SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 31, 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 1-12273

ROPER INDUSTRIES, INC.
(Exact name of Registrant as specified in its charter)

Delaware	51-0263969
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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160 Ben Burton Road
Bogart, Georgia 30622
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (706) 369-7170

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock, $.01 Par Value	New York Stock Exchange
Preferred Stock Purchase Rights with respect to Common Stock, $.01 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

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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. [X] Yes [_] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K ((S) 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

Aggregate market value of the voting stock held by non-affiliates of the Registrant, computed by reference to the closing price of such stock, as of December 31, 1998: $618,620,493

Number of shares of Registrant's Common Stock as of December 31, 1998: 30,361,742

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement to be furnished to Shareholders in connection with its Annual Meeting of Shareholders to be held on February 26, 1999, are incorporated by reference into Part III

PART I

ITEM 1. BUSINESS

Roper Industries, Inc. (the "Company" or "Roper") designs, manufactures and distributes specialty industrial controls, fluid handling and analytical instrumentation products worldwide, serving selected segments of a broad range of markets such as oil & gas, agricultural irrigation, chemical and petrochemical processing, large diesel engine and turbine/compressor control applications, bulk-liquid trucking, power generation, semiconductor, medical diagnostics, microscopy and scientific research industries.

The Company pursues consistent and sustainable growth in sales and earnings by operating and acquiring businesses which manufacture and sell high value-added, highly engineered industrial products that are capable of achieving and maintaining high margins. This strategy continually emphasizes (i) increasing market share and market expansion, (ii) new product development, (iii) improving productivity and reducing costs and (iv) acquisition of similar businesses. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Year Ended October 31, 1998 Compared to Year Ended October 31, 1997 and--Year Ended October 31, 1997 Compared to Year Ended October 31, 1996."

MARKET SHARE, MARKET EXPANSION AND PRODUCT DEVELOPMENT. The Company competes in many narrowly defined niche markets. Its position in these markets is typically as the market leader or as a competitive alternate to the market leader. In those markets where the Company is regionally dominant it seeks to sustain growth through geographic expansion of its marketing efforts and the development of new products for associated markets.

The Company expanded its markets in fiscal 1998 principally by new business acquisitions. In December 1997, it acquired FTI Flow Technology, Inc. which manufactures and markets turbine flow meters, emission measurement equipment and flow meter calibration. In February 1998, it acquired Acton Research Corporation which manufactures and markets high-end spectrographic systems and optical equipment. In March 1998, the Company acquired Photometrics, Ltd., a Delaware corporation ("Photometrics") manufacturing and selling scientific-grade digital cameras and detectors based in Tucson, Arizona, and which subsequently was combined with the Company's Princeton Instruments, Inc. ("Princeton" or "Princeton Instruments") unit to form Roper Scientific, Inc ("Roper Scientific"). As a result of the integration of Photometrics and Princeton, Roper Scientific now offers customers a wide variety of digital imaging solutions. Finally, in April 1998, the Company's Metrix unit acquired all of the assets of Natick, Massachusetts-based PMC/Beta Limited Partnership, another manufacturer of vibration sensing and control equipment.

The four acquisitions completed during fiscal 1998 represented a combined investment of $64.3 million in cash and common stock. The Company completed its most recent nine acquisitions in just over two years. These acquisitions have been financed principally from borrowings. The Company, whose debt under its primary credit facility was $119 million at October 31, 1998 and $98 million at October 31, 1997 (37% and 35% of total capitalization, respectively), believes it is well positioned for additional acquisitions.

INTERNATIONAL SALES. Sales outside the United States continue to play an important part in the Company's overall operating results, including the U.S.-based businesses. In fiscal 1998, 1997 and 1996, the Company's net sales outside the U.S. were 50%, 46% and 48%, respectively, of total net sales. International sales increased as a percentage of total sales in fiscal 1998, primarily as a result of a higher level of sales to RAO Gazprom ("Gazprom"), a Russian energy company. Excluding sales to Gazprom, net sales outside the U.S. were 44%, 44% and 43% of the remaining total sales in fiscal 1998, 1997 and 1996, respectively. Information regarding international operations is set forth in Note 13 of the Notes to the Company's Consolidated Financial Statements included elsewhere in this Annual Report.

RESEARCH AND DEVELOPMENT. The Company conducts applied research and development to improve the quality and performance of its products, to develop new products and to enter new markets. Research and development performed by the Company often includes extensive field testing of its products. The Company spent approximately $18.0 million, $14.2 million and $8.7 million in the years ended October 31, 1998, 1997 and 1996, respectively, on research and development activities.

INDUSTRIAL CONTROLS SEGMENT

The Industrial Controls segment's products are manufactured and distributed by Amot Controls Corporation, Richmond, California ("Amot U.S.") and its U.K. affiliated division of Roper Industries Limited, Bury St. Edmunds, England ("Amot U.K."), which are collectively referred to as "Amot", Compressor Controls Corporation, Des Moines, Iowa ("Compressor Controls"), Metrix Instrument Co., L.P., having divisions located in Houston, Texas and Natick, Massachusetts ("Metrix") and Petrotech, Inc., Belle Chasse, Louisiana ("Petrotech").

The Industrial Controls segment's net sales, operating profit (before unallocated corporate administrative costs) and identifiable assets are set forth in Note 13 of the Notes to the Company's Consolidated Financial Statements included elsewhere in this Annual Report. This segment's principal sales and services consist of: (i) rotating machinery control systems and panels, (ii) industrial value, control and measurement products, (iii) vibration instrumentation and (iv) design, build, construct and install services.

ROTATING MACHINERY CONTROL SYSTEMS AND PANELS. The Company manufactures control systems and panels engineered for applications involving compressors, turbines, and engines in the oil & gas, pipeline, power generation and marine industries.

INDUSTRIAL VALVE, CONTROL AND MEASUREMENT PRODUCTS. The Company manufactures a variety of valve, sensor, switch and control products used on engines, compressors, turbines and other powered equipment for the oil & gas, pipeline, power generation, marine and general industrial markets. Most of these products are designed for use in hazardous, explosive environments.

VIBRATION INSTRUMENTATION. The Company manufactures industrial vibration sensors, switches and transmitters for use in the broad industrial controls market. Their applications typically involve turbomachinery, engines, compressors, fans and/or pumps.

DESIGN, BUILD, CONSTRUCT AND INSTALL SERVICES. The Company provides specialized technical services to the product markets described above and thus offers turnkey solution capability to its customers. Services offered include engineering design, procurement, packaging and site installation.

Those classes of products within the Industrial Controls segment that accounted for at least 10% of the Company's consolidated net sales in any of the periods presented below are as follows (in thousands):

	Years Ended October 31,		
	1998	1997	1996
Rotating machinery control systems and panels	$93,540	$59,078	$46,402
Industrial valve, control and measurement products	32,298	34,827	33,689

The following chart shows the breakdown of sales by market for fiscal 1998 for the Industrial Controls segment:

[PIE CHART APPEARS HERE]

Oil & Gas Exploration	21%
General Industrial & Other	10%
Petrochemical	4%
Oil & Gas-Production	13%
Oil & Gas-Pipeline	42%
Power Generation	7%
Marine	3%

BACKLOG. The bulk of this segment's business consists of large engineered oil & gas development and transmission projects with lead times of three-to-nine months. Standard products generally ship within two weeks of receipt of order, while shipment of orders for specialty products varies according to the complexity of the product and availability of the required components. The Company enters into blanket purchase orders for the manufacture of products for certain OEMs and end-users over periods of time specified by such customers. The segment's backlog of firm unfilled orders, including blanket purchase orders, totaled $39.0 million at October 31, 1998 compared to $43.6 million as of October 31, 1997. The largest component of this decrease was due to delayed shipments to Gazprom at October 31, 1997 that were shipped during the first quarter of fiscal 1998.

DISTRIBUTION AND SALES. Distribution and sales occur through direct sales offices, manufacturer's representatives and industrial machinery distributors.

CUSTOMERS. Each of the Company's business units sells to a variety of customers worldwide. Gazprom was the largest single customer in this segment for the year, contributing approximately 24% of segment sales and has indicated its desire to continue purchases of control systems for several years. In fiscal 1998, sales to Gazprom were 11% of the Company's consolidated net sales. However, this business will continue to be subject to numerous commercial and political uncertainties beyond the Company's control. See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Outlook".

FLUID HANDLING SEGMENT

The Fluid Handling segment's products are manufactured and distributed by Cornell Pump Manufacturing Corporation, Portland, Oregon ("Cornell Pump"), Fluid Metering, Inc., Syosset, New York ("FMI" or "Fluid Metering"), FTI Flow Technology, Inc., Phoenix, Arizona ("Flow Technology"), Integrated Designs L.P., Carrollton, Texas ("Integrated Designs") and Roper Pump Company, Commerce, Georgia ("Roper Pump").

The Fluid Handling segment's net sales, operating profit (before unallocated corporate administrative costs) and identifiable assets are set forth in Note 13 of the Notes to the Company's Consolidated Financial Statements included elsewhere in this Annual Report. This segment's principal products consist of (i) general industrial pumps, (ii) integrated dispense systems and (iii) flow metering products.

GENERAL INDUSTRIAL PUMPS. The Company manufactures a variety of general industrial pumps including (i) rotary gear pumps which operate on the principle of two gears intermeshing and are primarily used for pumping particle-free viscous liquids such as oil and certain fluid products, and specialty rotary gear pumps such as lubricating oil pumps for diesel engines and fuel distribution devices, (ii) progressing cavity pumps whose pumping elements consist of a steel rotor within an elastomeric stator and which are used primarily for handling viscous liquids with suspended solids and abrasive material and is the basis for the Company's "mud motor" used in the oil & gas industry for directional drilling, (iii) centrifugal pumps which are used for pumping water and other low-viscosity liquids in agricultural, industrial and municipal applications and (iv) piston-type metering pumps able to handle most types of chemicals and fluids within low-flow applications and used principally in the medical diagnostics, chemical processing, food processing and agricultural industries.

INTEGRATED DISPENSE SYSTEMS. The Company's microprocessor-based integrated dispense systems are used principally in the semiconductor industry to dispense chemicals in a precise and repeatable fashion during the wafer fabrication process. These highly reliable dispense units incorporate no mechanical displacement, but utilize the application of electronically regulated vacuum pressure.

FLOW METERING PRODUCTS. The Company manufactures turbine flow meters, emissions measurement equipment and flow meter calibration for the aerospace, automotive and other industrial applications.

