SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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 Quarter Ended September 27, 1997.

[   ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Commission File Number 1-11406

THERMO FIBERTEK INC.
(Exact name of Registrant as specified in its charter)

Delaware	52-1762325
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

81 Wyman Street, P.O. Box 9046	
Waltham, Massachusetts	02254-9046
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (617) 622-1000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [   ]

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Class	Outstanding at September 27, 1997
Common Stock, $.01 par value	61,766,094

PAGE

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

THERMO FIBERTEK INC.

Consolidated Balance Sheet
(Unaudited)

Assets

(In thousands)	September 27, 1997	December 28, 1996
Current Assets:		
Cash and cash equivalents	$109,646	$109,805
Available-for-sale investments, at quoted market value (amortized cost of $29,433)	29,492	-
Accounts receivable, less allowances of $2,345 and $1,948	49,194	38,115
Unbilled contract costs and fees	7,932	1,236
Inventories:		
Raw materials and supplies	12,667	13,778
Work in process	7,075	4,180
Finished goods	11,256	6,509
Prepaid income taxes and other current assets	8,162	8,802
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	235,424	182,425
Property, Plant, and Equipment, at Cost	58,848	57,869
Less: Accumulated depreciation and amortization	31,196	31,329
	27,652	26,540
Other Assets (Note 3)	14,824	8,720
Cost in Excess of Net Assets of Acquired Companies (Note 2)	132,480	39,547
	$410,380	$257,232

THERMO FIBERTEK INC.

Consolidated Balance Sheet (continued)
(Unaudited)

Liabilities and Shareholders' Investment

(In thousands except share amounts)	September 27, 1997	December 28, 1996
Current Liabilities:		
Accounts payable	$ 21,806	$ 16,805
Accrued payroll and employee benefits	9,765	10,989
Accrued income taxes (includes $2,000 and $1,340 due to related party)	3,379	2,414
Billings in excess of contract costs and fees	7,514	2,540
Accrued warranty costs	7,655	7,752
Other accrued expenses	15,715	8,707
Due to parent company	1,766	17,609
	67,600	66,816
Deferred Income Taxes and Other Deferred Items	2,715	3,202
Subordinated Convertible Debentures (Note 4)	153,000	-
Minority Interest	366	277
Common Stock of Subsidiary Subject to Redemption ($54,762 and $60,116 redemption value)	52,564	56,087
Shareholders' Investment:		
Common stock, $.01 par value, 150,000,000 shares authorized; 63,331,887 and 61,154,930 shares issued	633	612
Capital in excess of par value	81,920	65,951
Retained earnings	76,994	66,181
Treasury stock at cost, 1,565,793 and 23,550 shares	(16,465)	(360)
Cumulative translation adjustment	(8,985)	(1,534)
Net unrealized gain on available-for-sale investments	38	-
	134,135	130,850
	$410,380	$257,232

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

THERMO FIBERTEK INC.

Consolidated Statement of Income
(Unaudited)

(In thousands except per share amounts)	Three Months Ended September 27, 1997	Three Months Ended September 28, 1996
Revenues	$67,606	$46,124
Costs and Operating Expenses:		
Cost of revenues	42,336	26,173
Selling, general, and administrative expenses	16,189	12,239
Research and development expenses	1,789	1,328
Restructuring costs (Note 5)	1,063	-
	61,377	39,740
Operating Income	6,229	6,384
Interest Income	2,060	733
Interest Expense (includes $510 and $131 to related party in 1997 and 1996)	(2,020)	(153)
Income Before Provision for Income Taxes and Minority Interest	6,269	6,964
Provision for Income Taxes	2,495	2,724
Minority Interest Expense	180	27
Net Income	$ 3,594	$ 4,213
Earnings per Share:		
Primary	$ .06	$ .07
Fully diluted	$ .06	$ .07
Weighted Average Shares:		
Primary	61,504	61,089
Fully diluted	63,367	64,381

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

THERMO FIBERTEK INC.

