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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

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(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, 1998

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 0-21918

FLIR Systems, Inc.
(Exact name of Registrant as specified in its charter)

Oregon	93-0708501
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

16505 S.W. 72nd Avenue, Portland, Oregon	97224
(Address of principal executive offices)	(Zip Code)

(503) 684-3731
(Registrant's telephone number, including area code)

____

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 .

At September 30, 1998, there were 11,940,434 shares of the Registrant's common stock, $0.01, par value, outstanding.

FLIR Systems, Inc.

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PART I. FINANCIAL INFORMATION

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

FLIR SYSTEMS, INC.

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Revenue:				
Government....................................	$15,833	$12,946	$ 39,061	$32,325
Commercial....................................	25,428	10,969	64,971	27,350
Total revenue...............................	41,261	23,915	104,032	59,675
Cost of goods sold..............................	18,831	11,130	45,619	27,654
Research and development.........................	5,261	3,187	16,103	8,532
Selling and other operating costs...............	9,608	5,930	28,939	16,889
	33,700	20,247	90,661	53,075
Earnings from operations....................	7,561	3,668	13,371	6,600
Interest income.................................	28	32	364	52
Interest expense and other......................	(423)	(533)	(2,275)	(1,405)
Earnings before income taxes................	7,166	3,167	11,460	5,247
Provision for income taxes......................	1,939	730	3,188	1,269
Net earnings....................................	$ 5,227	$ 2,437	$ 8,272	$ 3,978
Net earnings per share				
Basic...	$ 0.44	$ 0.44	$ 0.79	$ 0.73
Diluted.......................................	$ 0.44	$ 0.41	$ 0.76	$ 0.68

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

FLIR SYSTEMS, INC.

CONSOLIDATED BALANCE SHEET
(in thousands, except share amounts)

	September 30, 1998 (unaudited)	December 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,576	$ 5,884
Accounts receivable, net	74,476	55,463
Inventories	39,573	34,724
Prepaid expenses	3,919	3,516
Total current assets	120,544	99,587
Property and equipment, net	23,337	18,423
Deferred income taxes, net	16,879	16,873
Intangible assets, net	13,290	14,013
Other assets	4,236	4,961
	$178,286	$153,857
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 36,017	$ 26,558
Accounts payable	9,928	15,493
Accounts payable to related parties	--	6,228
Accrued payroll and other liabilities	7,277	19,105
Accrued income taxes	2,064	363
Current portion of long-term debt	641	5,273
Total current liabilities	55,927	73,020
Long-term debt	1,223	1,679
Pension liability	4,092	3,969
Commitments and contingencies	--	--
Shareholders' equity:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized; no shares issued at September 30, 1998, and December 31, 1997	--	--
Common stock, $0.01 par value, 30,000,000 shares authorized, 11,940,434 and 9,756,458 shares issued at September 30, 1998, and December 31, 1997, respectively	119	98
Additional paid-in capital	132,032	97,684
Accumulated deficit	(14,059)	(22,331)
Cumulative foreign translation adjustment	(1,048)	(262)
Total shareholders' equity	117,044	75,189
	$178,286	$153,857

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

FLIR SYSTEMS, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30, 1998	1997
Cash used by operations:		
Net earnings	$ 8,272	$ 3,978
Adjustments to reconcile net earnings to net cash used by operating activities:		
Depreciation	3,811	1,971
Amortization	1,203	68
Disposals and write-offs of property and equipment	265	185
Deferred income taxes	(6)	--
Changes in certain assets and liabilities:		
Increase in accounts receivable	(19,013)	(15,712)
Increase in inventories	(4,849)	(617)
(Increase) decrease in prepaid expenses	(403)	300
Decrease (increase) in other assets	566	(224)
(Decrease) in accounts payable	(5,565)	(1,850)
(Decrease) increase in accounts payable to related	(6,228)	748

parties...		
(Decrease) increase in accrued payroll and other liabilities..	(11,828)	435
Increase in accrued income taxes........................	1,701	1,031
Increase in pension liability...........................	123	--
Cash used by operating activities.........................	(31,951)	(9,687)
Cash used by investing activities:		
Additions to property and equipment.......................	(9,311)	(5,455)
Cash provided by financing activities:		
Net increase in notes payable.............................	9,459	14,941
Proceeds from long term debt..............................	--	1,728
Repayment of long term debt including current portion......	(5,088)	(969)
Proceeds from public stock offering.......................	32,675	--
Cost of common stock issuance.............................	(550)	--
Proceeds from exercise of stock options...................	1,273	1,140
Common stock issued pursuant to stock option plans.........	971	--
Cash provided by financing activities.....................	38,740	16,840
Effect of exchange rate changes on cash.....................	(786)	62
Net (decrease) increase in cash and cash equivalents.........	(3,308)	1,760
Cash and cash equivalents, beginning of period..............	5,884	775
Cash and cash equivalents, end of period....................	$ 2,576	$ 2,535

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

FLIR SYSTEMS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 -- BASIS OF PRESENTATION:

The accompanying consolidated financial statements are unaudited and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, these statements have been prepared on the same basis as the audited annual consolidated financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of the consolidated financial position and results of operations for the interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended December 31, 1997.