Those classes of products within the Fluid Handling segment that accounted for at least 10% of the Company's consolidated net sales in any of the periods presented below are as follows (in thousands):

	Years ended October 31,		
	1998	1997	1996
General industrial pumps	$72,095	$71,918	$58,451
Integrated dispense systems	16,343	22,257	27,643

The following chart shows the breakdown of Fluid Handling segment sales by market for fiscal 1998:

[PIE CHART APPEARS HERE]

Transportation	5%
Semiconductor	16%
Oil & Gas	5%
Power Generation	7%
Municipal Waste Water Treatment	5%
Agriculture	8%
Medical	9%
Aerospace	3%
General Industrial & Other	42%

BACKLOG. The Fluid Handling companies' sales also reflect a combination of standard products and specifically engineered, application-specific products. Standard products are typically shipped within two weeks of receipt or order. Application-specific products typically occur within six-to-twelve weeks following receipt of order, although certain blanket purchase orders for certain OEMs and other end-users may extend for longer periods. This segment's backlog of firm unfilled orders, including blanket purchase orders, totaled $12.7 million at October 31, 1998 compared to $15.9 million as of October 31, 1997. Most of the decrease in backlog was attributed to Integrated Designs where backlog was down 89% due to difficult market conditions in the semiconductor equipment industry.

DISTRIBUTION AND SALES. Distribution and sales occur through direct sales personnel, manufacturer's representatives and stocking and non-stocking distributors.

CUSTOMERS. Roper Pump and Cornell Pump products are widely distributed to customers in both domestic and international markets. Historically, most of Integrated Designs' sales have been to

U.S.-based semiconductor manufacturers, with a majority of sales concentrated among a few customers. Approximately 56% of Integrated Designs' fiscal 1998 sales were attributable to three customers who were the only customers representing over 10% of its annual sales. Fluid Metering has one OEM customer that was responsible for 40% of its fiscal 1998 net sales. This OEM customer's contribution to Fluid Metering's sales is customary and it is expected to continue as Fluid Metering's dominant customer. Fluid Metering is developing additional OEM relationships which is diminishing its dependence on future business from this customer.

ANALYTICAL INSTRUMENTATION SEGMENT

The Analytical Instrumentation segment's products are manufactured and distributed by Acton Research Corporation, Acton, Massachusetts ("Acton" or "Acton Research"), Gatan, Inc., Pleasanton, California ("Gatan"), Instrumentation Scientifique de Laboratoire, S.A., Verson, France ("ISL"), Molecular Imaging Corporation, Tempe, Arizona ("Molecular Imaging"), Roper Scientific, having operations in Tucson, Arizona and Trenton, New Jersey and Uson L.P., Houston, Texas ("Uson").

The Analytical Instrumentation segment's net sales, operating profit (before unallocated corporate administrative costs) and associated identifiable assets are set forth in Note 13 of the Notes to the Company's Consolidated Financial Statements included elsewhere in this Annual Report. This segment's principal products consist of (i) digital imaging products, (ii) industrial testing and analysis products, (iii) microscopy specimen preparation/handling products and (iv) spectroscopy products.

DIGITAL IMAGING PRODUCTS. The Company manufactures and sells extremely sensitive, high-performance charge-coupled device ("CCD") cameras and detectors for a variety of scientific uses, which include transmission electron microscopy and spectroscopy applications. These products are principally sold for use within academic, government research, semiconductor and material science end-user markets. They are frequently incorporated into OEM equipment.

INDUSTRIAL TESTING AND ANALYSIS PRODUCTS. The Company manufactures and sells (i) automated and manual test equipment to determine certain characteristics of petroleum products, such as flashpoint, viscosity and distillation and (ii) products and systems to determine leaks and completeness of assemblies and sub-assemblies in the automotive, medical and consumer products industries.

MICROSCOPY SPECIMEN PREPARATION/HANDLING PRODUCTS. The Company manufactures and sells specimen preparation and handling equipment for use on electron microscopes. These products are incorporated into OEM equipment and also sold as a retrofit for microscopes currently in use within the academic, government research, electronics and material science end-user markets.

SPECTROSCOPY PRODUCTS. The Company manufactures and sells spectrometers, monochrometers and optical components and coatings for various high-end analytical applications. These products are often incorporated into OEM equipment for use within the research and material science end-user markets.

The only class of products within the Analytical Instrumentation segment that accounted for at least 10% of the Company's consolidated net sales in any of the periods presented below is as follows (in thousands):

	Years ended October 31,		
	1998	1997	1996
Digital imaging products	$65,576	$37,181	$7,410

The following chart shows the breakdown of Analytical Instrumentation segment sales by market for fiscal 1998:

[PIE CHART APPEARS HERE]

Semiconductor	12%
Oil & Gas	9%
Petrochemical	3%
Automotive	10%
General Industrial & Other	13%
Medical	5%
Research	48%

BACKLOG. The Analytical Instrumentation companies have lead times of up to several months on many of their product sales, although standard products are often shipped within four weeks of receipt of order. Blanket purchase orders are placed by certain OEMs and end-users, with continuing requirements for fulfillment over specified periods of time. The segment's backlog of firm unfilled orders, including blanket purchase orders, totaled $28.9 million at October 31, 1998 compared to $23.1 million as of October 31, 1997. This year-over-year increase is mostly attributable to the fiscal 1998 acquisitions of Photometrics and Acton Research.

DISTRIBUTION AND SALES. Distribution and sales are achieved through a combination of manufacturer's representatives, agents, distributors and direct sales offices in both the U.S. and various leading industrial nations.

CUSTOMERS. Each of the companies in the Analytical Instrumentation segment sells to a variety of customers worldwide, with certain major OEMs in the automotive, medical diagnostics and microscopy industries having operations globally.

MATERIALS AND SUPPLIERS

Most materials and supplies used by the Company are believed to be readily available from numerous sources and suppliers throughout the world. Some high-performance components for digital imaging products have been in short supply and the Company continuously investigates and identifies alternative sources where possible. The Company believes that this condition equally affects its competitors and, thus far, it has not had a significant adverse effect on sales.

ENVIRONMENTAL MATTERS AND OTHER GOVERNMENTAL REGULATION

The Company is subject to environmental laws and regulations concerning emissions to the air, discharges to waterways and the generation, handling, storage, transportation, treatment and disposal of waste materials. These laws and regulations are constantly changing and it is impossible to predict with accuracy the effect they may have on the Company in the future. It is the Company's policy to comply with all applicable environmental, health and safety laws and regulations.

The Company is subject to various U.S. federal, state and local laws and foreign laws affecting its businesses, as well as a variety of regulations relating to such matters as working conditions and product safety. A variety of state laws regulate the Company's contractual relationships with its distributors and manufacturer's representatives, some of which impose substantive standards on these relationships.

COMPETITION

The Company has significant competition from a limited number of companies in each of its markets. No single competitor competes with the Company over a significant number of product lines. The Company's products compete primarily on the basis of performance, innovation and price.

PATENTS AND TRADEMARKS

The Company owns the rights under a number of patents and trademarks relating to certain of its products and businesses. While it believes that none of its companies is dependent on intellectual property rights, the product development and market activities of Compressor Controls, Integrated Designs, Gatan, and Roper Scientific, in particular, have been planned and conducted in conjunction with continuing patent strategies. Compressor Controls has been granted a series of U.S. and associated foreign patents and a significant portion of fiscal 1998 sales of Compressor Controls-manufactured products was of equipment which incorporated innovations that are the subject of several such patents which will not begin to expire until 2004.

Integrated Designs was granted a U.S. patent in 1994 related to methods and apparatus claims embodied in its integrated dispense systems which accounted for the majority of its fiscal 1998 sales. The U.S. patent will expire in 2011.

While patents, trademarks and tradenames are considered important to the Company's operations, the Company does not believe it is dependent on any single patent or trademark or group of patents or trademarks.

EMPLOYEES

As of December 31, 1998, the Company had approximately 2,100 total employees, of whom approximately 1,800 were located in the U.S.

Amot U.S.'s shop employees are represented by the International Association of Machinists. Their collective bargaining agreements have been traditionally negotiated for three-year periods, although the current agreement completed in November 1995 runs until November 1999. Some Amot U.K. employees subscribe to membership in two unions, the Manufacturing, Science and Finance Union and the Transport and General Workers Union. All other Company employees are non-union. Total union membership is less than 100 employees.

Management believes that relations between its employees and the Company are excellent and is not aware of any circumstance which is likely to result in a work stoppage.

ITEM 2. PROPERTIES

The Company's corporate offices, consisting of 9,500 square feet of leased space, are located in Bogart, Georgia, which is adjacent to Athens, Georgia. Each operating company is based at and conducts its principal operations from a single location, which may comprise one or more buildings, with the exception of Gatan, whose manufacturing facility is near Pittsburgh, Pennsylvania. The Company has established sales and service locations around the world to support its operating units. The principal operating company properties are as follows:

LOCATION	TYPE OF PROPERTY	SQUARE FOOTAGE OWNED	SQUARE FOOTAGE LEASED	INDUSTRY SEGMENT
Phoenix, AZ	Office/Mfg.	-	32,100	Fluid Handling
Tucson, AZ	Office/Mfg.	-	37,000	Analytical Instrumentation
Pleasanton, CA	Office	-	19,400	Analytical Instrumentation
Richmond, CA	Office/Mfg.	70,000	-	Industrial Controls
Verson, France	Office/Mfg.	-	23,000	Analytical Instrumentation
Commerce, GA	Office/Mfg.	150,000	-	Fluid Handling
Des Moines, IA	Office/Mfg.	-	62,600	Industrial Controls
Belle Chasse, LA	Office/Mfg.	71,600	-	Industrial Controls
Acton, MA	Office/Mfg.	-	32,500	Analytical Instrumentation
Trenton, NJ	Office/Mfg.	38,000	-	Analytical Instrumentation
Syosset, NY	Office/Mfg.	-	27,500	Fluid Handling
Portland, OR	Office/Mfg.	-	55,000	Fluid Handling
Warrendale, PA	Mfg.	-	24,500	Analytical Instrumentation
Carrollton, TX	Office/Mfg.	-	22,000	Fluid Handling
Houston, TX	Office/Mfg.	16,000	-	Industrial Controls
Houston, TX	Office/Mfg.	-	16,800	Analytical Instrumentation
Bury St. Edmunds, UK	Office/Mfg.	77,000	-	Industrial Controls
Totals		422,600	352,400	

The Company considers each facility to be in good operating condition and adequate for its present use and believes that it has sufficient plant capacity to meet its current and anticipated manufacturing requirements.

ITEM 3. LEGAL PROCEEDINGS

The Company is a defendant in various lawsuits involving product liability and other matters, none of which the Company believes, if adversely determined, would have a material adverse effect on its consolidated financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY-HOLDERS

No matter was submitted to a vote of the Company's security-holders during the fourth quarter of fiscal 1998.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's single class of common stock issued and outstanding trades on the New York Stock Exchange ("NYSE") under the symbol "ROP". Following is the range of high and low sales prices for the Company's common stock as reported by the NYSE during each of the Company's fiscal 1998 and 1997 quarters, as adjusted for an August 1997 2-for-1 stock split. The last sales price reported by the NYSE on December 31, 1998, was $20.375.

		HIGH	LOW
1998	4TH QUARTER	$23.250	$13.313
	3RD QUARTER	34.063	20.000
	2ND QUARTER	33.500	25.750
	1ST QUARTER	31.000	24.438
1997	4th Quarter	21.938	18.563
	3rd Quarter	23.063	19.750
	2nd Quarter	28.750	20.188
	1st Quarter	34.875	25.500

Based on information available to the Company and its transfer agent, the Company believes that as of December 31, 1998 there were approximately 306 record holders of its common stock.