Consolidated Statement of Income
(Unaudited)

(In thousands except per share amounts)	Nine Months Ended September 27, 1997	Nine Months Ended September 28, 1996
Revenues	$166,784	$143,699
Costs and Operating Expenses:		
Cost of revenues	100,522	82,469
Selling, general, and administrative expenses	43,670	35,105
Research and development expenses	4,652	4,153
Restructuring costs (Note 5)	1,063	-
	149,907	121,727
Operating Income	16,877	21,972
Interest Income	5,162	2,105
Interest Expense (includes $1,412 and $393 to related party in 1997 and 1996)	(2,961)	(483)
Income Before Provision for Income Taxes and Minority Interest	19,078	23,594
Provision for Income Taxes	7,425	9,243
Minority Interest Expense	840	56
Net Income	$ 10,813	$14,295
Earnings per Share:		
Primary	$ .18	$ .23
Fully diluted	$ .17	$ .23
Weighted Average Shares:		
Primary	61,296	61,015
Fully diluted	63,934	64,398

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

THERMO FIBERTEK INC.

Consolidated Statement of Cash Flows
(Unaudited)

(In thousands)	Nine Months Ended September 27, 1997	Nine Months Ended September 28, 1996
Operating Activities:		
Net income	$ 10,813	$ 14,295
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,368	3,652
Provision for losses on accounts receivable	147	(221)
Minority interest expense	840	56
Restructuring costs (Note 5)	1,063	-
Deferred income tax expense (benefit)	(93)	211
Other noncash items	(383)	(307)
Changes in current accounts, excluding the effects of acquisition:		
Accounts receivable	2,490	9,977
Inventories and unbilled contract costs and fees	(3,683)	(216)
Prepaid income taxes and other current assets	415	772
Accounts payable	(6,827)	(3,748)
Other current liabilities	2,297	(7,257)
Net cash provided by operating activities	12,447	17,214
Investing Activities:		
Acquisition, net of cash acquired (Note 2)	(107,738)	(12,028)
Issuance of note receivable	(3,000)	-
Repayment of note receivable	3,000	-
Purchases of available-for-sale investments	(29,050)	-
Proceeds from sale and maturities of available-for-sale investments	-	2,750
Purchases of property, plant, and equipment	(2,102)	(3,232)
Other	(189)	(5,326)
Net cash used in investing activities	(139,079)	(17,836)
Financing Activities:		
Net proceeds from issuance of subordinated convertible debentures (Note 4)	149,771	-
Issuance of obligation to parent company (Note 2)	110,000	-
Repayment of obligation to parent company (Note 2)	(110,000)	(10,400)
Purchases of Company common stock	(16,320)	-
Purchases of subsidiary common stock	(3,791)	-
Net proceeds from issuance of Company and subsidiary common stock	680	56,642
Other	(34)	-
Net cash provided by financing activities	$ 130,306	$ 46,242

THERMO FIBERTEK INC.

Consolidated Statement of Cash Flows (continued)
(Unaudited)

(In thousands)	Nine Months Ended September 27, 1997	Nine Months Ended September 28, 1996
Exchange Rate Effect on Cash	$ (3,833)	$ (484)
Increase (Decrease) in Cash and Cash Equivalents	(159)	45,136
Cash and Cash Equivalents at Beginning of Period	109,805	57,028
Cash and Cash Equivalents at End of Period	$ 109,646	$ 102,164
Noncash Activities:		
Fair value of assets of acquired company	$ 129,271	$ 12,606
Cash paid for acquired company	107,750	(12,099)
Liabilities assumed of acquired company	$ 21,521	$ 507

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

THERMO FIBERTEK INC.

Notes to Consolidated Financial Statements

1. General

The interim consolidated financial statements presented have been prepared by Thermo Fibertek Inc. (the Company) without audit and, in the opinion of management, reflect all adjustments of a normal recurring nature necessary for a fair statement of the financial position at September 27, 1997, the results of operations for the three- and nine-month periods ended September 27, 1997, and September 28, 1996, and the cash flows for the nine-month periods ended September 27, 1997, and September 28, 1996. Interim results are not necessarily indicative of results for a full year.