The accompanying financial statements include the accounts of FLIR Systems, Inc. and its subsidiaries. All intercompany accounts and transactions have been eliminated. The results of the interim period are not necessarily indicative of the results for the entire year.

Certain reclassifications have been made to the prior year data to conform with the current year's presentation. These reclassifications had no impact on previously reported results of operations or shareholders' equity.

NOTE 2 -- REVENUE RECOGNITION:

Revenue is recognized when products are shipped or when services are performed, except for certain long-term contracts which are recorded on the percentage-of-completion method. The percentage-of-completion method is used for research and development contracts and for production contracts which require significant amounts of initial engineering and development costs. The percentage-of-completion is determined by relating the actual costs incurred to date to total costs to complete the respective contract.

NOTE 3 -- NET EARNINGS PER SHARE:

Earnings per share are based on the weighted average number of shares of common stock and common stock equivalents outstanding during the periods, computed using the treasury stock method for stock options. In 1997, the Company adopted

Statement of Financial Accounting Standards No. 128, "Earnings per Share."

The following table sets forth the reconciliation of the denominator utilized in the computation of basic and diluted earnings per share (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Weighted average number of common shares outstanding	11,754	5,542	10,496	5,485
Assumed exercise of stock options net of shares assumed reacquired under the treasury stock method	215	438	345	371
Diluted shares outstanding	11,969	5,980	10,841	5,856

NOTE 4 -- INVENTORIES:

Inventories consist of the following (in thousands):

	September 30, 1998	December 31, 1997
Materials	$23,426	$26,631
Work-in-progress	8,843	9,995
Finished goods	8,768	894
	41,037	37,520
Less - progress payments received from customers	(1,464)	(2,796)
	$39,573	$34,724

NOTE 5 - COMPREHENSIVE INCOME:

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." The Company has adopted the standard as of January 1, 1998. Total comprehensive income consists of the following (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Net income	$5,227	$2,437	$8,272	$3,978
Cumulative foreign translation adjustment	184	(66)	(786)	62
Total comprehensive income	$5,411	$2,371	$7,486	$4,040

The cumulative foreign translation adjustment represents the Company's only other comprehensive income item. The cumulative foreign translation adjustment represents unrealized gains/losses in the translation of the financial statements of the Company's subsidiaries in accordance with SFAS No. 52, "Foreign Currency Translation." The Company has no intention of liquidating the assets of the foreign subsidiaries in the foreseeable future.

NOTE 6 -- CHANGES IN SHAREHOLDERS' EQUITY:

Changes in Shareholders' Equity consist of the following (in thousands):

	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Cumulative Foreign Translation Adjustment	Total
Balance, December 31, 1997	$ --	$ 98	$ 97,684	$(22,331)	$ (262)	$ 75,189
Common stock options exercised	--	1	1,272	--	--	1,273
Proceeds from public stock offering	--	20	32,655	--	--	32,675
Cost of common stock issuance	--	--	(550)	--	--	(550)
Common stock issued pursuant to stock option plans	--	--	971	--	--	971
Net earnings for the nine month period	--	--	--	8,272	--	8,272
Foreign translation adjustment	--	--	--	--	(786)	(786)
Balance, September 30, 1998	$ --	$119	$132,032	$(14,059)	$(1,048)	$117,044

On July 6, 1998, the Company completed a secondary public offering of 2,399,130 shares of common stock, including 1,638,630 shares of common stock issued and sold by the Company. Additionally, on July 24, 1998, the underwriters exercised the over-allotment option related to the secondary offering and the Company issued and sold an additional 359,870 shares of common stock. The net proceeds of $32.1 million were utilized to repay in full a payable to a related party, which aggregated approximately $5.0 million, and to reduce amounts outstanding under the Company's lines of credit.