DIVIDEND POLICY. The Company has declared a cash dividend in each fiscal quarter since its February 1992 initial public offering. Giving effect to the September 1993 and August 1997 2-for-1 stock splits, its initial quarterly dividend rate was $.01 per share. The quarterly rate was increased to $.015 per share contemporaneously with the 1993 stock split, to $.025 per share in the 1994 fourth quarter, to $.0375 per share in the 1995 fourth quarter, to $.045 per share in the 1996 fourth quarter, to $.06 per share in the 1997 fourth quarter and to $.065 per share in the 1999 first quarter ending January 31, 1999. However, the timing, declaration and payment of future dividends will be at the sole discretion of the Board of Directors and will depend upon the Company's profitability, financial condition, capital needs, future prospects and other factors deemed relevant by the Board of Directors. Therefore, there can be no assurance as to the amount, if any, that will be available for the declaration of cash dividends in the future.

RECENT SALES OF UNREGISTERED SECURITIES. A portion of the Company's purchase price for Acton Research was paid by the issuance of 75,000 unregistered shares of Roper common stock at an agreed value of $1,936,000. These shares were not registered with the Securities and Exchange Commission in reliance upon the exemption from such registration afforded under Section 4(2) of the Securities Act of 1933, as amended, principally because of the limited number of persons to whom the shares were issued. The acquisition agreement provided that the value of the restricted shares paid was to be determined by the average of the per share closing prices of Roper's common stock reported by the NYSE for each of several days before and after the closing date.

ITEM 6. SELECTED FINANCIAL INFORMATION

The consolidated selected financial data presented below has been derived from the Company's audited Consolidated Financial Statements and should be read in conjunction with "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" and with the Company's Consolidated Financial Statements and related notes thereto included elsewhere in the Annual Report. All share data have been restated to reflect the 2-for-1 stock split in August 1997.

	Year ended October 31,				
	1998 /(1)/	1997 /(2)/	1996 /(3)/	1995 /(4)/	1994
	(Dollars in thousands except per share data)				
Operations data:					
Net sales	$ 389,170	$ 298,236	$ 225,651	$ 175,421	$ 147,683
Gross profit	190,953	153,389	115,924	93,803	78,384
Income from operations	66,092	60,870	47,272	37,411	32,930
Earnings before accounting changes	39,316	36,350	28,857	23,271	20,862
Accounting changes /(5)/	-	-	-	-	(720)
Net earnings applicable to common shares	$ 39,316	$ 36,350	$ 28,857	$ 23,271	$ 20,142
Per share data:					
Net earnings applicable to common shares:					
Basic	$ 1.27	$ 1.19	$ 0.96	$ 0.78	$ 0.68
Diluted	1.24	1.16	0.93	0.77	0.67
Dividends	0.240	0.195	0.158	0.113	0.070
Balance sheet data:					
Working capital	$ 82,274	$ 86,954	$ 45,007	$ 38,077	$ 32,406
Total assets	381,533	329,320	242,953	155,381	121,982
Long-term debt, less current portion	120,307	99,638	63,373	20,150	16,683
Stockholders' equity	197,033	177,869	137,396	105,595	82,864

(1) Reflects inclusion of Princeton, Petrotech and IDS for the full year as compared to only part of 1997 and the inclusion of Flow Technology, Acton, Photometrics and PMC/Beta for part of 1998.

(2) Reflects inclusion of Gatan and FMI for the full year as compared to five months in the prior year; and inclusion of Princeton (5 1/2 months), Petrotech (5 months) and IDS (balance sheet only) in 1997.

(3) Reflects inclusion of Uson for the full year a compared to eight months in the prior year; inclusion of Metrix for the full year as compared to one month in the prior year; and inclusion of Gatan and FMI for five months in 1996.

(4) Reflects inclusion of ISL for the full year as compared to two months in the prior year; and inclusion of Uson and Metrix for eight months and one month, respectively, in 1995.

(5) Cumulative effect of adopting SFAS No. 106 and No. 109.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Company's Consolidated Financial Statements and selected financial data included elsewhere in this Annual Report.

RESULTS OF OPERATIONS

GENERAL

The following table sets forth selected information for the years indicated. Amounts are dollars in thousands and percentages are of net sales.

	YEAR ENDED OCTOBER 31, 1998	1997	1996
Net sales	100.0%	100.0%	100.0%
Cost of sales	50.9	48.6	48.6
Gross profit	49.1	51.4	51.4
Selling, general and administrative expenses	32.1	31.0	30.5
Income from operations	17.0	20.4	20.9
Interest expense	2.0	2.0	1.4
Other income	0.3	0.1	0.1
Earnings before income taxes	15.3	18.5	19.6
Income taxes	5.2	6.3	6.8
Net earnings	10.1%	12.2%	12.8%

	YEAR ENDED OCTOBER 31, 1998		1997		1996	
	$	%	$	%	$	%
INDUSTRIAL CONTROLS:/(1)/						
Net sales	177,258		123,129		98,197	
Gross profit	84,386	47.6	61,756	50.2	52,468	53.4
Operating profit/(2)/	31,458	17.7	22,402	18.2	21,075	21.5
FLUID HANDLING:/(3)/						
Net sales	99,471		94,175		86,094	
Gross profit	45,160	45.4	43,213	45.9	38,686	44.9
Operating profit/(2)/	24,125	24.3	25,853	27.5	24,026	27.9
ANALYTICAL INSTRUMENTATION:/(4)/						
Net sales	112,441		80,932		41,360	
Gross profit	61,407	54.6	48,420	59.8	24,770	59.9
Operating profit/(2)/	16,417	14.6	18,292	22.6	6,377	15.4

/(1)/ Includes results of Petrotech from June 1, 1997 and PMC/Beta from May 1, 1998.

/(2)/ Operating profit excludes unallocated corporate administrative costs. Such costs were $5,908, $5,677 and $4,206 for the years ended October 31, 1998, 1997 and 1996, respectively.

/(3)/ Includes results of Fluid Metering from May 23, 1996 and Flow Technology from December 1, 1997.

/(4)/ Includes results of Gatan from June 1, 1996, Princeton from May 17, 1997, IDS from November 1, 1997, Acton from March 1, 1998 and Photometrics from April 1, 1998.

YEAR ENDED OCTOBER 31, 1998 COMPARED TO YEAR ENDED OCTOBER 31, 1997

Net sales for fiscal 1998 of $389.2 million represented the sixth consecutive year that the Company has established a record high. The Company's core sales (excludes sales to Gazprom) increased 23% for the year ended October 31, 1998 compared to the year ended October 31, 1997. Total Industrial Controls sales increased 44% due mostly to the full year results from the May 1997 acquisition of Petrotech and increased sales to Gazprom. Sales to Gazprom were $41.9 million for the year ended October 31, 1998 as Gazprom entered into a financing agreement to stabilize this business. This compared to $14.7 million in sales during fiscal 1997. Fluid Handling sales increased 6% because of the December 1997 acquisition of Flow Technology which more than offset sales declines related to this segment's oil & gas, power generation and semiconductor capital equipment markets. Analytical Instrumentation sales increased 39% largely because of the full year or partial year results of four recent acquisitions.

Changes in overall gross profit derived mainly from the impact of the recently acquired companies and increased sales to Gazprom. The gross profit percentage for the Industrial Controls segment in fiscal 1998 compared to fiscal 1997 was adversely affected by Petrotech, which was acquired in May 1997 and historically experiences lower returns than the segment's other units. Excluding Petrotech, Industrial Controls' gross profit percentage would have been 56.5% compared to 57.2% for fiscal 1997. Most of the other decline stemmed from lower margins at Compressor Controls as a result of lower margins on Gazprom business from increased engineering and procurement services in fiscal 1998. The decline in Fluid Handling's gross profit percentage was not significant despite some difficult market conditions affecting several of this segment's units that more than offset strong results from Flow Technology. The gross profit percentage for Analytical Instrumentation decreased primarily because of results of Acton, Photometrics and Princeton, which reported combined gross profit of 44.4%. Photometrics and Princeton were merged into a single company named Roper Scientific. Analytical Instrumentation's gross profit was also adversely affected by about 2% on an inventory write-down at Roper Scientific that was identified upon implementation of better business systems. Petrotech had the greatest effect causing the decrease in Roper's overall gross profit percentages in 1998 compared to 1997. Other large factors were the lower margins at Compressor Controls and the inventory write-down at Roper Scientific.

Selling, general and administrative ("SG&A") expenses increased 35% for the year ended October 31, 1998 compared to the year ended October 31, 1997, primarily because of the expenses associated with the recent acquisitions. As a percentage of sales, SG&A expenses were 32.1% for fiscal 1998 compared to 31.0% for fiscal 1997. This increase resulted largely from additional reserves recorded during the fourth quarter of fiscal 1998 in response to a further deterioration of economic conditions in Russia and the region that cast doubt on the collectibility of certain accounts receivable related to sales in 1996.

Interest expense increased $1.8 million for the year ended October 31, 1998 compared to the year ended October 31, 1997 principally because of higher debt levels resulting from the acquisition of seven companies since the beginning of fiscal 1997. Interest rates were slightly lower in fiscal 1998 compared to fiscal 1997 primarily because of more favorable terms negotiated into the NationsBank agreement in May 1997. LIBOR rates became lower late in fiscal 1998, but the effects on fiscal 1998 results were not significant.

The effective tax rate was 34.1% for fiscal 1998 compared to 34.0% for fiscal 1997. There were also no significant differences between years in the reconciling items between the statutory rate and the effective rate for these years.

Sales order bookings were $382.3 million during the year ended October 31, 1998 compared to $297.6 million for the year ended October 31, 1997, an increase of 28%. On a pro forma basis, to include acquisitions for similar periods in the prior year, bookings were 4% higher this year compared to last year. Industrial Controls' bookings were up 40% (20% on a pro forma basis) because of Petrotech, which booked a large project, and Compressor Controls, because of increased business with Gazprom following Gazprom establishing new financing arrangements early in the year. Fluid Handling's bookings were up 2% (down 8% on a pro forma basis) compared to fiscal 1997. The acquisition of Flow Technology offset 46% lower bookings at Integrated Designs caused by the depressed business conditions in the semiconductor capital equipment industry. Bookings within Analytical Instrumentation increased 42% (down 6% on a pro forma basis). Whereas the increase resulted from acquisitions, the pro forma decrease reflected weak business conditions for all of the companies in this segment.

Sales order backlog was $80.7 million at October 31, 1998 compared to $82.6 million at October 31, 1997. On a pro forma basis, backlog was 13% lower than last year. Pro forma backlog at Industrial Controls was down 11% despite a significant increase at Petrotech that resulted from increased bookings discussed above. Backlog related to Russia-region shipments was down $8.5 million compared to last year, largely because of delayed shipments at October 31, 1997 that were shipped during the first quarter of fiscal 1998. Excluding the Russia-region decrease in backlog, actual and pro forma backlog at Industrial Controls was up 12% and 11% at October 31, 1998 compared to October 31, 1997, respectively. Fluid Handling's pro forma backlog was 32% lower at the end of fiscal 1998 compared to fiscal 1997 largely because of an 89% decline in the backlog at Integrated Designs. Pro forma backlog was 6% lower at Analytical Instrumentation due to the lower level of bookings.