The consolidated balance sheet presented as of December 28, 1996, has been derived from the consolidated financial statements that have been audited by the Company's independent public accountants. The consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in the annual financial statements and notes of the Company. The consolidated financial statements and notes included herein should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996, filed with the Securities and Exchange Commission.

2. Acquisition

In May 1997, the Company acquired a majority of the assets, subject to certain liabilities, of the stock-preparation business of Black Clawson Company and its affiliates (Black Clawson). In August 1997, the Company acquired the remaining assets of the stock-preparation business of Black Clawson. The aggregate purchase price was approximately $107.7 million in cash, net of cash acquired, and is subject to a post-closing adjustment.

Pursuant to a promissory note, the Company borrowed $110 million from Thermo Electron Corporation to finance the acquisition. The promissory note bore interest at the 90-day Commercial Paper Composite Rate plus 25 basis points, set at the beginning of each quarter. The note was repaid in July 1997 with the net proceeds from the sale of long-term subordinated convertible debentures (Note 4).

Black Clawson is a leading supplier of recycling equipment used in processing fiber for the manufacture of "brown paper," such as that used in the manufacture of corrugated boxes.

The acquisition has been accounted for using the purchase method of accounting and its results have been included in the accompanying financial statements from the date of acquisition. The cost of the acquisition exceeded the estimated fair value of the acquired net assets by $95.1 million, which is being amortized over 40 years. Allocation of the purchase price was based on estimates of the fair value of the net assets acquired and is subject to adjustment upon finalization of the purchase price allocation.

2. Acquisition (continued)

Based on unaudited data, the following table presents selected financial information for the Company and Black Clawson on a pro forma basis, assuming the companies had been combined since the beginning of 1996.

(In thousands except per share amounts)	Three Months Ended Sept. 27, 1997	Three Months Ended Sept. 28, 1996	Nine Months Ended Sept. 27, 1997	Nine Months Ended Sept. 28, 1996
Revenues	$71,269	$70,829	$209,518	$214,382
Net income	4,351	3,181	10,599	10,923
Earnings per share:				
Primary	.07	.05	.17	.18
Fully diluted	.07	.05	.17	.17

The pro forma results are not necessarily indicative of future operations or the actual results that would have occurred had the acquisition of Black Clawson been made at the beginning of 1996.

3. Note Receivable

During 1996, the Company loaned $6.0 million to Tree-Free Fiber Company, LLC (Tree-Free) in connection with a proposed engineering, procurement, and construction project. This project has been indefinitely delayed due to the current weakness in pulp prices and, therefore, the Company expects the project will not proceed in the near future. Tree-Free was unable to repay the note upon its original maturity and the Company consented to several payment extensions. On July 28, 1997, the Company restructured the note from Tree-Free into two promissory notes aggregating $6.5 million, which represent the original principal amount due to the Company plus interest accrued through the date of the restructuring. One such promissory note, for $3.0 million, is secured by a first priority security interest, pari passu with a security interest held by another lender, on certain real estate and equipment, and a second priority security interest, pari passu with a security interest held by another lender, on inventories and accounts receivable. The second promissory note, for $3.5 million, is secured by a first priority security interest in the membership (equity) interests of the equity owners of Tree-Free and certain other assets and is subordinate to other borrowings. In the event of default, the Company intends to exercise its rights under its security agreement to cause all of such membership interests to be transferred to the Company. In such event, the Company expects that it will operate the existing tissue mill owned by Tree-Free, with the intent of selling either the mill or membership interests at one or more public or private sales as soon as practicable thereafter. Although no assurance can be given as to either the timing of any such sale or the amount of the proceeds that may be received therefrom, the Company believes that the fair value of its security exceeds the sum of the carrying amount of the notes from Tree-Free and Tree-Free's indebtedness to its third-party lenders.

4. Subordinated Convertible Debentures

In July 1997, the Company issued and sold $153 million principal amount of 4 1/2% subordinated convertible debentures due 2004 for net proceeds of approximately $149.8 million. The debentures are convertible into shares of the Company's common stock at a conversion price of $12.10 per share and are guaranteed on a subordinated basis by Thermo Electron. In July 1997, the Company repaid a $110 million promissory note due to Thermo Electron with a portion of the net proceeds from this offering (Note 2).