NOTE 7 -- RECENT ACCOUNTING PRONOUNCEMENTS:

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131 (SFAS 131), "Disclosure about Segments of an Enterprise and Related Information." Additionally, in 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132 (SFAS 132), "Employers Disclosure about Pensions and Other Post-retirement Benefits" and Statement of Financial Accounting Standards No. 133 (SFAS 133), "Accounting for Derivative Instruments and Hedging Activities." The Company plans to adopt SFAS 131 and SFAS 132 in 1998 and SFAS 133 in 2000, however, management believes that the impact of adoption will not have a significant effect on the Company's financial position or results of operations.

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

Results of Operations:

Overall. Net earnings for the three months ended September 30, 1998 increased 114.5%, from $2.4 million (or $0.41 per diluted share) in the third quarter of 1997 to $5.2 million (or $0.44 per diluted share) in the third quarter of 1998. Net earnings increased 107.9%, from $4.0 million (or $0.68 per diluted share) for the nine months ended September 30, 1997 to $8.3 million (or $0.76 per diluted share) for the nine months ended September 30, 1998. Earnings from operations for the three months ended September 30, 1998 increased 106.1%, from $3.7 million in the third quarter of 1997 to $7.6 million in the third quarter of 1998. Earnings from operations for the nine months ended September 30, 1998 increased 102.6%, from $6.6 million in 1997 to $13.4 million in 1998. These results reflect the inclusion of the operations of AGEMA, which was acquired effective December 1, 1997.

Revenue. The Company's revenue for the three months ended September 30, 1998 increased 72.5%, from $23.9 million in the third quarter of 1997 to $41.3 million in the third quarter of 1998. Revenue from the sale of the Company's products to government customers increased 22.3%, from $12.9 million in the third quarter of 1997 to $15.8 million in the third quarter of 1998. This growth was primarily due to the initial deliveries of the Company's new Star SAFIRE(TM) thermal imaging system, continued strong sales of the SAFIRE(TM) thermal imaging system and sales of the AGEMA 1000(TM), a ground based surveillance infrared imager. Revenue from the sale of the Company's products to commercial customers continued to show strong growth, increasing 131.8%, from $11.0 million in the third quarter of 1997 to $25.4 million in the third quarter of 1998. The increased deliveries of the Company's full range of products, including the AGEMA 550(TM) and the AGEMA 570(TM), the Company's first uncooled technology product, contributed to the growth in commercial revenue. In particular, deliveries of the AGEMA 570 contributed substantially to the growth and for the first time contributed a higher percentage of revenue than the cooled products. The growth in commercial revenue was also attributable to additional deliveries of the Company's airborne observation systems for the commercial broadcast market.

Revenue for the nine months ended September 30, 1998 increased 74.3%, from $59.7 million in the first nine months of 1997 to $104.0 million for the first nine months of 1998. Revenue from the sale the Company's products to governmental customers increased 20.8%, from $32.3 million in the first nine months of 1997 to $39.1 million in the first nine months of 1998. This growth was primarily due to continued strong sales of the SAFIRE thermal imaging system, revenue from the initial deliveries of the Star SAFIRE and sales of the AGEMA 1000. Revenues from the sale of the Company's products to commercial customers increased 137.6%, from $27.4 million in the first nine months of 1997 to $65.0 million in the first nine months of 1998. The increase was principally from sales of the Company's hand held imaging systems, particularly the AGEMA 550(TM) and 570(TM) and continued strong sales of the Company's airborne observation systems for the commercial broadcast market.

As a result of the acquisition of AGEMA in December of 1997, sales of the Company's commercial products now account for the majority of the Company's total revenue. As a percentage of total revenue, commercial revenue for the third quarter of 1998 increased to 61.6%, as compared to 45.9% in the third quarter of 1997. For the nine months ended September 30, 1998, commercial revenue increased to 62.4% of total revenue, as compared to 45.8% for the first nine months of 1997. The Company expects that commercial revenue will continue to comprise the majority of total revenue.

Revenue from international sales decreased as a percentage of total revenue from approximately 52.8% to approximately 45.1% for the quarters ended September 30, 1997 and 1998, respectively. For the first nine months of 1998, international sales accounted for approximately 49.3% of the Company's revenue. The decrease in percentage of international revenue for the quarter ended September 30, 1998, was primarily due to increased deliveries to U.S. Government customers, principally the U.S. Marine Corps. While the percentage of revenue from international sales will continue to fluctuate from quarter to quarter due to the timing of shipments under existing international and domestic government contracts, the Company expects that revenue from international sales as a percentage of total revenue will continue to comprise a significant percentage of revenue.

