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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.

Form 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter Ended
December 31, 1996
(Unaudited)

Commission File Number
0-4041

HATHAWAY CORPORATION
(Incorporated Under the Laws of the State of Colorado)

8228 Park Meadows Drive
Littleton, Colorado 80124
Telephone: (303) 799-8200

84-0518115
(IRS Employer Identification Number)

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

YES X NO
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Number of Shares of the only class of Common Stock outstanding:
(4,245,227 as of December 31, 1996)

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HATHAWAY CORPORATION

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HATHAWAY CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, except per share data)
(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	1996	1995	1996	1995
REVENUES	\$ 10,368	\$ 9,678	\$ 19,186	\$ 17,189
OPERATING COSTS AND EXPENSES:				
Cost of products sold	6,739	5,665	12,276	10,563
Selling	1,980	1,645	3,782	3,139
General and administrative	1,190	1,317	2,278	2,538
Engineering and development	838	868	1,723	1,809
Amortization of intangibles	46	62	92	124
Total operating costs and expenses	10,793	9,557	20,151	18,173
Operating income (loss)	(425)	121	(965)	(984)
OTHER INCOME (EXPENSES), NET:				
Interest and dividend income	42	81	114	170
Interest expense	(41)	(50)	(83)	(101)
Other income (expenses), net	63	(126)	41	42
Total other income (expenses), net	64	(95)	72	111
Income (loss) before income taxes	(361)	26	(893)	(873)
Benefit (provision) for income taxes	135	(19)	292	129
NET INCOME (LOSS)	\$ (226)	\$ 7	\$ (601)	\$ (744)
PER SHARE AMOUNTS				
Primary and fully diluted net income (loss) per share	\$ (0.05)	\$ 0.00	\$ (0.14)	\$ (0.17)
Shares used in computing primary per share amounts	4,378	4,268	4,329	4,278
Shares used in computing fully diluted per share amounts	4,378	4,268	4,333	4,278

The accompanying notes to consolidated financial statements
are an integral part of these statements.

HATHAWAY CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousands)

	December 31, 1996 ----- (Unaudited)	June 30, 1996 -----
ASSETS -----		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,594	\$ 5,237
Marketable securities, current	--	201
Trade receivables, net	7,665	6,293
Inventories, net	5,394	4,972
Prepaid expenses and other	1,612	1,750
	-----	-----
Total current assets	18,265	18,453
Property and equipment, net	1,794	1,727
Other	991	959
	-----	-----
Total assets	\$ 21,050 =====	\$ 21,139 =====
 LIABILITIES AND STOCKHOLDERS' INVESTMENT -----		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,387	\$ 1,309
Accrued liabilities and other	3,950	3,771
	-----	-----
Total current liabilities	5,337	5,080
Long-term debt	1,775	1,777
	-----	-----
Total liabilities	7,112	6,857
STOCKHOLDERS' INVESTMENT:		
Common stock	100	100
Additional paid-in capital	9,751	9,712
Loans receivable for stock	(235)	(235)
Retained earnings	7,646	8,247
Cumulative translation adjustments	465	163
Treasury stock	(3,789)	(3,705)
	-----	-----
Total stockholders' investment	13,938	14,282
	-----	-----
Total liabilities and stockholders' investment	\$ 21,050 =====	\$ 21,139 =====

The accompanying notes to consolidated financial statements
are an integral part of these statements.

HATHAWAY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)
(Unaudited)

	Six Months Ended December 31,	
	1996	1995
<hr/>		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (601)	\$ (744)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	483	449
Other	187	78
Changes in assets and liabilities; net of effect of purchase of subsidiary (Note 3):		
(Increase) decrease in -		
Trade receivables, net	(550)	887
Inventories, net	894	(240)
Prepaid expenses and other	142	(312)
Increase (decrease) in -		
Accounts payable	(502)	(253)
Accrued liabilities and other	(988)	(257)
	-----	-----
Net cash from operating activities	(935)	(392)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment, net	(192)	(383)
Investment in joint ventures	--	(70)
Proceeds from maturity of long-term investment	198	--
Purchase of interest in Tate Integrated Systems	(718)	--
	-----	-----
Net cash from investing activities	(712)	(453)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments on line of credit and long-term debt, net	(2)	(21)
Dividends paid to stockholders	--	(426)
Purchase of treasury stock	(84)	(4)
Proceeds from exercise of stock options	39	--
	-----	-----
Net cash from financing activities	(47)	(451)
	-----	-----
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	51	(41)
	-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,643)	(1,337)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,237	5,903
	-----	-----
CASH AND CASH EQUIVALENTS AT DECEMBER 31	\$ 3,594	\$ 4,566
	=====	=====