5. Restructuring Costs

During the third quarter of 1997, the Company recorded restructuring costs of approximately $1.1 million relating to the consolidation of operations at its Fiberprep, Inc. subsidiary and Lamort Paper Services Ltd. subsidiary (a subsidiary of E&M Lamort, S.A.), located in the United Kingdom, into the operations of Black Clawson. The restructuring charges related primarily to severance for 34 employees whose employment was terminated during the third quarter, and abandoned-facility payments. Other accrued expenses in the accompanying September 27, 1997, balance sheet includes a remaining reserve of $0.4 million associated with the consolidation of these operations.

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

Forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of 1934, are made throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. There are a number of important factors that could cause the results of the Company to differ materially from those indicated by such forward-looking statements, including those detailed under the caption "Forward-looking Statements" in Exhibit 13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 28, 1996, filed with the Securities and Exchange Commission.

Overview

The Company designs and manufactures processing machinery, accessories, and water-management systems for the paper and paper-recycling industries. The Company's principal products include custom-engineered systems and equipment for the preparation of wastepaper for conversion into recycled paper; accessory equipment and related consumables important to the efficient operation of papermaking machines; and water-management systems essential for draining, purifying, and recycling process water. The Company's Thermo Black Clawson subsidiary, acquired May 1997, is a leading supplier of recycling equipment used in processing fiber for the manufacture of "brown paper," such as that used

Overview (continued)

in the manufacture of corrugated boxes. The Company's Thermo Fibergen Inc. subsidiary is developing and commercializing equipment and systems to recover valuable materials from papermaking sludge generated by plants that produce virgin and recycled pulp and paper. Through its GranTek Inc. subsidiary, acquired July 1996, Thermo Fibergen employs patented technology to produce absorbing granules from papermaking sludge.

The Company's manufacturing facilities are principally in the U.S. and France. The manufacturing facility in France is located at the Company's E&M Lamort, S.A. subsidiary, which primarily manufactures recycling equipment and accessories.

The Company's products are primarily sold to the paper industry. Generally, the financial condition of the paper industry corresponds both to changes in the general economy and to a number of other factors, including paper and pulp production capacity. The paper industry entered a severe downcycle in early 1996 and has not recovered. This cyclical downturn adversely affected the Company's business during the second half of 1996 and the first nine months of 1997. The timing of the recovery of the financial condition of the paper industry cannot be predicted.

The Company has significant foreign operations, particularly in Europe. Although the Company seeks to charge its customers in the same currency as its operating costs, the Company's financial performance and competitive position can be affected by currency exchange rate fluctuations affecting the relationship between the U.S. dollar and foreign currencies. The Company reduces its exposure to currency fluctuations through the use of forward contracts. The Company enters into forward contracts to hedge certain firm purchase and sale commitments denominated in currencies other than its subsidiaries' local currencies, principally U.S. dollars, British pounds sterling, French francs, and Japanese yen. The purpose of the Company's foreign currency hedging activities is to protect the Company's local currency cash flows related to these commitments from fluctuations in foreign exchange rates. Because the Company's forward contracts are entered into as hedges against existing foreign currency exposures, there generally is no effect on the income statement since gains or losses on the customer contract offset gains or losses on the forward contract.

Results of Operations

Third Quarter 1997 Compared With Third Quarter 1996

Revenues increased to $67.6 million in the third quarter of 1997 from $46.1 million in the third quarter of 1996. Revenues increased $20.2 million due to the acquisition of Black Clawson in May 1997. Revenues from the Company's water-management business increased $2.2 million, primarily due to an increase in demand. These improvements were offset in part by a decrease in revenues from the Company's recycling business, primarily due to a decrease in demand resulting from the severe drop in de-inked pulp prices in the summer of 1996. Revenue improvement at the Company's accessories business in the U.S. was largely offset by a decrease in revenues at Lamort's accessories business. The unfavorable effects of currency translation due to a stronger U.S. dollar decreased revenues by $2.0 million.