Gross profit. As a percentage of revenue, gross profit increased slightly from 53.5% in the third quarter of 1997 to 54.4% in the third quarter of 1998 and increased from 53.7% for the first nine months of 1997 to 56.1% for the first nine months of 1998. The increase in gross profit as a percentage of revenue was principally attributable to the higher proportion of total revenue derived from the sale of commercial products which, as a result of the favorable cost structure of the AGEMA commercial products, now generally exceed those margins experienced from the sale of imaging systems to the government market. This increase in gross profit as a percentage of revenue was partially mitigated by increased shipments to instrumentalities of the U.S. Government which typically have lower margins than those of other customers in the government market and aggregated $15.6 million in the first nine months of 1998 compared to $12.8 million in the first nine months of 1997. Gross profit percentages are affected by a variety of factors, including the mix of domestic and international revenue, the more competitive nature of the commercial imaging market, and the impact of competitive bids for significant government contracts.

Research and development. Research and development expense increased 65.1%, from $3.2 million for the third quarter of 1997 to $5.3 million for the third quarter of 1998 and increased 88.7%, from $8.5 million for the first nine months of 1997 to $16.1 million for the first nine months of 1998. As a percentage of revenue, research and development expense decreased from 13.3% to 12.8% for the three months ended September 30, 1997 and 1998, respectively, and increased from 14.3% for the first nine months of 1997 to 15.5% for the first nine months of 1998. In absolute dollar terms, the increase in research and development expense was primarily due to increased engineering efforts related to the introduction of the Star SAFIRE(TM), inclusion of research and development expenses of AGEMA operations, as well as on-going new product development and existing product enhancements. The overall level of research and development expense reflects the Company's continuing emphasis on product development and new product introduction. While the Company expects the absolute dollar amount of research and development to continue to increase, research and development expense as a percentage of total revenue should continue to decline as revenues increase.

Selling and other operating costs. Selling and other operating costs for the quarter increased 62.0%, from $5.9 million for the third quarter of 1997 to $9.6 million for the third quarter of 1998 and increased 71.3%, from $16.9 million for the first nine months of 1997 to $28.9 million for the first nine months of 1998. Selling and other operating costs decreased as a percentage of revenue from 24.8% for the third quarter of 1997 to 23.3% for the third quarter of 1998 and decreased from 28.3% for the first nine months of 1997 to 27.8% for the first nine months of 1998. This increase, in absolute dollar terms, was due to the inclusion of AGEMA's operations, costs related to increased personnel, and the recognition of amortization of patents and the excess of the purchase price over net assets acquired related to the December 1997 acquisition of AGEMA. Such amortization amounted to $288,000 for the third quarter of 1998 and $864,000 for the nine months ended September 30, 1998.

Interest expense and other. Interest expense and other includes interest on short term and long term borrowings, costs related to capital lease obligations, foreign currency transaction gains and losses and miscellaneous charges. Interest expense and other for the quarter decreased 20.6%, from $533,000 in the third quarter of 1997 to $423,000 in the third quarter of 1998 and increased 61.9%, from $1.4 million in the first nine months of 1997 to $2.3 million for the first nine months of 1998. The increase for the nine months ended September 30, 1998 was due to the increased usage of the Company's line of credit. The slight decrease for the quarter was primarily due to the reduction of the line of credit during the quarter as a result of the proceeds from the secondary public stock offering completed in July 1998. See Liquidity section below.

Income taxes. The Company's effective income tax rates for the quarters ended September 30, 1998 and 1997 were 27.1% and 23.1%, respectively, and for the nine month periods ended September 30, 1998 and 1997 were 27.8% and 24.2%, respectively. The increase in the effective tax rate was primarily due to limitations on the timing and recognition of the Company's net operating loss carryforwards and tax credits. The effective tax rate remained substantially below statutory rates due to utilization of net operating loss carryforwards, various tax credits, and benefits from the favorable tax treatment of international operations.

Liquidity and Capital Resources

On July 6, 1998, the Company completed a secondary public offering of 2,399,130 shares of common stock, including 1,638,630 shares of common stock issued and sold by the Company. Additionally, on July 24, 1998, the underwriters exercised the over-allotment option related to the secondary offering and the Company issued and sold an additional 359,870 shares of common stock. The net proceeds of $32.1 million were utilized to repay in full a payable to a related party, which aggregated approximately $5.0 million, reduce amounts owed to vendors and to reduce amounts outstanding under the Company's lines of credit.

At September 30, 1998, the Company had short-term borrowings net of cash on hand of $33.4 million compared with $20.7 million at December 31, 1997 and $35.6 million at June 30, 1998. The increased use of cash during the nine months ended September 30, 1998, was principally attributable to increased working capital needs, primarily increased accounts receivable levels, increased inventories, and payment of accrued payroll and other liabilities, primarily incentive bonuses to employees and commissions to representatives.

