

10. Real Estate Taxes.

N/A

11. Acceptance of Rental Space

The Tenant has inspected the Rental Space and agrees that the Rental Space is in satisfactory condition. The Tenant accepts the Rental Space "as is".

12. Quiet Enjoyment

The Landlord has the right to enter into this Lease. If the Tenant complies with this Lease, the Landlord must provide the Tenant with undisturbed possession of the Rental Space.

13. Utilities and Services

The Tenant shall arrange and pay for all utilities and services required for the Rental Space, including the following:

(a) Heat (d) Gas
(b) Hot and cold water (e) Maintenance service contracts
(c) Electricity (f) Exterminating contracts
(g) and any other utilities or services used by Tenant from date of signing of this Lease, including trash removal.

The Landlord shall pay for the following utilities and services:

a) snow removal

The Landlord is not liable for any stoppage or reduction of utilities and services beyond the control of the Landlord. This does not excuse the Tenant from paying Rent.

14. Tenant's Repairs, Maintenance, and Compliance

The Tenant shall:

(a) Promptly comply with all laws, orders, rules and requirements of governmental authorities, insurance carriers, board of fire underwriters, or similar groups.

(b) Maintain the Rental Space and all equipment and fixtures in it in good repair and appearance, including HVAC system.

(c) Make all necessary repairs to the Rental Space and all equipment and fixtures in it, except structural repairs.

(d) Maintain the Rental Space in neat, clean, safe, and sanitary condition free of all garbage.

(e) Keep the walks, driveway, parking area, yard, entrances, hallways, and stairs clean and free from trash and debris.

(f) Use all electric, plumbing and other facilities in the Rental Space safely.

(g) Use no more electricity than the wiring or feeders to the Rental Space can safely carry.

(h) Replace all broken glass in the Rental Space.

(i) Do nothing to destroy, deface, damage, or remove any part of the Rental Space.

(j) Keep no inflammable or dangerous things in the Rental Space.

(k) Promptly notify the Landlord when there are conditions which need repair.

(l) Do nothing to destroy the peace and quiet of the Landlord, other tenants, or persons in the neighborhood.

(m) Tenant shall be responsible for all plate glass and shall carry plate glass insurance naming Landlord as additional insured under the policy.

The Tenant shall pay any expenses involved in complying with the above.

15. Landlord's Repairs and Maintenance

The Landlord shall:

(a) Maintain the public areas, roof and exterior walls in good condition.

(b) Make all structural repairs unless these repairs are made necessary by the act or neglect of the Tenant or the Tenant's employees. Specifically excluding any air conditioning units or systems installed by Tenant.

(c) Make necessary replacements of the plumbing, cooling, heating and electrical systems, except when made necessary by the act or neglect of the Tenant or the Tenant's employees.

16. No Alterations

The Tenant may not make any changes or additions to the Rental Space without the Landlord's written consent. Any changes or additions made without the Landlord's written consent shall be removed by the Tenant on demand.

All changes or additions made with the Landlord's written consent shall become The property of the Landlord when completed and paid for by the Tenant. They shall remain as part of the Rental Space at the end of the Term. The Landlord may demand that the Tenant remove any changes or additions at the end of the Term. The Tenant shall promptly pay for all costs of any changes or additions. The Tenant shall not allow any mechanic's lien or other claim to be filed against the Building. If any lien or claim is filed against the Building, the Tenant shall have it promptly removed.

17. Signs

The Tenant shall obtain the Landlord's written consent before placing any sign on or about the Rental Space. Signs must conform with all applicable municipal ordinances and regulations. All costs to be borne by Tenant.

18. Access to Rental Space

The Landlord shall have access to the Rental Space on reasonable notice to the Tenant to (a) inspect the Rental Space (b) make necessary repairs, alterations, or improvements, (c) supply services, and (d) show it to prospective buyers, mortgage lenders, contractors or insurers.

The Landlord may show the Rental Space to rental applicants at reasonable hours on notice to the Tenant within 6 months before the end of the Term.

The Landlord may enter the Rental Space at any time without notice to the Tenant in case of emergency.

19. Fire and Other Casualty

The Tenant is liable for the acts and neglect of the Tenant's employees.

The Tenant shall notify the Landlord at once of any fire or other casualty in the Rental Space. The Tenant is not required to pay Rent when the Rental Space is unusable. If part of the Rental Space can be used, the Tenant must pay Rent pro-rata for the usable part. If the fire or other casualty is caused by the act or neglect of the Tenant, the Tenant shall pay for all repairs and all other damage.

If the Rental Space is partially damaged by fire or other casualty without the act or neglect of the Tenant, the Landlord shall repair it as soon as possible. This includes the damage to the Rental Space and fixtures installed by the Landlord. The Landlord need not repair or replace anything installed by the Tenant.