YEAR ENDED OCTOBER 31, 1997 COMPARED TO YEAR ENDED OCTOBER 31, 1996

Net sales for 1997 of $298.2 million represented the fifth consecutive year that the Company established a record high. Sales were $225.7 million in 1996. The increased sales during 1997 derived mostly from the inclusion of the results of Gatan and Fluid Metering for the entire year (each of these companies was acquired during May 1996 and combined, contributed $30.8 million of additional revenues) and the inclusion of Princeton and Petrotech for part of 1997 (each of these companies was acquired during May 1997 and combined, contributed $42.6 million of sales in 1997). Excluding these four companies, net sales for 1997 were approximately the same as 1996.

Metrix and Uson each had very strong sales growth in 1997 (in excess of 20%) primarily because of increased volume. Integrated Designs reported decreased sales of about 20% because of continued adverse conditions affecting the cyclical semiconductor equipment industry. Integrated Design's sales during fiscal 1997 continued to significantly trail the level reported during the first two quarters of 1996. ISL reported sales about 16% lower in 1997 compared to 1996. The largest reason for ISL's decreased sales was the strengthened U.S. dollar during 1997 relative to the French

Franc (about 10%), the functional currency for most of ISL's sales. Another factor contributing to ISL's lower sales was its restructuring, which resulted in the disposal of small sales subsidiaries in the U.K. and Brazil. Compressor Controls also reported lower sales (about 4%) in 1997 compared to 1996. Compressor Controls had significant sales to its primary customers in the CIS, Gazprom and Ukraine Gazprom, during 1996 ($23.3 million) that exceeded comparable 1997 sales ($14.9 million). Both of these customers were unable to finalize their respective financing programs to make purchases at similar levels in 1997.

Net sales for the Industrial Controls segment (up $24.9 million, or 25%) increased mostly because of the inclusion of Petrotech for the last five months of 1997. The increased sales at Metrix was largely offset by a sales decline at Compressor Controls, where 18% gains in the core business were more than offset by declines in the CIS business, as noted above. Net sales for the Fluid Handling segment (up $8.1 million, or 9%) increased mostly because of the inclusion of Fluid Metering for all of 1997 compared to only five months in 1996. The decrease in Integrated Designs sales was partially offset by higher sales at Roper Pump. Net sales for the Analytical Instrumentation segment (up $39.6 million, or 96%) increased mostly because of the inclusion of Gatan for all of 1997 compared to the last five months of 1996 and the inclusion of Princeton since its acquisition in May 1997. The increased sales reported by Uson were largely offset by decreased sales by ISL.

The increase in gross profit in 1997 ($153.4 million in 1997 compared to $115.9 million in 1996) is also due mostly to Gatan, Fluid Metering, Princeton and Petrotech, which were acquired over the past two years. Excluding these companies, gross profit increased $3.4 million in 1997 even though sales were relatively flat. Gross profit increased in each of the operating companies except for Integrated Designs and ISL, whose decreases were directly related to decreased sales. Despite the drop in sales, Compressor Controls' gross profit improved on a favorable product mix and certain cost reduction efforts.

Industrial Controls gross profit increased (up $9.3 million, or 18%) mostly because of the inclusion of Petrotech ($5.8 million) for the last five months of 1997. Gross profit also increased at Compressor Controls ($2.6 million) as discussed previously. Fluid Handling gross profit increased (up $4.5 million, or 12%) largely as a result of including Fluid Metering for a full year compared to only part of 1996. Analytical Instrumentation gross profit increased (up $23.6 million, or 95%) because of the inclusion of Gatan for all of 1997 compared to only part of 1996 ($14.1 million) and the inclusion of Princeton for the latter part of 1997 ($9.4 million).

The overall gross profit percentage in 1997 equaled that of 1996 (51.4%), despite the increased profitability mentioned earlier. This was attributable to the acquisition of Petrotech, whose typical gross profit percentage is significantly less than that of the Company's other operating units. Excluding Petrotech, the Company would have reported consolidated gross profit of 54.0%, or an increase of 2.6% compared to 1996. This increase was mainly from the product mix and cost improvements at Compressor Controls, whose gross margin percentage was up almost 8% compared to 1996 and the high margins on increased sales at Gatan (full year vs. partial year). Excluding Petrotech, Industrial Controls would have reported gross profit of 57.1% compared to 53.4% in 1996 because of the improvements at Compressor Controls. Gross profit percentages in 1997 for the Fluid Handling and Analytical Instrumentation segments were each within about 1% of the amounts reported in 1996. Other than Compressor Controls, the gross profit percentages reported by each of the Company's operating units were considered relatively comparable between 1997 and 1996 (within 5%).

SG&A expenses increased $23.9 million, or 34.8%, during 1997 compared to 1996. Most of the increase ($18.4 million) stemmed from the additional costs associated with those companies acquired during the past two years. Compressor Controls also reported additional costs of $5.5 million, largely the result of efforts over the past eighteen months to increase the infrastructure supporting the anticipated increased business with Gazprom and other opportunities in the area.

SG&A expenses for Industrial Controls increased (up $8.0 million, or 25%) mainly because of the additional costs reported at Compressor Controls and the inclusion of Petrotech ($2.9 million). SG&A expenses for Fluid Handling increased (up $2.7 million, or 18%) mostly because of the full year vs. partial effects of Fluid Metering ($2.0 million). SG&A expenses for Analytical Instrumentation increased (up $11.7 million, or 64%) as a result of the full year vs. partial year effects of Gatan ($7.7 million) and the inclusion of Princeton in 1997 ($5.8 million). Partially offsetting these increases were decreased costs at ISL attributable to the benefits of the restructuring program executed early in 1997 and exchange rate fluctuations.

As a percentage of sales, consolidated SG&A expenses was 31.0% in 1997 compared to 30.4% in 1996. Most of the increase was derived from higher research and development ("R&D") spending ($14.2 million in 1997, 4.8% of sales, compared to $8.7 million in 1996, 3.9% of sales) associated with the higher technology products at Gatan and Princeton. These two companies accounted for $4.2 million of the increase. Other R&D spending increases reflected a continuing commitment to new product development at all companies. Selling expenses and administrative expenses decreased slightly as a percentage of sales (less than 1%) as a result of volume leverage and cost containment programs.

Interest expense increased $2.8 million during 1997 compared to 1996 because of the full-year effect of the additional borrowings used to finance most of the acquisition costs of Gatan and Fluid Metering (each acquired in May 1996) and the partial-year effect of the 1997 acquisitions of Princeton and Petrotech.

The Company's effective tax rate was 34.0% in 1997 compared to 34.8% in 1996. The lower effective tax rate in 1997 results from greater utilization of Foreign Sales Corporation ("FSC") benefits on export sales. The recently acquired Gatan, Princeton and Petrotech all had significant export sales.

Net earnings were $36.4 million, or $1.16 per common share (diluted), in 1997 compared to $28.9 million, or $0.93 per common share (diluted), in 1996. All per share amounts have been adjusted to reflect the 2-for-1 stock split (in the form of a 100% stock dividend) that was paid on August 1, 1997.

Bookings during 1997 ($297.6 million) increased 29% compared to 1996 ($230.4 million), mainly because of the impact of the companies acquired over the past two years ($61.2 million). Excluding these companies, bookings during 1997 increased 3% compared to 1996, reflecting strength in the Industrial Controls segment (up 8%, mostly at Amot and Metrix). Fluid Handling and Analytical

Instrumentation each reported slightly lower bookings in 1997 for those companies included in all of both 1997 and 1996 (no individual company changed more than 10%). On a pro forma basis including Gatan and Fluid Metering bookings since November 1, 1995 and Princeton and Petrotech bookings since the date in 1996 comparable to their acquisition date in 1997, bookings were up 4% in 1997 compared to 1996.

Sales order backlog was $82.6 million and $56.2 million at October 31, 1997 and 1996, respectively. Most of the increase ($21.0 million) represented the backlog at Princeton and Petrotech, which were acquired during 1997. On a pro forma basis to include these companies backlog at October 31, 1996, the 1997 backlog was 5% greater than 1996.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

OCTOBER 31, 1998 COMPARED TO OCTOBER 31, 1997

Working capital was reduced to $82.3 million at October 31, 1998 compared to $87.0 million at October 31, 1997. Decreased working capital combined with increased sales was representative of the Company's efforts to maximize cash flow opportunities. The Company utilizes a $200 million credit agreement with a syndicate of banks to provide most of its external financing requirements. Total debt was $126.1 million at October 31, 1998 compared to $102.1 million at October 31, 1997. The debt to total capitalization ratio increased to 39.0% at October 31, 1998 from 36.5% at October 31, 1997.

Since October 31, 1997, the Company's cash costs for acquisitions have been $0.3 million for IDS, $10.0 million for Flow Technology, $9.3 million for Acton, $36.4 million for Photometrics and $6.6 million for PMC/Beta. The acquisition of Acton also included the issuance of Roper common stock with an assigned value of $1.9 million.

The assets and liabilities of these companies at their respective acquisition dates also accounted for many of the changes in the Company's financial condition components between October 31, 1998 and October 31, 1997 as illustrated in the following table (in thousands):

	10/31/97	Acquired Companies	Other Activity	10/31/98
Accounts receivable	$ 78,752	$ 6,848	$ (8,601)	$ 76,999
Inventories	50,199	7,362	(6,117)	51,444
Other current assets	2,290	1,533	(1,764)	2,059
Property and equipment	31,395	1,063	(553)	31,905
Intangible assets	154,255	50,842	(7,918)	197,179
Other noncurrent assets	11,780	2,107	(1,290)	12,597
Accounts payable	(15,654)	(2,497)	(2,900)	(21,051)
Accrued liabilities	(25,231)	(2,646)	(2,038)	(29,915)
Income taxes payable	(1,564)	-	701	(863)
Other noncurrent liabilities	(6,877)	-	262	(6,615)

The decrease in accounts receivable was mostly due to a reduction of approximately $6.3 million in net receivables from Compressor Controls customers in its CIS/Eastern Europe region. This reduction was mostly due to additional reserves recorded in the fourth quarter in response to deteriorated economic conditions in Russia as discussed previously. Other large reductions in accounts receivable stemmed from a 68% decline in fourth quarter sales at Integrated Designs and a 35% reduction in accounts receivable balances at Petrotech as a result of improved collection procedures.

The decrease in inventories was also mostly at Compressor Controls where there was a buildup of inventory at October 31, 1997 in anticipation of sales to Gazprom that did not occur until the first quarter of fiscal 1998. Petrotech's inventories were higher at October 31, 1998 than last year by $2.3 million because of progress on a large project and Roper Scientific's inventories (excluding the acquisition of Photometrics) were down due to an adjustment that is the subject of an ongoing investigation possibly involving improper activities, and because of other improvements in operating practices.