Third Quarter 1997 Compared With Third Quarter 1996 (continued)

The gross profit margin decreased to 37% in the third quarter of 1997 from 43% in the third quarter of 1996, primarily due to lower-margin revenues at Black Clawson, as well as a decrease in gross profit margin at the Company's Lamort subsidiary due to a decrease in revenues and lower margins from Lamort's recycling business due to competitive pricing pressures.

Selling, general, and administrative expenses as a percentage of revenues decreased to 24% in the third quarter of 1997 from 27% in the third quarter of 1996, primarily due to lower expenses as a percentage of revenues at Black Clawson, offset in part by an increase at Thermo Fibergen, primarily due to the hiring of additional sales, marketing, and administrative staff.

Research and development expenses increased to $1.8 million in the third quarter of 1997 from $1.3 million in the third quarter of 1996, primarily due to the inclusion of $0.4 million in expenses at Black Clawson.

During the third quarter of 1997, the Company recorded restructuring costs of $1.1 million relating to the consolidation of operations at its Fiberprep, Inc. subsidiary and Lamort Paper Services Ltd. subsidiary (a subsidiary of Lamort), located in the United Kingdom, into the operations of Black Clawson. The restructuring charges related primarily to severance for 34 employees whose employment was terminated during the third quarter, and abandoned-facility payments.

Interest income increased to $2.1 million in the third quarter of 1997 from $0.7 million in the third quarter of 1996, primarily due to an increase in average invested balances resulting from the net proceeds from Thermo Fibergen's initial public offering in September 1996 and the sale of $153 million principal amount of subordinated convertible debentures in July 1997 (Note 4).

Interest expense increased to $2.0 million in the third quarter of 1997 from $0.2 million in the third quarter of 1996 as a result of borrowings from Thermo Electron Corporation to finance the May 1997 acquisition of Black Clawson and the July 1997 issuance of $153 million principal amount of subordinated convertible debentures. The borrowings from Thermo Electron were repaid with a portion of the net proceeds from the sale of the subordinated convertible debentures (Note 4).

The effective tax rate was 40% in the third quarter of 1997 and 39% in the third quarter of 1996. The effective tax rates exceed the statutory federal income tax rate primarily due to the impact of state income taxes, offset in part by the effect of lower foreign tax rates.

Minority interest expense primarily represents accretion of common stock of subsidiary subject to redemption.

First Nine Months 1997 Compared With First Nine Months 1996

Revenues increased to $166.8 million in the first nine months of 1997 from $143.7 million in the first nine months of 1996. Revenues increased $30.0 million due to the acquisitions of Black Clawson in May 1997 and GranTek in July 1996. In addition, revenues from the Company's accessories and water-management businesses increased primarily due to an increase in demand. These improvements were offset in part by a $9.7 million decrease in revenues from the Company's recycling business, principally at the Company's Fiberprep subsidiary, due to a decrease in demand resulting from a severe drop in de-inked pulp prices in the summer of 1996. The unfavorable effects of currency translation due to a stronger U.S. dollar decreased revenues by $4.1 million.

The gross profit margin decreased to 40% in the first nine months of 1997 from 43% in the first nine months of 1996, primarily for the reasons discussed in the results of operations for the third quarter.

Selling, general, and administrative expenses as a percentage of revenues increased to 26% in the first nine months of 1997 from 24% in the first nine months of 1996, primarily due to a decrease in revenues at the Company's Fiberprep subsidiary and an increase in selling, general, and administrative expenses at Thermo Fibergen for the reasons discussed in the results of operations for the third quarter. The increase in selling, general, and administrative expenses as a percentage of revenues was offset in part by lower selling, general, and administrative expenses as a percentage of revenues at Black Clawson.

Research and development expenses increased to $4.7 million in the first nine months of 1997 from $4.2 million in the first nine months of 1996, primarily due to the inclusion of $0.6 million in expenses at Black Clawson.

The Company recorded restructuring costs of $1.1 million in the first nine months of 1997 for the reasons discussed in the results of operations for the third quarter.