Either party may cancel this Lease if the Rental Space is so damaged by fire or other casualty that it cannot be repaired within 90 days. If the parties cannot agree, the opinion of a contractor chosen by the Landlord and the Tenant will be binding on both parties. The Tenant may not cancel this Lease if the fire or other casualty is caused by the act or neglect of the Tenant.

This Lease shall end if the Rental Space is totally destroyed by fire or other casualty without the act or neglect of the Tenant. The Rent shall be paid to the date of destruction.

20. Eminent Domain

Eminent domain is the right of a government to lawfully condemn and take private property for public use. Fair value must be paid for the property. The taking occurs either by court order or by deed to the condemning party. If any part of the Rental Space is taken by eminent domain, either party may cancel this lease on 30 days notice to the other. The entire payment for the taking shall belong to the Landlord. The Tenant shall make no claim for the value of the remaining part of the Term.

21. Subordination to Mortgage

In a foreclosure sale all mortgages which now or in the future affect the Building have priority over this Lease. This means that the holder of a mortgage may end this Lease on a foreclosure sale. The Tenant shall sign all papers needed to give any mortgage priority over this Lease. If the Tenant refuses, the Landlord may sign the papers on behalf of the Tenant.

22. Tenant's Certificate

At the request of the Landlord, the Tenant shall sign a certificate stating that (a) this Lease has not been amended and is in effect, (b) the Landlord has fully performed all of the Landlord's agreements in this Lease, (c) the Tenant has no rights to the Rental Space except as stated in this Lease, (d) the Tenant has paid all Rent to date, and (e) the Tenant has not paid Rent for more than one month in advance. The Certificate shall also list all the property attached to the Rental Space owned by the Tenant.

23. Violation, Eviction, Re-entry and Damages

If the Tenant violates any agreement in this Lease, the Landlord has the right to end this Lease and re-enter the Rental Space. This is done by eviction. The Landlord may also evict the Tenant for all other causes provided by law. Eviction is a court procedure to remove a tenant. It is started by the filing, of a complaint in court and the service of a summons on a tenant to appear in court. After a court order of eviction and compliance with the warrant of removal, the Landlord may re-enter and take back possession of the Rental Space. If the cause for eviction is non-payment of Rent, notice does not have to be given to the Tenant before the Landlord files a complaint. If there is any other cause to evict, the Landlord must give to the Tenant the notice required by law before the Landlord files a complaint.

The Tenant is liable for all damages caused by the Tenant's violation of any agreement in this Lease. This includes reasonable attorney's fees and costs.

After eviction the Tenant shall pay the Rent for the Term or until the Landlord re-rents the Rental Space, if sooner. If the Landlord re-rents the Rental Space for less than the Tenant's Rent, the Tenant shall pay the difference until the end of the Term. The Tenant shall not be entitled to any excess resulting from the re-renting. The Tenant shall also pay (a) all reasonable expenses incurred by the Landlord in preparing the Rental Space for re-renting and (b) commissions paid to a broker for obtaining a new tenant.

24. Notices

All notices given under this Lease must be in writing. Unless otherwise provided by law, they may be given by (a) personal delivery, or (b) certified mail, return receipt requested. Each party must accept the certified mail sent by the other. Notices shall be addressed to the Landlord at the address written at the beginning of this Lease and to the Tenant at the Rental Space.

25. No Waiver

The Landlord's failure to enforce any agreement in this Lease does not prevent the Landlord from enforcing the agreement as to any later violations.

26. Survival

If any agreement in this Lease is contrary to law, the rest of the Lease shall remain in effect.

27. End of Term

At the end of the Term the Tenant shall (a) leave the Rental Space clean, (b) remove all of the Tenant's property, (c) remove all signs and restore that portion of the Rental Space on which they were placed, (d) repair all damage caused by moving, and (e) return the Rental Space to the Landlord in the same condition as it was at the beginning of the Term except for normal wear and tear.

If the Tenant leaves any property in the Rental Space, the Landlord may (a) dispose of it and charge the Tenant for the cost of disposal, or (b) keep it as abandoned property.

28. Binding

This Lease binds the Landlord and the Tenant and all parties who lawfully succeed to their rights or take their places.

29. Full Agreement

The parties have read this Lease. It contains their full agreement. It may not be changed except in writing signed by the Landlord and the Tenant.

30. See ISRA ADDENDUM AITACHED

31. See ATTACHED ADDENDA

Signatures

The Landlord and the Tenant agree to the terms of this Lease by signing below. If a party is a corporation, this Lease is signed by the proper corporate officers and its corporate seal is affixed.