The decrease in intangible assets was from the periodic amortization of goodwill.

During fiscal 1998, Gazprom put in place a long-term financing for its purchase of turbomachinery controls sourced from the Company's Compressor Controls unit. This financing has facilitated a more consistent supply of product to Gazprom. This financing arrangement is expected to be available over the next several years for additional turbomachinery controls purchases. However, given unstable political and economic conditions in Russia, the Company's future shipments to Gazprom will continue to be subject to these political, economic and other uncertainties, which could adversely affect the timing and amount of future shipments and cannot be assured.

In August 1998, the Company's Board of Directors authorized the purchase of up to 5% of the Company's outstanding common stock over a twelve- month period. These purchases can be either on the open market or through privately negotiated transactions. Prior to October 31, 1998, the Company purchased approximately 964,000 shares of its common stock (about 3% of total outstanding shares) for $18.0 million. Authorization still exists to complete the stock buy-back program. However, future purchases will be dependent upon market conditions and other factors deemed relevant and cannot be assured.

The Company's capital expenditures requirements are modest for an industrial products company and were $5.5 million for the year ended October 31, 1998. The Company does not believe there will be a change in the order of magnitude of capital expenditure requirements in fiscal 1999.

The management team of one of the Company's smallest indirect subsidiaries holds a minority interest in that company under an existing agreement whereby the minority interest will be purchased by its parent based on a multiple of operating income in fiscal 1999. This subsidiary will then become indirectly wholly-owned by the Company. This transaction is to occur early in FY2000 and is estimated to be about $1.1 million.

In November 1998, the Company's Board of Directors increased the quarterly cash dividend paid on its outstanding common stock from $0.06 per share to $0.065 per share. This represents the sixth consecutive year in which the quarterly dividend has been increased.

The Company believes that internally generated cash flows and the remaining unused credit under its NationsBank agreement will be adequate to finance additional authorized common stock purchases, normal operating requirements and further acquisition activities. Although the Company maintains an active acquisition program, any further acquisitions will be dependent on numerous factors and it is not feasible to reasonably estimate if or when any such acquisitions will occur and what the impact will be on the Company's activities, financial condition and results of operations.

The Company anticipates that the newly acquired companies as well as the existing companies will generate positive cash flows from operating activities, and that these cash flows will permit the reduction of currently outstanding debt at a pace consistent with that which the Company generally has experienced. However, the rate at which the Company can reduce its debt during fiscal 1999 (and reduce the associated interest expense) will be affected by, among other things, the financing and operating requirements of any new acquisitions, additional purchases of the Company's outstanding common stock under the buy-back program and the financial performance of its existing companies and cannot be predicted with certainty.

The Financial Accounting Standards Board has issued Statement of Financial Accounting Standards ("SFAS") 130 - Reporting Comprehensive Income, SFAS 131 - Disclosures about Segments of an Enterprise and Related Information, SFAS 132 - Employers' Disclosures about Pensions and Other Postretirement Benefits and SFAS 133 - Accounting for Derivative Instruments and Hedging Activities that will be applicable to the Company in fiscal 1999 or fiscal 2000. Once adopted, none of these standards is expected to affect its financial position, operating results or disclosures significantly. See Note 1 to the Company's Consolidated Financial Statements for further discussion of these specific new pronouncements.

YEAR 2000 ISSUES

Many data processing applications identify a year using its last two digits and assume the first two digits are 19. After December 31, 1999 when the first two digits of a year become 20, there is uncertainty regarding how these applications will interpret the current date and the inability to interpret the date correctly might disrupt the effectiveness of the data processing applications. Such disruptions might disrupt normal business operations. These issues are commonly known as "Y2K" issues.

The Company believes it has taken reasonable steps to instigate a process that should ensure that its operations are not going to be materially affected by Y2K issues that affect the functionality of its products or processes. The Company has identified some products and processes that need to be modified and such changes are planned to be implemented well in advance of January 1, 2000. In general, the Company has very few products that are date sensitive and most of these products do not rely on the date for their performance.

Some of the Company's subsidiaries are or had been using data information systems that would not properly address Y2K issues. Some of the changes necessary to address these issues have already been made and remaining changes are planned to be implemented before January 1, 2000. Total prior and future costs, including capital expenditures, are expected to be less than $3 million, most of which has already been incurred.

The Company does not utilize any material interdependent computer systems, either between its subsidiaries or between the Company and its suppliers or customers.

The Company believes that its most reasonably likely worst-case scenario with Y2K issues involves a disruption at a direct vendor or one of the vendor's vendors that reduces the availability of components to the Company's products. No individual product accounts for a significant amount of the Company's revenues and the Company believes it could find alternative sources for such components that might become unavailable from historical sources. Each of the Company's subsidiaries has been undergoing a process of contacting their vendors to assess their preparedness for Y2K issues. It's also possible that Y2K issues affecting the Company's customers could cause them to delay or cancel their orders for the Company's products. The Company is continuing to assess potential material disruption from Y2K issues that might disrupt our customers businesses. Due to the diversity of the Company's customer base, the Company does not believe that any disruption of its business by a single customer due to its problems with Y2K issues would materially affect its business as a whole.

The Company cautions that it's not possible to know the full impacts of what might happen when the events triggering Y2K issues actually occur and the impact on the Company could be significantly worse than the worst-case scenario the Company believes reasonably likely to occur.

MARKET RISKS

At October 31, 1998, the Company's interest rate swap agreements represented a potential liability of $2.6 million, or about 1% of net assets. For every interest rate movement of 10 basis points higher or lower at October 31, 1998, the value attributed to the swap agreements would have been lower or higher by about $570,000. Upon adoption of SFAS 133, the value attributed to the swap agreements will be reflected in the financial position of the Company and changes in this valuation will mostly be reflected as a component of other comprehensive income. The swap agreements are intended to reduce the volatility of interest payments related to its long-term borrowings. See Note 1 to the Company's Consolidated Financial Statements.

The Company's fiscal 1998 sales denominated in a currency other than U.S. dollars (mostly western Europe and Japan) were less than 25% of total sales and net assets maintained in a functional currency other than U.S. dollars (mostly France and the U.K.) at October 31, 998 were less than 10% of total net assets. The effects of changes in foreign currency exchange rates has not historically been significant to the Company's operations or net assets.

OUTLOOK

With the unusually high level of shipments made to Gazprom in the first quarter of fiscal 1998, the Company expects first quarter earnings in fiscal 1999 to be less than that reported for the first quarter of fiscal 1998. For the entire year, the Company expects fiscal 1999 to be its seventh consecutive year of record sales and earnings. However, several of the markets for the Company's products and services (oil & gas, power generation and semiconductor capital equipment) are currently experiencing a softness in demand and the impact on results for fiscal 1999 is uncertain.

The Company expects to continue an active acquisition program. However, completion of future acquisitions and their impact on the Company's results or financial condition cannot be accurately predicted.

FORWARD LOOKING INFORMATION

The information provided elsewhere in this Annual Report, in other Company filings with the Securities and Exchange Commission, and in other press releases and public disclosures contains forward-looking statements about the Company's businesses and prospects as to which there are numerous risks and uncertainties which generally are beyond the Company's control. Some of these risks include the level and timing of future business with Gazprom and other Eastern European customers, changes in interest rates, Y2K effects and the future operating results of the newly acquired companies. There is no assurance that these and other risks and uncertainties will not have an adverse impact on the Company's future operations, financial condition, or financial results.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS -- Market Risks."

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by this item begin at page F-1 hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Reference is made to the information to be included under the captions "BOARD OF DIRECTORS AND EXECUTIVE OFFICERS - Proposal 1: Election of Three (3) Directors" and "--Executive Officers", and "VOTING SECURITIES -- Compliance with Section 16 (a) of the Securities and Exchange Act of 1934" in the Company's definitive Proxy Statement which relates to the 1999 Annual Meeting of Stockholders of the Company to be held on February 26, 1999 (the "Proxy Statement"), to be filed within 120 days after the close of the Company's 1998 fiscal year, which information is incorporated herein by this reference.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the information to be included under the captions "BOARD OF DIRECTORS AND EXECUTIVE OFFICERS - Meetings of the Board and Board Committees; Compensation of Directors", "--Related Transactions", and "--Compensation Committee Interlocks and Insider Participation in Compensation Decisions", and "-- Executive Compensation" contained in the Proxy Statement, which information is incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Reference is made to the information included under the captions "VOTING SECURITIES" in the Proxy Statement, which information is incorporated herein by this reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Reference is made to the information to be included under the captions "BOARD OF DIRECTORS AND EXECUTIVE OFFICERS -- Related Transactions" in the Proxy Statement, which information is incorporated herein by this reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) The Consolidated Financial Statements listed in Item 8 of Part II are filed as a part of this Annual Report.

(a)(2) The following consolidated financial statement schedule on page S-1 is filed in response to this Item. All other schedules are omitted or the required information is either inapplicable or is presented in the consolidated financial statements or related notes:

II. Consolidated Valuation and Qualifying Accounts for the Years ended October 31, 1998, 1997 and 1996.

(b). Reports on Form 8-K

The Company did not file any Current Reports on Form 8-K during the fourth quarter of fiscal 1998.

(c). Exhibits

The following exhibits are separately filed with this Annual Report.

Exhibit No.	Description of Exhibit
*2.1	Agreement and Plan of Reorganization (Photometrics, Ltd.)
**3.1	Amended and Restated Certificate of Incorporation, including Form of Certificate of Designation, Preferences and Rights of Series A Preferred Stock.
***3.2	Amended and Restated By-Laws.
****4.01	Rights Agreement between Roper Industries, Inc. and SunTrust Bank, Atlanta, Inc. as Rights Agent, dated as of January 8, 1996, including Certificate of Designation, Preferences and Rights of Series A Preferred Stock (Exhibit A), Form of Rights Certificate (Exhibit B) and Summary of Rights (Exhibit C).
***4.02	Third Amended and Restated Credit Agreement dated May 15, 1997 by and between Roper Industries, Inc., and NationsBank N.A. (South) and the lender parties thereto.
*****4.03	Amendment Agreement No. 1 to Amended and Restated Credit Agreement.
***** 4.04	Amendment Agreement No. 2 to Amended and Restated Credit Agreement.
4.05	Amendment Agreement No. 3 to Amended and Restated Credit Agreement.

******10.01	Lease of Milwaukee, Oregon facility.
**10.02	1991 Stock Option Plan, as amended. +
10.03	Non-employee Director Stock Option Plan, as amended. +
******10.04	Form of Indemnification Agreement. +
**10.05	Consulting Agreement (G.L. Ohrstrom & Co.). +
**10.06	Consulting Agreement (E.D. Kenna). +
*******10.11	Labor Agreement.
21	List of Subsidiaries.
23	Consent of Independent Auditors - KPMG LLP.
27	Financial Data Schedule.