At September 30, 1998, the Company had inventories on hand of $39.6 million compared to $34.7 million at December 31, 1997 and $39.5 million at June 30, 1998. Consistent with the prior quarter, the efforts to reduce inventory levels for existing product lines were offset by the increase in inventory needed to support the higher volume production requirements for the AGEMA 570 and AGEMA 1000 products. Further, because of the extremely long lead times for many of the Company's most expensive components, it is necessary to have inventory on hand to meet required delivery schedules.

At September 30, 1998, the Company had accounts receivable in the amount of $74.5 million compared to $55.5 million at December 31, 1997 and $56.9 million at June 30, 1998. The increase in accounts receivable is primarily due to the significant level of shipments in the last month of the quarter as a result of the light production schedule during the summer vacation period in Sweden and the production startup process for the delivery of the Company's new Star SAFIRE. Additionally, there remains a significant amount of receivables related to sales to aircraft integrators and OEM's for government orders. In some cases the Company has accepted payment terms that are related to the receipt of the aircraft by the customer. While the Company

expects the receivable balance will continue to be relatively large due to the nature of the government market, the Company continues to focus on decreasing days sales outstanding.

The Company's investing activities have consisted primarily of expenditures for fixed assets, which totaled $9.3 million and $5.5 million for the nine months ended September 30, 1998 and 1997, respectively. The Company has budgeted for approximately $3.0 million related to the replacement of the Company's Enterprise Resource Planning (ERP) system to address Year 2000 and other issues.

The Company has available a $42.0 million line of credit which bears interest at IBOR plus 1.50% (7.125% at September 30, 1998) secured by all the Company's assets. Additionally, the Company, through one of its subsidiaries, has a 40,000,000 Swedish Krone (approximately $5.0 million) line of credit at 4.7% at September 30, 1998. At September 30, 1998, the Company had $36.0 million outstanding on these lines.

The increased use of cash by operating activities is consistent with prior years and is primarily due to the increase in accounts receivable and inventories and payment of accrued liabilities discussed above. While use of the credit facility will vary significantly and is heavily dependent upon the timing of collections of significant receivables, the Company believes that existing cash, available credit facilities and cash to be collected will be sufficient to meet its cash requirements for the foreseeable future.

Impact of the Year 2000

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Such software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations leading to disruptions in the Company's activities and operations. If the Company or its significant suppliers or customers fail to make necessary modifications, conversions, and contingency plans on a timely basis, the Year 2000 issue could have a material adverse effect on the Company's business, operations, cash flows and financial conditions.

The Year 2000 issue affects the Company's internal systems as well as any of the Company's product that include date-sensitive software. The Company is currently conducting a comprehensive review of its computer systems and software products to identify the systems that could be affected by the Year 2000 issue and is in the process of implementing and conducting the required processes to become Year 2000 compliant. Specifically, the Company has identified that the internal manufacturing system acquired by the Company in connection with the acquisition of AGEMA is not Year 2000 compliant. The Company has begun the installation of a new enterprise resource planning system, both hardware and software, to correct this deficiency. Additionally, the Company is evaluating Year 2000 compliance on products from its suppliers and partners. Both internal and external resources are being employed to identify, correct or reprogram, and test the systems for Year 2000 compliance. The total cost of the project is estimated to be approximately $5.0 million and is being funded through operational cash flow. A contingency plan has not been developed for dealing with the most reasonably likely worst case scenario, and such scenario has not yet been clearly identified. The Company currently plans to complete such analysis and contingency planning by December 31, 1999.

There can be no assurance, however, that the systems or products of other companies on which the Company's systems also rely will be timely converted or that any such failure to convert by a vendor, customer or another company would not have a adverse effect on the Company's systems. Additionally, we cannot completely ensure that the Company's software products do not contain undetected problems associated with Year 2000 Compliance. Such problems, should they occur, may result in adverse effects on future operating results.

Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements within the meaning of the Securities Litigation Reform Act of 1995 that are based on current expectations, estimates and projections about the Company's business, management's beliefs and assumptions made by management. Words such as "expects," "anticipates," "intends," "plans," "believes," "sees," "estimates" and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including, but not limited to, those discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as those discussed from time to time in the Company's Securities and Exchange Commission fillings and reports. In addition, such statements could be affected by general industry and market conditions and growth rates, and general domestic and international economic conditions.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

27.1 Financial Data Schedule

(b) No reports on Form 8-K were filed during the three months ended September 30, 1998.

SIGNATURES

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

FLIR SYSTEMS, INC.

Date November 13, 1998 /s/ J. Mark Samper

J. Mark Samper
Vice President of Finance and
Chief Financial Officer
(Principal Accounting and Financial
Officer and Duly Authorized Officer)

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