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS' INVESTMENT

For the six months ended December 31, 1996
(In Thousands, except share data)
(Unaudited)

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	LOANS RECEIVABLE/(1)/	RETAINED EARNINGS
	SHARES	AMOUNT			
Balances, June 30, 1996	5,307,143	\$ 100	\$ 9,712	\$ (235)	\$ 8,247
Purchase of treasury stock	---	---	---	---	---
Exercise of stock options	16,500	---	39	---	---
Net loss for the six months ended December 31, 1996	---	---	---	---	(601)
Balances, December 31, 1996	<u>5,323,643</u>	<u>\$ 100</u>	<u>\$ 9,751</u>	<u>\$ (235)</u>	<u>\$ 7,646</u>

	TREASURY STOCK	
	SHARES	AMOUNT
Balances, June 30, 1996	1,058,046	\$ (3,705)
Purchase of treasury stock	20,370	(84)
Exercise of stock options	---	---
Net loss for the six months ended December 31, 1996	---	---
Balances, December 31, 1996	<u>1,078,416</u>	<u>\$ (3,789)</u>

(1) Loans receivable are from the Company's Leveraged Employee Stock Ownership Plan and Trust for \$102 and from an officer of the Company for stock purchases totaling \$133.

The accompanying notes to consolidated financial statements are an integral part of these statements.

HATHAWAY CORPORATION

 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Preparation and Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Hathaway Corporation, its wholly-owned subsidiaries and investments in joint ventures (the Company). All significant intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications have been made to prior year balances in order to conform with the current year's presentation.

The condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission and include all adjustments which are, in the opinion of management, necessary for a fair presentation. Certain information and footnote disclosures normally included in financial statements which are prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures herein are adequate to make the information presented not misleading. The financial data for the interim periods may not necessarily be indicative of results to be expected for the year.

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Actual results could differ from those estimates.

It is suggested that the accompanying condensed interim financial statements be read in conjunction with the Consolidated Financial Statements and related Notes to such statements included in the June 30, 1996 Annual Report and Form 10-K previously filed by the Company.

2. Inventories

Inventories, valued at the lower of cost (first-in, first-out basis) or market, are as follows (in thousands):

	December 31, 1996	June 30, 1996
	-----	-----
Parts and raw materials, net	\$ 2,759	\$ 2,689
Finished goods and work-in-process, net	2,635	2,283
	-----	-----
	\$ 5,394	\$ 4,972
	=====	=====

3. Business Acquisition

Effective September 30, 1996, the Company acquired a 100% partnership interest in Tate Integrated Systems, L.P. and 100% of the stock of its sole general partner, Tate Integrated Systems, Inc. (collectively referred to as "TIS"). The ownership interests were acquired for a negotiated price of \$1,301,000, of which \$718,000 was paid in cash at closing on October 10, 1996, \$400,000 payable in a 10% note due June 30, 1997 and \$183,000 payable when certain accounts receivable of TIS are collected. Hathaway purchased the stock and partnership interest from Tate Engineering Services Corporation and its affiliate, Tate Engineering Services, Inc., both divisions of Tate Industries, a privately held company.

HATHAWAY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Unaudited)

TIS, located in Baltimore, Maryland, is a full service supplier of process automation systems for industrial applications. TIS has developed a state-of-the-art software system for Supervisory Control and Data Acquisition (SCADA) and Distributed Control Systems (DCS). The TIS system has been used to fully automate such industrial applications as water and waste water treatment plants, glass making plants, oil and gas terminals and transport facilities and tank farm facilities. TIS, which will operate under the name Hathaway Industrial Automation (HIA), will continue its expansion into its traditional process markets. In addition, the TIS system will be marketed to the power utility industry and will be teamed with certain existing Hathaway products and targeted at the automation and integration of equipment in both transmission and distribution substations and power plants.