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*	Incorporated herein by reference to Exhibit 2 to the Roper Industries, Inc. Current Report on Form 8-K filed April 15, 1998.
**	Incorporated herein by reference to Exhibits 3.1, 10.2, 10.5 and 10.6 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998.
***	Incorporated herein by reference to Exhibits 3 and 4 to the Roper Industries, Inc. Current Report on Form 8-K filed June 2, 1997.
****	Incorporated herein by reference to Exhibit 4.02 to the Roper Industries, Inc. Current Report on Form 8-K filed January 18, 1996.
*****	Incorporated herein by reference to Exhibits 4.03 and 4.04 to Roper Industries, Inc.'s Quarterly Report on Form 10-Q filed August 21, 1998.
******	Incorporated herein by reference to Exhibits 10.8 and 10.10 to the Roper Industries, Inc. Registration Statement (No. 33-44665) on Form S-1 filed December 20, 1991.
*******	Incorporated herein by reference to Exhibit 10.3 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 25, 1996.
+	Management contract or compensatory plan or agreement.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, therewith duly authorized.

ROPER INDUSTRIES, INC.
(COMPANY)

By /s/ DERRICK N. KEY January 8, 1999

Derrick N. Key
Chairman of the Board, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ DERRICK N. KEY Derrick N. Key	Chairman of the Board, President and Chief Executive Officer	January 8, 1999
/s/ MARTIN S. HEADLEY Martin S. Headley	Vice President and Chief Financial Officer	January 8, 1999
/s/ KEVIN G. McHUGH Kevin G. McHugh	Controller	January 8, 1999
/s/ W. LAWRENCE BANKS W. Lawrence Banks	Director	January 8, 1999
/s/ LUITPOLD VON BRAUN Luitpold von Braun	Director	January 8, 1999
/s/ DONALD G. CALDER Donald G. Calder	Director	January 8, 1999
/s/ JOHN F. FORT, III John F. Fort, III	Director	January 8, 1999
/s/ WILBUR J. PREZZANO Wilbur J. Prezzano	Director	January 8, 1999
/s/ GEORG GRAF SCHALL-RIAUCOUR Georg Graf Schall-Riaucour	Director	January 8, 1999
/s/ ERIBERTO R. SCOCIMARA Eriberto R. Scocimara	Director	January 8, 1999
/s/ CHRISTOPHER WRIGHT Christopher Wright	Director	January 8, 1999

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Roper Industries, Inc.:

We have audited the accompanying consolidated financial statements of Roper Industries, Inc. and subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Roper Industries, Inc. and subsidiaries as of October 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended October 31, 1998, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Atlanta, Georgia
December 4, 1998

ROPER INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

October 31, 1998 and 1997
(Dollar and share amounts in thousands, except per share data)

	1998	1997
Assets:		
Cash and cash equivalents	$ 9,350	$ 649
Accounts receivable, net	76,999	78,752
Inventories	51,444	50,199
Other current assets	2,059	2,290
Total current assets	139,852	131,890
Property, plant and equipment, net	31,905	31,395
Intangible assets, net	197,179	154,255
Other assets	12,597	11,780
Total assets	$ 381,533	$ 329,320
Liabilities and Stockholders' Equity:		
Accounts payable	$ 21,051	$ 15,654
Accrued liabilities	29,915	25,231
Income taxes payable	863	1,564
Current portion of long-term debt	5,749	2,487
Total current liabilities	57,578	44,936
Long-term debt	120,307	99,638
Other liabilities	6,615	6,877
Total liabilities	184,500	151,451
Stockholders' equity:		
Preferred stock, $.01 par value per share; 1,000 shares authorized; none outstanding	-	-
Common stock, $.01 par value per share; 80,000 shares authorized; 31,307 issued and 30,343 outstanding at October 31, 1998 and 30,920 issued and outstanding at October 31, 1997	313	309
Additional paid-in capital	67,145	61,950
Cumulative translation adjustment	(906)	(937)
Retained earnings	148,435	116,547
Treasury stock, 964 shares at October 31, 1998	(17,954)	-
Total stockholders' equity	197,033	177,869
Total liabilities and stockholders' equity	$ 381,533	$ 329,320

See accompanying notes to consolidated financial statements.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Statements of Earnings

Years ended October 31, 1998, 1997 and 1996
(Dollar and share amounts in thousands, except per share data)

	1998	1997	1996
Net sales	$ 389,170	$ 298,236	$ 225,651
Cost of sales	198,217	144,847	109,727
Gross profit	190,953	153,389	115,924
Selling, general and administrative expenses	124,861	92,519	68,652
Income from operations	66,092	60,870	47,272
Interest expense	7,856	6,048	3,282
Other income	1,380	278	250
Earnings before income taxes	59,616	55,100	44,240
Income taxes	20,300	18,750	15,383
Net earnings	$ 39,316	$ 36,350	$ 28,857
Net earnings per common and common equivalent share:			
Basic	$ 1.27	$ 1.19	$ 0.96
Diluted	$ 1.24	$ 1.16	$ 0.93
Weighted average common and common equivalent shares outstanding:			
Basic	31,001	30,580	30,112
Diluted	31,717	31,458	30,882

See accompanying notes to consolidated financial statements.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

Years ended October 31, 1998, 1997 and 1996
(Dollar and share amounts in thousands, except per share data)

	Common stock		Add'l. paid-in	Cumulative translation	Retained	Treasury	
	Shares	Amount	capital	adjustment	earnings	stock	Total
Balances at October 31, 1995	29,876	$ 299	$ 42,594	$ 635	$ 62,067	$ -	$105,595
Net earnings	-	-	-	-	28,857	-	28,857
Common stock issued for an acquisition	248	2	5,698	-	-	-	5,700
Common stock issued under incentive bonus plan	75	1	1,351	-	-	-	1,352
Exercise of stock options	124	1	1,099	-	-	-	1,100
Currency translation adjustments	-	-	-	(458)	-	-	(458)
Cash dividends ($0.1575 per share)	-	-	-	-	(4,750)	-	(4,750)
Balances at October 31, 1996	30,323	303	50,742	177	86,174	-	137,396
Net earnings	-	-	-	-	36,350	-	36,350
Common shares issued for acquisitions	416	4	8,708	-	-	-	8,712
Common stock issued under incentive bonus plan	10	-	245	-	-	-	245
Exercise of stock options	171	2	2,255	-	-	-	2,257
Currency translation adjustments	-	-	-	(1,114)	-	-	(1,114)
Cash dividends ($0.195 per share)	-	-	-	-	(5,977)	-	(5,977)
Balances at October 31, 1997	30,920	309	61,950	(937)	116,547	-	177,869
Net earnings	-	-	-	-	39,316	-	39,316
Common stock issued for an acquisition	75	1	1,935	-	-	-	1,936
Exercise of stock options	312	3	3,260	-	-	-	3,263
Currency translation adjustments	-	-	-	31	-	-	31
Cash dividends ($0.24 per share)	-	-	-	-	(7,428)	-	(7,428)
Treasury stock purchases	(964)	-	-	-	-	(17,954)	(17,954)
Balances at October 31, 1998	30,343	$ 313	$ 67,145	$ (906)	$ 148,435	$(17,954)	$197,033

See accompanying notes to consolidated financial statements.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended October 31, 1998, 1997 and 1996
(In thousands)

	1998	1997	1996
Cash flows from operating activities:			
Net earnings	$ 39,316	$ 36,350	$ 28,857
Adjustments to reconcile net earnings to net cash flows from operating activities:			
Depreciation and amortization of property, plant and equipment	6,106	5,367	4,140
Amortization of intangible assets	8,328	6,033	3,711
Changes in operating assets and liabilities:			
Accounts receivable	10,084	(10,876)	(7,470)
Inventories	5,615	2,303	(469)
Accounts payable and accrued liabilities	7,118	(2,357)	4,817
Income taxes payable	(1,001)	(1,585)	(1,909)
Other, net	607	168	1,409
Net cash provided by operating activities	76,173	35,403	33,086
Cash flows from investing activities:			
Acquisitions of businesses, net of cash acquired	(62,676)	(55,311)	(74,878)
Capital expenditures	(5,502)	(4,984)	(5,010)
Other, net	(252)	(163)	5
Net cash used in investing activities	(68,430)	(60,458)	(79,883)
Cash flows from financing activities:			
Proceeds from long-term debt	60,896	94,845	101,456
Principal payments on long-term debt	(37,522)	(65,180)	(51,979)
Cash dividends to stockholders	(7,428)	(5,977)	(4,750)
Treasury stock purchases	(17,954)	-	-
Proceeds from stock option exercises	3,263	1,762	1,100
Other, net	(200)	(116)	(866)
Net cash provided by financing activities	1,055	25,334	44,961
Effect of exchange rate changes on cash	(97)	(53)	(63)
Net increase (decrease) in cash and cash equivalents	8,701	226	(1,899)
Cash and cash equivalents, beginning of year	649	423	2,322
Cash and cash equivalents, end of year	$ 9,350	$ 649	$ 423

See accompanying notes to consolidated financial statements.

(Dollar and share amounts in thousands, except per share data)

(1) Summary of Accounting Policies

Basis of Presentation - The consolidated financial statements include the accounts of Roper Industries, Inc. (the "Company") and its subsidiaries. All significant intercompany accounts and transactions have been eliminated. On August 1, 1997, the Company paid a 2-for-1 stock split on its common stock in the form of a 100% stock dividend. All amounts related to common stock prior to August 1, 1997 have been restated to reflect the stock split.

Cash and Cash Equivalents - The Company considers highly liquid financial instruments with original maturities of three months or less to be cash equivalents. Cash equivalents at October 31, 1998 totaled $5,697 and were comprised of money market investments and overnight Eurodollar funds. There were no similar cash equivalents at October 31, 1997.

Accounts Receivable - Accounts receivable are stated net of an allowance for doubtful accounts of $6,915 and $1,866 at October 31, 1998 and 1997, respectively. Accounts receivable include $2,587 and $0 at October 31, 1998 and 1997, respectively, of unbilled receivables related to long-term contracts.

Inventories - Inventories are valued at the lower of cost or market. Subsidiaries of the Company use either the first-in, first-out cost method ("FIFO") or the last-in, first-out cost method ("LIFO"). Inventories valued at LIFO cost comprised approximately 16% and 17% of consolidated inventories at October 31, 1998 and 1997, respectively.

One of the Company's subsidiaries had a decrement in its LIFO reserve during 1998 and 1997. The impact of these decrements on the Company's consolidated results of operations was immaterial for each of these years.

Property, Plant and Equipment and Depreciation - Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided for using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20-30 years
Machinery	8-12 years
Tooling	3 years
Other equipment	3-5 years

Revenue Recognition - Revenues under certain long-term contracts are recognized under the percentage-of-completion method using the ratio of costs incurred to total estimated costs as the measure of performance. Estimated losses on such contracts are recognized immediately. All other revenue is recognized as products are shipped or services are rendered.

Fair Value of Financial Instruments - The Company's carrying value of long-term debt approximates fair value since most of the debt matures within 30-90 days of incurrance and is renewed at current interest rates.

