SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended December 31, 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 0-9040

METRO TEL CORP.

(Exact name of small business issuer as specified in its charter)

DELAWARE 11-2014231

(State of other jurisdiction of incorporation or organization) (I.R.S.Employer Identification No.)

250 South Milpitas Blvd., Milpitas, California 95035

(Adress of principal executive offices)

(408) 946-4600
- --
(Issuer's telephone number)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 .

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date:

Common Stock, $.025 par value per share - 2,054,046 shares outstanding as of February 11, 1998

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Metro Tel Corp.
Statement of Operations
(Unaudited, Note A)

	For the six months ended December 31,		For the three months ended December 31,	
	1997	1996	1997	1996
Net sales	$2,019,042	$1,752,930	$ 972,414	$ 736,680
Cost of goods sold	1,249,778	1,131,990	616,372	505,376
Gross profit	769,264	620,940	356,042	231,304
Selling, general, and administrative expenses	630,137	589,913	318,814	309,528
Research and development	112,189	132,095	56,060	63,492
Interest and other income	(5,355)	(2,670)	(2,570)	(1,298)
	736,971	719,338	372,304	371,722

Earnings (loss) before provision (credit) for income taxes	32,293	(98,398)	(16,262)	(140,418)
Provision (credit) for income taxes	12,900	(39,400)	(6,500)	(56,200)
Net earnings (loss)	$ 19,393	$ (58,998)	$ (9,762)	$ (84,218)
Earnings (loss) per common share (Note B)	$ .01	$ (.03)	$ -	$ (.04)
Weighted average number of shares outstanding (Note B)	2,054,046	2,004,046	2,054,046	2,004,046

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Metro Tel Corp.
Balance Sheets
(Unaudited, Note A)

ASSETS

	December 31, 1997	June 30, 1997
Current Assets		
Cash and cash equivalents	$ 410,840	$ 498,615
Accounts receivable, net	484,614	550,457
Inventories	1,615,356	1,516,339
Prepaid expenses and other	40,960	43,696
Deferred income taxes	27,000	27,000
Total current assets	2,578,770	2,636,107
Property and equipment - at cost		
Machinery and equipment	510,737	486,683
Furniture and fixtures	76,927	76,883
Leasehold improvements	8,765	8,765
	596,429	572,331
Less accumulated depreciation	477,563	457,671
	118,866	114,660
Other assets		
Goodwill, net of accumulated amortization of $414,164 on December 31, 1997 and $399,256 on June 30, 1997	778,536	793,444
Other, net	9,805	10,465
	788,341	803,909
	$3,485,977	$3,554,676

Metro Tel Corp.
Balance Sheets
(Unaudited, Note A)

LIABILITIES AND
STOCKHOLDERS' EQUITY

	December 31, 1997	June 30, 1997
Current Liabilities		
Accounts payable	$ 121,986	$ 212,171
Accrued liabilities	173,973	171,880

Total current liabilities	295,959	384,051
Defrred Income Taxes	7,000	7,000
Stockholders' Equity		
Preferred stock, $1 par value, 200,000 shares authorized, none issued or outstanding		
Common stock, $.025 par value, 6,000,000 shares authorized, 2,080,296 shares issued, 2,054,046 shares outstanding	52,007	52,007
Additional paid-in capital	2,152,423	2,152,423
Retained earnings	1,047,338	1,027,945
	3,251,768	3,232,375
Less 26,250 shares of treasury stock - at cost	(68,750)	(68,750)
	3,183,018	3,163,625
	$3,485,977	$3,554,676

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Metro Tel Corp.
Statements of Cash Flows
(Unaudited, Note A)

	For the six months ended December 31, 1997	1996
Cash flows from operating activities		
Net earnings (loss)	$ 19,393	$ (58,998)
Adjustments to reconcile net earnings to cash provided by operating activities		
Depreciation and amortization	35,460	32,292
(Increase) decrease in operating assets		
Accounts receivable	65,843	240,204
Inventories	(99,017)	(120,048)
Prepaid expenses and other	2,736	(103,426)
Increase (decrease) in operating liabilities		
Accounts payable	(90,185)	(88,580)
Accrued liabilities	2,093	(40,365)
Income taxes payable	-	(18,866)
Net cash (used) by operating activities	(63,677)	(157,787)
Cash flows from investing activities		
Capital expenditures	(24,098)	(34,339)
Net (decrease) in cash and cash equivalents	(87,775)	(192,126)
Cash and cash equivalents at beginning of year	498,615	411,924
Cash and cash equivalents at end of period	$ 410,840	$ 219,787
Supplement disclosures of cash flow information		
Cash paid during the period for		
Income taxes	$ -	$ 60,627

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METRO TEL CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note A - General: The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and the instructions to Form 10-QSB related to interim period financial statements. Accordingly, these financial statements do not include certain information and footnotes required by generally accepted accounting principles for complete financial statements. However, the accompanying unaudited financial statements contain all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary in order to make the financial statements not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. For further information, refer to the Company's financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 1997.