Witness or attested by:		HOOT OWL FARMS, INC., Landlord
/s/ William L. Slobodnik - ------------------------- As to Landlord	BY:	/s/ Herbert Lahn ------------------------------ L.S. Herbert Lahn, President
		inTEST CORPORATION, a DE Corporation
/s/ Susan M. Knox-Dawson - ------------------------- As to Tenant	BY:	/s/ Hugh T. Regan, Jr. ------------------------------ L.S. Hugh T. Regan, Jr., Treas. & CFO

ADDENDA BETWEEN HOOT OWL FARM, INC. & inTEST CORP.

31. Landlord will:
    a. carpet existing offices (Tenant may select color)
    b. Install drive-in ramp on tail gate door nearest to Cuthbert Rd.
    c. Install 3 phase, 400 amp service to building; tenant to distribute electricity within building as required at Tenants expense
    d. Install a/c systems for total space

32. Tenant acknowledges that one or more of the principals of Lahn Real Estate, Inc. and Lahn Agency, Inc. hold a New Jersey real estate license, have an ownership in the property being leased hereunder. Tenant waives any rights, which Tenant may have by virtue of this fact.

33. Tenant has the option to renew this lease upon its expiration for an additional five (5) years, provided tenant has met all conditions of this lease and shall notify Landlord by certified mail 90 days prior to the expiration of the lease of its intent to renew. The net/net rent shall be:

lst & 2nd years	$5.00 sq. ft. net/net
3rd & 4th years	$5.50 sq. ft. net/net
5th year	$6.00 sq. ft. net/net

HOOT OWL FARMS, INC.	inTEST CORPORATION
/s/ Herbert Lahn	/s/ Hugh T. Regan, Jr.
Herbert Lahn, President	Hugh T. Regan, Jr., Treasurer & CFO
Dated: 7/28/99	Dated: 7/27/99

ISRA ADDENDUM

Tenant shall, at Tenant's own expense, comply with the Industrial Site Recovery Act, N.J.S.A. 13:1K-6 et seq as amended by P.L. 1993, Ch. 139 and the Regulations promulgated thereunder and any amending or successor legislation and regulations ("ISRA") in the event of a closing of Tenant's operations, a transfer of Tenant's operations, or a change in the ownership of Tenant which would trigger ISRA.

The Tenant acknowledges that whether it is covered by ISRA or is not covered by ISRA due to its SIC number or for any other reason, Tenant shall be responsible for all remediation, at its own expense, of any spills, discharge of toxic or hazardous substances, pollutants or waste by Tenant (or its servants, agents, invitees, or licensees) or resulting directly from Tenant's use and occupancy of the premises, regardless of whether the ISRA-triggering event is related to Tenant or Landlord.

In no event, however, shall Tenant be responsible for any remediation at the premises unless resulting directly from Tenant's use and occupancy of the premises, or to the discharge of a hazardous or toxic substance, pollutant or waste at the premises by Tenant (or its servants, agents, invitees or licensees) during Tenant's lease term. Landlord shall be responsible for remediation of any discharge, spill or pollution which occurred prior to Tenant's occupancy of the premises.

The Tenant will take all necessary steps at Tenant's sole expense to accomplish such cleanup, remediation, and removal promptly upon the earliest of (a) written notification to do so by the Landlord, (b) discovery by the Tenant of the existence of the spill, pollution or leak, or (c) the termination of the Lease.

The Tenant shall indemnify and hold harmless Landlord and Landlord's successors, assigns, servants, agents and employees from any fines or other liability resultant from any spills, pollution or leaks occurring during the occupancy by Tenant. This indemnification includes the cost of remediation, investigation costs, restoration, attorney's fees and costs of governmental authorities, and third-party claims resulting from the contamination, disposal or discharge.

Tenant, at Tenant's cost, shall accomplish all necessary cleanup, remediation and removal in accordance with all applicable state and federal laws and all of the regulations of governmental and quasi-governmental bodies. The Landlord shall have the right to monitor progress of same, so long as much monitoring does not interfere with the tenant's remediation or cause tenant to incur any additional expenses for the requisite work.

LANDLORD:	TENANT:
HOOT OWL FARMS, INC.	inTEST CORPORATION, a Delaware Corp.
/s/ Herbert Lahn	/s/ Hugh T. Regan, Jr.
- -----------------------------	----------------------------------
Herbert Lahn, President	Hugh T. Regan, Jr., Treasurer & CFO
Dated: 7/28/99	Dated: 7/27/99

5
0001036262
INTEST CORPORATION
1,000

9-MOS
DEC-31-1999
JAN-01-1999
SEP-30-1999
9,689
0
6,960
168
3,359
20,567
2,562
1,335
28,533
5,219
0
0
0
65
23,249
28,533
21,392
21,392
9,811
8,484
0
0
17
3,389
1,383
2,006
0
0
0
2,006
.31
.30