The acquisition has been accounted for using the purchase method of accounting, and, accordingly, the purchase price has been allocated to the assets purchased and the liabilities assumed based upon the fair values at the date of acquisition.

The net purchase price has been allocated as follows (in thousands):

Trade receivables, net	\$	860
Inventories, net		1,317
Property and equipment, net		123
Other non-current assets		165
Accounts payable		(580)
Accrued liabilities and other		(584)

Net purchase price	\$	1,301
		=====

The results of operations of TIS have been included in the Company's consolidated statements of operations starting on October 1, 1996.

The following unaudited pro forma summary (in thousands, except per share data) combines the consolidated results of operations of the Company and TIS as if the acquisition had occurred at the beginning of fiscal years 1997 and 1996 after giving effect to certain pro forma adjustments. The pro forma results are shown for illustrative purposes only, and do not purport to be indicative of the actual results which would have occurred had the transaction been consummated as of those earlier dates, nor are they indicative of results of operations which may occur in the future.

	Three months ended December 31,		Six months ended December 31,	
	1996	1995	1996	1995
Revenue	\$ 10,368	\$ 11,010	\$ 20,186	\$ 19,358
Net income (loss)	\$ (226)	\$ 53	\$ (575)	\$ (772)
Primary net income (loss) per share	\$ (0.05)	\$ 0.01	\$ (0.13)	\$ (0.18)

HATHAWAY CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

OPERATING RESULTS AND FINANCIAL CONDITION

Operating Results

For the second quarter ended December 31, 1996, the Company recognized a net loss of \$226,000 or \$.05 per share, compared to net income of \$7,000, or \$.00 per share, for the same period last year. Revenues increased 7% in the second quarter from \$9,678,000 last year to \$10,368,000 this year.

The Company recognized a net loss of \$601,000 for the six months ended December 31, 1996, compared to a net loss of \$744,000 for the six months ended December 31, 1995. Revenues for the first six months increased by 12% from \$17,189,000 in fiscal 1996 to \$19,186,000 in fiscal 1997.

The 7% increase in revenues in the second quarter was due to a 5% increase in revenues from the Company's power and process instrumentation products and a 12% increase in revenues from the Company's motion control products. The 12% increase in revenues for the first six months was due to a 9% increase in power and process revenues and a 17% increase in motion control revenues. Increases in power and process revenues were due primarily to revenues generated by HIA, acquired by the Company effective September 30, 1996.

The net operating results in the second quarter and in the first six months did not improve significantly from comparable prior year periods despite increases in revenues, primarily due to increases in cost of products sold as a percentage of revenues. Cost of products sold as a percentage of revenues increased from 59% in the second quarter of fiscal 1996 to 65% in the same quarter of fiscal 1997. For the first six months, the percentage increased from 61% in fiscal 1996 to 64% in fiscal 1997. The fluctuations in cost of product sold as a percentage of revenues were due to changes in competitive pricing and mix of products sold. In addition, HIA's cost of products sold represented a higher percentage of revenues than that of the Company's existing product lines, which is consistent with HIA's services business.

In the second quarter, sales to international customers decreased 2% from \$3,600,000 in fiscal 1996 to \$3,520,000 in fiscal 1997. For the first six months, sales to international customers increased 6% from \$6,555,000 to \$6,949,000. Foreign sales represented 36% and 38% of total sales for the six months ended December 31, 1996 and 1995, respectively, and 34% and 37%, respectively, of total sales for the second quarter.

Selling, general and administrative, and engineering and development expenses increased 4% in the second quarter and 3% for the first six months, primarily as a result of such costs incurred by HIA, which was acquired by the Company effective September 30, 1996. Excluding HIA, these expenses decreased 5% in the second quarter and 1% in the first six months.

Liquidity and Capital Resources

The Company's liquidity position as measured by cash decreased \$1,643,000 during the first six months to a balance of \$3,594,000 at December 31, 1996. Operating activities used \$935,000 in the first six months of fiscal 1997 compared to \$392,000 used in the same period of fiscal 1996. The increase in cash used by operating activities was primarily the result of fluctuations in working capital balances and \$597,000 used by HIA.