In February 1998 and April 1998, the Company entered into five-year interest rate swap agreements for notional amounts of $50,000 and $25,000, respectively. In both agreements, the Company pays a fixed interest rate and the other party pays a variable interest rate. In June 1998, both of these agreements were amended to lower the Company's fixed interest rate obligations in exchange for granting the other party an option to extend the agreements for an additional five years. At October 31, 1998, the Company's weighted average fixed-rate obligation was 5.7% and the applicable LIBOR rate was 5.2%. The Company accrues the effects of the different interest rates as a charge or credit against current earnings over the life of the agreements. The effects during the year ended October 31, 1998 were not material.

The Company has estimated the fair value of these agreements at October 31, 1998 to be a liability of about $1,350 ($2,555 assuming the options are exercised) that was not reflected in the Company's financial statements. This value was determined by comparing the present value of the fixed interest payments to the variable interest payments based on the interest rates at October 31, 1998.

The carrying value of all other financial instruments approximates fair value due to their short-term nature.

Intangible Assets - Intangible assets consist principally of goodwill, which is amortized on a straight-line basis over periods ranging from 15 to 40 years. The accumulated amortization for intangible assets was $22,954 and $14,402 at October 31, 1998 and 1997, respectively. The Company accounts for goodwill in a purchase business combination as the excess of the cost over the fair value of net assets acquired. Other intangible assets are recorded at cost. On an ongoing basis, management reviews the valuation and amortization periods of intangible assets. The Company assesses the recoverability of the goodwill element of its intangible assets by determining whether the amortization of the goodwill balance over its remaining life can be recovered through undiscounted future operating cash flows of the acquired enterprise. Based upon such reviews as of October 31, 1998 and 1997, management did not consider the unamortized balances of goodwill or other intangible assets to be impaired.

Income Taxes - The Company has not provided deferred taxes on the accumulated undistributed earnings of its foreign subsidiaries, as substantially all such earnings are intended to be permanently reinvested. At October 31, 1998, the accumulated undistributed earnings totaled approximately $12,000. The amount of U.S. tax due if such earnings were repatriated approximates $4,000 and would be substantially offset by allowable foreign tax credits. The Company also has not provided for any foreign withholding taxes due on the repatriation of such earnings.

Research and Development - Research and development costs include salaries and benefits, rents, supplies, and other costs related to various products under development. Research and development costs are expensed in the period incurred and totaled approximately $18,000, $14,200 and $8,700 for the years ended October 31, 1998, 1997 and 1996, respectively.

Foreign Currency Translation - Assets and liabilities of foreign subsidiaries whose functional currency is not the U.S. dollar are translated at the exchange rate in effect at the balance sheet date and revenues and expenses are translated at average exchange rates for the year. Translation adjustments are reflected as a separate component of stockholders' equity.

Use of Estimates - Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

Earnings Per Common and Common Equivalent Share - Basic earnings per share was calculated using net earnings and the weighted average number of shares of common stock outstanding during the respective year. Diluted earnings per share was calculated using net earnings and the weighted average number of shares of common stock and dilutive common stock equivalents outstanding during the respective year. There were no differences between net earnings and net earnings available for common stockholders. Common stock equivalents consisted of stock options. The effects of common stock equivalents was determined using the treasury stock method.

For the years ended October 31, 1998, 1997 and 1996, there were 365, 0 and 201 options outstanding at the end of each year, respectively, that were not included in the determination of diluted earnings per share because doing so would have been antidilutive.

In financial reports issued prior to fiscal 1998, earnings per share were expressed as either primary or fully diluted. Earnings per share amounts for periods prior to fiscal 1998 have been restated to conform with Statement of Financial Accounting Standards ("SFAS") No. 128 - Earnings per Share, which was implemented at the beginning of fiscal 1998.

Stock Options - Stock-based compensation is measured at its fair value at the grant date in accordance with a valuation model and SFAS 123 - Accounting for Stock-Based Compensation provides that the related expense may be recorded in the basic financial statements or the pro forma effect on earnings may be disclosed in the financial statements. The Company has elected to provide the pro forma disclosures.

Recently Released Accounting and Reporting Pronouncements - SFAS No. 130 - Reporting Comprehensive Income establishes standards for reporting comprehensive income and its components. This statement addresses certain items that affect a company's net assets without affecting its income statement. For the Company, the only such item is expected to be foreign currency translation adjustments resulting from its non-U.S. subsidiaries. SFAS 130 is applicable to the Company beginning with fiscal 1999. The impact on the Company's financial statements compared to information presently available is not expected to be significant.

SFAS No. 131 - Disclosures about Segments of an Enterprise and Related Information redefines the way that public companies report information about their business segments. The statement intends to align reportable segments and certain disclosures with how the operations are managed internally. It also modifies certain geographic disclosures to be identified by country instead of geographic region. SFAS 131 is applicable to the Company beginning with its year-end reporting in fiscal 1999. The impact of this statement on the Company's disclosures is not expected to be significant.

SFAS No. 132 - Employers' Disclosures about Pensions and Other Postretirement Benefits standardizes the disclosure requirements for pensions and other postretirement benefits to the extent practible. SFAS 132 is applicable to the Company beginning with its year-end reporting in fiscal 1999. The impact of this statement on the Company's disclosures is not expected to be significant.

SFAS No. 133 - Accounting for Derivative Instruments and Hedging Activities establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. It requires recognition of all derivatives as either assets or liabilities in the statement of financial position at their fair value. SFAS 133 is applicable to the Company beginning with its first quarter of fiscal 2000. The impact of this statement on the Company's statement of financial position is not expected to be significant.

(2) Business Acquisitions

Over the past three years, the following acquisitions have occurred, each of which was accounted for using the purchase method of accounting. The acquired assets and liabilities of the acquired entities were recorded at their fair values and the results of operations were included in the Company's consolidated results of operations beginning from the date acquired. The excess of the acquisition cost over the fair value of the net assets acquired is amortized using the straight-line method.

(Dollar and share amounts in thousands, except per share data)

		Acquisition costs				
			Roper shares			Goodwill
	Date	Cash	000's	Value	Segment	period
PMC/Beta	04/30/98	$ 6,600	-	$ -	Industrial Controls	20 years
Photometrics	03/31/98	36,400	-	-	Analytical Instrumentation	25 years
Acton	02/27/98	9,300	75	1,936	Analytical Instrumentation	15 years
Flow Technology	12/01/97	10,000	-	-	Fluid Handling	20 years
IDS	10/31/97	4,900	15	352	Analytical Instrumentation	15 years
Petrotech	05/30/97	14,900	262	5,720	Industrial Controls	15 years
Princeton	05/16/97	36,000	138	2,640	Analytical Instrumentation	30 years
Gatan	05/31/96	50,100	-	-	Analytical Instrumentation	30 years
Fluid Metering	05/22/96	25,000	248	4,767	Fluid Handling	30 years

PMC/Beta manufactures and markets vibration-monitoring equipment and operates as a division of the Company's Metrix unit.

Photometrics is a leading manufacturer and marketer of extremely sensitive cooled CCD cameras and detectors for primary and applied research markets. Subsequent to the acquisition of Photometrics, it was merged into Princeton and the combined company was renamed Roper Scientific, Inc. ("Roper Scientific").

Acton manufactures and markets spectrometers, monochromators and optical components and coatings for various high-end analytical applications.

Flow Technology manufactures and markets turbine flow meters, calibrators and emissions measurement equipment for aerospace, automotive and industrial markets.

IDS is a leading manufacturer of leak testing instrumentation primarily for the medical and industrial supplies industry and operates as a division of the Company's Uson unit.

Petrotech provides system integration of control products and systems for turbines and compressors within the oil & gas, pipeline, process control and power generation markets. Petrotech is a recognized market leader and derives a considerable portion of its revenues from manufacturing advanced turbine and compressor control products.

Princeton designs, manufactures and markets spectral and digital imaging cameras and is a technological and market leader worldwide in most of its market segments. Princeton supplies a diverse end-user base that includes the scientific research market, industrial research markets and various industrial process markets.

Gatan is engaged in the business of manufacturing analytical systems and products used in the operation of transmission and scanning electron microscopes.

Fluid Metering designs, manufactures and markets low-flow, precision-dispense pumps.

(Dollar and share amounts in thousands, except per share data)

The following unaudited pro forma summary presents the Company's consolidated results of operations as if the acquisitions during fiscal 1998 and 1997 had occurred at the beginning of fiscal 1997.

	Years ended October 31, 1998	1997
Net sales	$ 405,249	$ 379,139
Net earnings	$ 39,826	$ 38,647
Net earnings per share:		
Basic	$ 1.28	$ 1.25
Diluted	$ 1.25	$ 1.22

(3) Supplemental Cash Flow Information

A summary of annual supplemental cash flow information for the years ended October 31 is as follows:

	1998	1997	1996
Cash paid during the year for:			
Interest	$ 6,869	$ 7,409	$ 2,048
Income taxes, net of refunds received	$ 19,906	$ 20,207	$ 16,203
Noncash investing activities:			
Net assets of businesses acquired:			
Fair value of assets, including goodwill	$ 69,755	$ 81,431	$ 82,311
Liabilities assumed	(5,143)	(17,408)	(757)
Common stock issued	(1,936)	(8,712)	(5,700)
Cash paid, net of cash acquired	$ 62,676	$ 55,311	$ 75,854

(4) Inventories

The components of inventories at October 31 are as follows:

	1998	1997
Raw materials and supplies	$ 27,462	$ 25,729
Work in process	10,700	13,715
Finished products	14,885	12,398
Less LIFO reserve	(1,603)	(1,643)
	$ 51,444	$ 50,199

(Dollar and share amounts in thousands, except per share data)

(5) Property, Plant and Equipment

The components of property, plant, and equipment at October 31 are as follows:

	1998	1997
Land	$ 1,348	$ 1,151
Buildings	14,682	14,034
Machinery, tooling and other equipment	53,579	47,817
	69,609	63,002
Less accumulated depreciation and amortization	(37,704)	(31,607)
	$ 31,905	$ 31,395

(6) Accrued Liabilities

Accrued liabilities at October 31 consist of:

	1998	1997
Wages and other compensation	$ 13,271	$ 12,137
Commissions	4,489	4,339
Other	12,155	8,755
	$ 29,915	$ 25,231

(7) Income Taxes

Earnings before income taxes for the years ended October 31 consist of the following components:

	1998	1997	1996
Domestic	$ 48,065	$ 47,704	$ 36,930
Foreign	11,551	7,396	7,310
	$ 59,616	$ 55,100	$ 44,240

Components of income tax expense for the years ended October 31 are as follows:

	1998	1997	1996
Current:			
Federal	$ 17,188	$ 15,414	$ 11,492
State	353	993	845
Foreign	3,941	2,574	2,630
Deferred expense (benefit)	(1,182)	(231)	416
	$ 20,300	$ 18,750	$ 15,383

(Dollar and share amounts in thousands, except per share data)

A reconciliation between the statutory federal income tax rate and the effective income tax rate for the years ended October 31 is as follows:

	1998	1997	1996
Federal statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	0.4	1.2	1.3
Exempt income of Foreign Sales Corporation	(3.5)	(4.0)	(1.7)
Goodwill amortization	2.2	1.5	1.6
Other, net	-	0.3	(1.4)
	34.1%	34.0%	34.8%

Components of the deferred tax assets and liabilities at October 31 are as follows:

	1998	1997
Deferred tax assets:		
Reserves and accrued expenses	$ 4,365	$ 2,380
Amortizable intangible assets	2,193	4,311
Postretirement medical benefits	540	496
Inventories	422	-
Net operating loss carryforward	146	805
Total deferred tax assets	7,666	7,992
Deferred tax liabilities:		
Plant and equipment	629	507
Former IC-DISC recapture	1,019	1,072
Inventories	-	31
Total deferred tax liabilities	1,648	1,610
Net deferred tax asset	$ 6,018	$ 6,382

The Company has not recognized a valuation allowance since management has determined that it is more likely than not that the results of future operations will generate sufficient taxable income to realize all deferred tax assets. The net operating loss carryforward expires in varying amounts from 2001 through 2006.