Interest income increased to $5.2 million in the first nine months of 1997 from $2.1 million in the first nine months of 1996, primarily due to the reasons discussed in the results of operations for the third quarter.

Interest expense increased to $3.0 million in the first nine months of 1997 from $0.5 million in the first nine months of 1996, primarily due to the reasons discussed in the results of operations for the third quarter.

The effective tax rate was 39% in the first nine months of 1997 and 1996. The effective tax rate exceeds the statutory federal income tax rate primarily due to the impact of state income taxes, offset in part by the effect of lower foreign tax rates.

Minority interest expense primarily represents accretion of common stock of subsidiary subject to redemption.

Liquidity and Capital Resources

Consolidated working capital was $167.8 million at September 27, 1997, compared with $115.6 million at December 28, 1996. Included in working capital are cash, cash equivalents, and available-for-sale investments of $139.1 million at September 27, 1997, compared with $109.8 million at December 28, 1996. Of the $139.1 million balance at September 27, 1997, $58.1 million was held by Thermo Fibergen and $3.5 million was held by Fiberprep, with the remainder being held by the Company and its wholly owned subsidiaries. At September 27, 1997, $13.4 million of the Company's cash and cash equivalents was held by its Lamort subsidiary. Repatriation of this cash into the U.S. is subject to a 5% withholding tax in France and could also be subject to a United States tax.

During the first nine months of 1997, $12.4 million of cash was provided by operating activities. Cash provided by the Company's operating results was reduced by a decrease in accounts payable of $6.8 million and an increase in unbilled contract costs and fees of $4.3 million, offset in part by an increase in other current liabilities of $2.3 million and a decrease in accounts receivable of $2.5 million. The reduction in accounts payable was primarily due to the payment of a substantial portion of acquired accounts payable at Black Clawson. The increase in other current liabilities reflects an increase in billings in excess of contract costs and fees, accrued income taxes, and accrued interest payable. The reduction in accounts receivable was primarily due to the timing of billings on percentage-of-completion contracts, reflected in the increase in unbilled contract costs and fees.

During the first nine months of 1997, the Company's primary investing activities, excluding purchases of available-for-sale investments, included an acquisition and capital expenditures. The Company acquired the assets, subject to certain liabilities, of the stock-preparation business of Black Clawson for $107.7 million in cash, net of cash acquired (Note 2). The purchase price is subject to a post-closing adjustment. The Company expended $2.1 million for purchases of property, plant, and equipment during the first nine months of 1997.

During the first nine months of 1997, the Company's financing activities provided $130.3 million in cash. The Company borrowed $110 million from Thermo Electron to finance the acquisition of Black Clawson (Note 2). In July 1997, the Company issued and sold $153 million principal amount of 4 1/2% subordinated convertible debentures due 2004 for net proceeds of approximately $149.8 million. A portion of the proceeds was used to repay the $110 million note due to Thermo Electron (Note 4). The Company repurchased $3.8 million of Thermo Fibergen common stock and $16.3 million of Company common stock during the first nine months of 1997.

The Company's Board of Directors has authorized the repurchase, through March 19, 1998, of up to $5 million of Thermo Fibergen's common stock in open market or negotiated transactions. Any such purchases would be funded from working capital. Through September 27, 1997, the Company had expended $3.8 million under this authorization.

Liquidity and Capital Resources (continued)

The Company's Board of Directors has authorized the repurchase, through July 18, 1998, of up to $20 million of Company common stock in open market or negotiated transactions. Any such purchases would be funded from working capital. Through September 27, 1997, the Company had expended $16.3 million under this authorization.

At September 27, 1997, the Company had $54.8 million of undistributed foreign earnings. The Company does not intend to repatriate undistributed foreign earnings into the U.S., and does not expect that this will have a material adverse effect on the Company's current liquidity.