Cash of \$712,000 and \$453,000 was used by investing activities during the six months ended December 31, 1996 and 1995, respectively. The increase in cash used by investing activities was primarily due to \$718,000 paid to Tate Engineering Services in fiscal 1997 for the purchase of the ownership interest in TIS.

Cash of \$47,000 was used by financing activities during the first two quarters of fiscal 1997, compared to \$451,000 used by financing activities in the same period last year. The decrease in cash used for financing activities was due primarily to the \$426,000 in dividends paid to stockholders in fiscal 1996, whereas there were no dividend payments in fiscal 1997.

The Company's current capital needs can be supplied from cash and cash equivalents and \$1,411,000 available under the Company's line of credit with Marine Midland Business Loans, Inc.

HATHAWAY CORPORATION

PART II. OTHER INFORMATION

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

The Company held its annual stockholders' meeting on October 24, 1996. The stockholders elected E.E. Prince, R.D. Smith, C.H. Clarridge, G.D. Hubbard and G.J. Pilmanis to serve on the Board of Directors for the coming year. The shareholders also approved a proposal to amend the Company's 1991 Incentive and Nonstatutory Stock Option Plan to increase the number of shares of the Company's common stock that may be issued under the plan by 200,000 and to designate such shares as available only for key employees of any company acquired after August 15, 1996. In addition, the shareholders defeated a stockholder proposal requesting the sale of the Company and the elimination of the shareholders' rights plan and employee severance agreements. The vote tabulation was as follows:

1) Election of Directors

Nominee	Number of Votes		Total Shares Outstanding	% of Shares Voting For
	For	Withheld or Against		
E.E. Prince	3,326,019	748,178	4,235,817	79%
R.D. Smith	3,372,014	702,183	4,235,817	80%
C.H. Clarridge	3,371,723	702,474	4,235,817	80%
G.D. Hubbard	3,371,198	702,999	4,235,817	80%
G.J. Pilmanis	3,328,051	746,146	4,235,817	79%

2) Stock Option Plan Amendment

	For	Against	Total Votes Counted	Abstaining
Number of votes	2,822,724	1,051,610	3,874,334	73,038
% of votes counted	73%	27%	100%	

3) Shareholder proposal requesting sale of the Company and elimination of the shareholders' rights plan and employee severance agreements.

	For	Against	Total Votes Counted	Abstaining
Number of votes	962,461	2,288,148	3,250,609	77,389
% of votes counted	30%	70%	100%	

Two other shareholder proposals were not properly presented for action at the meeting by the proponent shareholder or a duly authorized representative. Therefore, those proposals were not considered for vote at the meeting.

HATHAWAY CORPORATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- (1) Annual Report containing Notes to Consolidated Financial Statements in the Registrant's June 30, 1996 Annual Report to Stockholders.

(b) Reports on Form 8-K

- (1) On October 10, 1996, the Company filed a Current Report on Form 8-K regarding the purchase of interest in Tate Integrated Systems.
- (2) On December 20, 1996, the Company filed Amendment No. 1 to the Current Report on Form 8-K dated October 10, 1996.

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.

HATHAWAY CORPORATION

DATE: February 14, 1996

By: /s/ Richard D. Smith

Executive Vice President, Treasurer,
and Chief Financial and Accounting Officer

3-MOS	6-MOS		6-MOS	
	JUN-30-1997		JUN-30-1997	
	OCT-01-1996		JUL-01-1996	
	DEC-31-1996		DEC-31-1996	
		3,594		3,594
		0		0
	8,122		8,122	
	457		457	
	5,394		5,394	
	18,265	8,222	18,265	8,222
	6,428		6,428	
	21,050		21,050	
5,337			5,337	
		1,775		1,775
0			0	
		0		0
		100		100
	13,838		13,838	
21,050		21,050		
	10,368	10,368	19,186	19,186
		6,739		12,276
	6,739		12,276	
	0		0	
	10		17	
	41		83	
	(361)		(893)	
	135		292	
(226)			(601)	
	0		0	
	0		0	
		0		0
	(226)		(601)	
	(0.05)		(0.14)	
	(0.05)		(0.14)	

Presented gross