Note B - Earnings Per Common Share: Earnings per common share is based upon the weighted average number of shares of common stock outstanding during the year. Stock options have not been included in the calculation since their inclusion would not be materially dilutive.

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Management's Discussion and Analysis of
Financial Condition and Results of Operation

Liquidity and Capital Resources

During the three month period ended December 31, 1997, cash decreased by $87,775. The decrease resulted from $63,677 used by operating activities and $24,098 used in investing activities to purchase capital assets. Cash generated for operations by profits ($19,393), depreciation ($35,460) and reductions in accounts receivables ($65,843) and prepaid expenses ($2,736) were used to support increases in inventory ($99,017), accrued liabilities ($2,093) and reduce accounts payable ($90,185). The Company believes that the cash it expects to generate from operations will be sufficient to meet operational needs in the forseeable future.

Results of Operations

Net sales for the three and six month periods ended December 31, 1997 increased by $235,734 (32.0%) and $266,112 (13.2%), respectively, from the comparable periods of a year ago. The increase in sales for both fiscal 1998 reported periods was mainly due to increases in foreign sales of telephone test equipment and an increase in new test equipment sales to Regional Bell Operating Companies. Prices remained constant, however the Company intends to implement selected price increases in the third quarter of fiscal 1998.
Sales of telephone test equipment increased by $239,398 (35.7%) for the three month period and $283,808 (17.6%) for the six month period ended December 31, 1997 over to the same periods of a year ago. Sales of customer premise equipment for the second quarter and the first half of fiscal 1998 decreased by $12,425 (42.8%) and $29,447 (44.7%), respectively, from the same perods of fiscal 1997. The reduction in both periods was mainly due to a reduction in sales of dialers. Sales of spare parts and repairs increased for, the three month and six month periods by $8,761 (23.8%) and $11,751 (15.3%), respectively, from the three and six month periods of fiscal 1997.

The Company's gross profit margin, expressed as a percentage of sales, improved to 38.1% for the six month period of fiscal 1998 from 35.4% for the same period of fiscal 1997. Gross profit margin for the second quarter of fiscal 1998 increased to 36.6% from 31.3% for the same period of fiscal 1997. The improvement for both periods was mainly due to the increase in sales which enabled the Company to better absorb its fixed expenses.

Selling, general and administrative expenses increased by $40,224 (6.8%) and $9,286 (3.0%) for the three and six month periods, respectively, in fiscal 1998 over the comparable fiscal 1997 periods. The increases were mainly due to increased selling expenses which offset reductions in administrative costs. For the six month period selling expenses increased by 29.0% mainly due to increases in advertising, commissions, royalties and salaries. These expenses were partially offset by a reduction in administrative expenses (8.3)%. For the three month period sales expenses increased by 8.7% due to increases in commissions, royalties and salaries, partially offset by a reduction in administrative expenses (1.8%).

Research and development expenses decreased by $19,906 (15.1%) and $7,432 (11.7%) for the six and three month periods, respectively, in fiscal 1998 from the comparable fiscal 1997 periods due to decreases in payroll and payroll expenses associated with staff changes.

Interest and other income increased by $2,685 (100.6%) and $1,272 (98.0%) for the six and three month periods in fiscal 1998 from the same periods in fiscal 1997 due to increased cash balances.

The effective tax rate for each reported period was approximately 40%.

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PART 11 - OTHER INFORMATION

Item 7. Exhibits and Reports on Form 8-K

(a) Exhibits

27. Financial Data Schedule

(b) Reports on Form 8-K

No Reports on Form 8-K were filed during the quarter ended December 31, 1997.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

METRO-TEL CORP.

Date: February 11, 1998 By: Venerando J. Indelicato
President, Treasurer and
Principal Financial and
Chief Accounting Officer

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EXHIBIT INDEX

Exhibit Number	Description
27	Financial Data Schedule

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