In the remainder of 1997, the Company plans to make expenditures for property, plant, and equipment of approximately $1.5 million. In addition, Thermo Fibergen may make additional capital expenditures for the construction of one or more fiber-recovery plants. Construction of fiber-recovery plants is dependent upon Thermo Fibergen entering into long-term contracts with paper mills, under which Thermo Fibergen will charge fees to accept the mills' papermaking sludge. Thermo Fibergen does not currently have such agreements in place nor is there any assurance that Thermo Fibergen will be able to obtain such contracts. The Company believes that its existing resources are sufficient to meet the capital requirements of its existing operations for the foreseeable future.

PART II - OTHER INFORMATION
Item 2 - Changes in Securities and Use of Proceeds

(c) Recent Sales of Unregistered Securities

On July 10, 1997, the Company entered into an agreement to sell at par $150 million principal amount of 4 1/2% convertible subordinated debentures due 2004 (the Debentures).

Debentures having an aggregate principal amount of $153 million (including $3 million principal amount to cover over-allotments) were sold on July 16, 1997 to the underwriters of the offering in reliance on Section 4(2) of the Securities Act of 1933, as amended (the Securities Act). Debentures having an aggregate principal amount of $116.9 million were then resold by the underwriters to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act. (The balance of the Debentures were resold and delivered by the underwriters to non-United States persons outside of the United States, its territories and possessions in reliance on the exemption from registration provided by Regulation S under the Securities Act.)

The managers of the offering were Lehman Brothers International (Europe), Salomon Brothers Inc., and Smith Barney Inc. The total underwriting discounts and commissions applicable to the 144A Debentures were approximately $2.3 million, or 2.0% of the principal amount thereof.

The Debentures are convertible into shares of the Company's common stock at a price of $12.10 per share.

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

See Exhibit Index on the page immediately preceding exhibits.

(b) Reports on Form 8-K

On July 16, 1997, the Company filed a Current Report on Form 8-K, with respect to the sale of $153 million principal amount of 4 1/2% convertible subordinated debentures due 2004.

On August 5, 1997, the Company filed an amendment on Form 8-K/A, pertaining to the acquisition by the Company of the Stock-preparation Business of the Black Clawson Company and its affiliates, the purpose of which was to file the financial information required by Form 8-K concerning this acquisition.

THERMO FIBERTEK INC.

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 as of the 30th day of October 1997.

THERMO FIBERTEK INC.

Paul F. Kelleher

Paul F. Kelleher
Chief Accounting Officer

John N. Hatsopoulos

John N. Hatsopoulos
Vice President and Chief
Financial Officer

THERMO FIBERTEK INC.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
11	Statement re: Computation of Earnings per Share.
27	Financial Data Schedule.

Exhibit 11

THERMO FIBERTEK INC.

Computation of Earnings per Share

	Three Months Ended		Nine Months Ended	
	Sept. 27, 1997	Sept. 28, 1996	Sept. 27, 1997	Sept. 28, 1996
Computation of Fully Diluted Earnings per Share:				
Income:				
Net income	$ 3,594,000	$ 4,213,000	$10,813,000	$14,295,000
Add: Convertible debt interest, net of tax	30,000	79,000	188,000	237,000
Income applicable to common stock assuming full dilution (a)	$ 3,624,000	$ 4,292,000	$11,001,000	$14,532,000
Shares:				
Weighted average shares outstanding	61,503,678	61,088,657	61,296,040	61,015,230
Add: Shares issuable from assumed conversion of subordinated convertible obligation	726,192	1,888,113	1,500,806	1,888,113
Shares issuable from assumed exercise of options (as determined by the application of the treasury stock method)	1,136,837	1,404,451	1,136,837	1,494,662
Weighted average shares outstanding, as adjusted (b)	63,366,707	64,381,221	63,933,683	64,398,005
Fully Diluted Earnings per Share (a) / (b)	$ .06	$ .07	$ .17	$ .23

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THERMO
FIBERTEK INC.'S QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER
27, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL
STATEMENTS.

1,000

9-MOS
JAN-03-1998
SEP-27-1997
109,646
29,492
51,539
2,345
30,998
235,424
58,848
31,196
410,380
67,600
153,000
0
0
633
133,502
410,380
166,784
166,784
100,522
100,522
4,652
147
2,961
19,078
7,425
10,813
0
0
0
10,813
.18
.17