(8) Long-Term Debt

Long-term debt at October 31 consists of the following:

	1998	1997
NationsBank credit facility	$ 119,000	$ 97,914
Other	7,056	4,211
	126,056	102,125
Less current portion	5,749	2,487
	$ 120,307	$ 99,638

(Dollar and share amounts in thousands, except per share data)

Future maturities of long-term debt during each of the next five years ending October 31 and thereafter are as follows:

1999	$ 5,749
2000	575
2001	226
2002	119,117
2003	129
Thereafter	260
	$ 126,056

On May 15, 1997, the Company secured a new $200,000 revolving credit facility by the amendment and restatement of its principal credit agreement that theretofore had provided for a $100,000 facility. Financing under the new agreement continues to be provided by a syndication of financial institutions whose agent is NationsBank, N.A. (South). The agreement requires annual commitment fees ranging from 0.15% to 0.30% on the unused portion of the total credit commitment, payable quarterly.

Borrowings under the NationsBank agreement accrue interest at the Company's option at either a function of the prime rate or LIBOR and are secured only by a pledge of the capital stock of the Company's subsidiaries to the lenders. The interest rate is also influenced by certain financial ratios of the Company. There is a $10,000 sublimit for letters of credit under this agreement. The weighted average interest rate on the outstanding borrowings under this facility was 5.9% at October 31, 1998 and 6.2% at October 31, 1997.

At October 31, 1998, the Company had $77,866 in unused availability under the NationsBank agreement.

The NationsBank agreement generally provides for, among other things, restrictions on certain future acquisitions and cash payments to stockholders and for the Company to maintain certain minimum consolidated tangible net worth and other financial ratios. Restricted payments to stockholders include dividends and are limited to 50% of fiscal year net earnings as defined in the agreement. The NationsBank agreement is effective through May 31, 2002.

(9) Retirement and Other Benefit Plans

The Company maintains two defined contribution retirement plans, under the provisions of Section 401 of the Internal Revenue Code, covering substantially all domestic employees not subject to collective bargaining agreements. The Company partially matches employee contributions. Its costs related to the plans were $3,293, $2,530 and $2,065 in fiscal 1998, 1997 and 1996, respectively.

The Company also maintains a defined benefit retirement plan covering employees of a foreign subsidiary, a plan that provides postretirement medical benefits for employees at a number of its domestic subsidiaries and a plan that supplements certain employees for the contribution ceiling applicable to the Section 401 plans. The costs and accumulated benefit obligations associated with each of these plans were not material.

(10) Contingencies

The Company, in the ordinary course of business, is the subject of, or a party to, various pending or threatened legal actions, including those pertaining to product liability. The Company is vigorously contesting all product liability lawsuits which, in general, are based upon claims of the kind which have been customary over the past several years. Based upon the Company's past experience with resolution of its product liability claims and the limits of the primary, excess, and umbrella liability insurance coverages that are available with respect to pending claims, management believes that adequate provision has been made to cover any potential liability not covered by insurance, and that the ultimate liability, if any, arising from these actions should not have a material adverse effect on the consolidated financial position or results of operations of the Company. Included in other noncurrent assets at October 31, 1998 are estimated insurable settlements receivable from insurance companies of $1,651.

Over the past five years, one of the Company's subsidiaries, Compressor Controls, has made significant sales to large natural gas distribution companies and compressor manufacturers in the countries of the former Soviet Union. Certain of this business was on an open account basis. During the fourth quarter of fiscal 1998, economic uncertainties in Russia and the region got worse and a severe devaluation of the region's currencies occurred. This created additional doubt concerning the collectibility of certain accounts receivable from customers in this region. In response to these events, the Company provided $3,800 to fully reserve all of these receivables except those from RAO Gazprom. The Company believes that RAO Gazprom receivables will be fully collected as most of these receivables are secured by letters of credit. Net of this reserve, accounts receivable at October 31, 1998 included amounts due from such customers totaling $8,408. The Company continues to take action to attempt to receive partial payment of the amounts reserved.

(11) Common Stock Transactions

The Company's restated Certificate of Incorporation provides that each outstanding share of the Company's common stock entitles the holder thereof to five votes per share, except that holders of outstanding shares with respect to which there has been a change in beneficial ownership during the four years immediately preceding the applicable record date will be entitled to one vote per share.

In January 1996, the Company's Board of Directors (the "Board") adopted a Shareholder Rights Plan and declared a dividend of one Preferred Stock Purchase Right (a "Right") for each outstanding share of common stock. Such Rights only become exercisable, or transferable apart from the common stock, ten business days after a person or group acquires various specified levels of beneficial ownership, with or without the Board's consent. Each Right may be exercised to acquire one one-thousandth of a newly issued share of the Company's Series A Preferred Stock, at an exercise price of $170, subject to adjustment. Alternatively, upon the occurrence of certain specified events, the Rights allow holders to purchase the Company's common stock having a market value at such time of twice the Right's exercise price. The Rights may be redeemed by the Company at a redemption price of $.01 per Right at any time until the tenth business day following public announcement that a 20% position has been acquired or ten business days after commencement of a tender or exchange offer. The Rights will expire on January 8, 2006.

The Company periodically enters into agreements with the management of newly-acquired companies for the issuance of Company common stock based on the achievement of specified goals. A similar agreement was made with a corporate executive. Under these agreements, 10 and 124 shares were issued during fiscal 1997 and 1996, respectively, and 20 shares are reserved for future issue.

(Dollar and share amounts in thousands, except per share data)

(12) Stock Options

The Company has a stock option plan (the "Plan"), as amended, which authorizes the issuance of up to three and one half million shares of common stock to certain directors, key employees, and consultants of the Company and its subsidiaries as incentive and/or nonqualified options. Options under the Plan may be granted through December 17, 2001 at prices not less than 100% of market value of the underlying stock at the date of grant. These options vest ratably over a five-year period from the date of the grant. Options expire ten years from the date of grant. Payment of the option price may be made in cash, extension of loans by the Company, or by tendering shares of the Company's common stock having a fair market value equal to the aggregate option price.

The Company also has a stock option plan for non-employee directors (the "Non-employee Director Plan"). The Non-employee Director Plan provides for each non-employee director appointed or elected to the Board initial options to purchase four thousand shares of the Company's common stock and thereafter options to purchase an additional four thousand shares per annum under terms and conditions similar to the Plan, except that following their grant, all options will become fully vested at the time of the Annual Meeting of Shareholders in the next fiscal year and will be exercisable ratably over five years from the date of grant.

A summary of stock option transactions under these plans is shown below:

	Outstanding options		Exercisable options	
	000's	Average exercise price	000's	Average exercise price
October 31, 1995	1,782	$ 11.27	411	$ 9.61
Fiscal 1996 activity:				
Granted	544	19.89		
Exercised	(125)	8.76		
Canceled	(23)	15.15		
October 31, 1996	2,178	13.51	677	10.43
Fiscal 1997 activity:				
Granted	205	22.18		
Exercised	(171)	10.29		
Canceled	(80)	16.06		
October 31, 1997	2,132	14.51	995	11.58
Fiscal 1998 activity:				
Granted	389	27.59		
Exercised	(316)	10.73		
Canceled	(118)	19.48		
October 31, 1998	2,087	$ 17.24	1,109	$ 13.08

(Dollar and share amounts in thousands, except per share data)

Options outstanding and exercisable at October 31, 1998 are summarized below.

	Outstanding options			Exercisable options	
Exercise price	000's	Average exercise price	Average remaining life	000's	Average exercise price
$ 3.75 - 10.00	352	$ 6.15	4.1 years	352	$ 6.15
10.01 - 15.00	314	11.96	5.9 years	212	11.99
15.01 - 20.00	732	17.22	6.0 years	451	16.96
20.01 - 25.00	324	22.80	8.0 years	94	22.94
25.01 - 30.00	338	27.19	9.1 years	-	-
30.01 - 32.25	27	32.16	9.5 years	-	-
$ 3.75 - 32.25	2,087	$ 17.24	6.5 years	1,109	$ 13.08

For pro forma disclosure purposes, the weighted-average grant-date fair value of options granted during the years ended October 31, 1998, 1997 and 1996 was $11.73 per share, $8.66 per share and $7.76 per share, respectively. All options granted during each of the years ended October 31, 1998, 1997 and 1996 were at exercise prices equal to the market price of the Company's common stock when granted.

Grant-date fair values were determined using the Black-Scholes option-pricing model. Factors used in the model include (a) a risk-free interest rate of 6.25%; (b) an average expected option life of 7 years; (c) an expected volatility of 20%-36%; and (d) an expected dividend yield of 0.75%.

Had the Company recognized compensation expense for the fair value of options granted during fiscal 1998, 1997 and 1996 in accordance with the provisions of SFAS 123, pro forma earnings and pro forma earnings per share would have been as presented below.

	1998	1997	1996
Net earnings, as reported	$ 39,316	$ 36,350	$ 28,857
Net earnings, pro forma	36,094	35,110	27,917
Net earnings per share, as reported:			
Basic	1.27	1.19	0.96
Diluted	1.24	1.16	0.93
Net earnings per share, pro forma:			
Basic	1.16	1.15	0.93
Diluted	1.14	1.12	0.90

The disclosed pro forma effects on earnings do not include the effects of options granted prior to fiscal 1996 since the provisions of SFAS 123 are not applicable to options for this purpose. The pro forma effects of applying SFAS 123 to fiscal 1998, 1997 and 1996 may not be representative of the pro forma effects in future years. Based on the historical vesting schedule of the Company's option grants, the pro forma effects on earnings are most pronounced in the early years following each grant. The timing and magnitude of any future grants is at the discretion of the Company's Board and cannot be assured.

(Dollar and share amounts in thousands, except per share data)

(13) Segment and Geographic Area Information

The Company's operations are grouped into three business segments: industrial controls ("IC"), fluid handling ("FH") and analytical instrumentation ("AI"). The industrial controls segment's products include thermostatic valves, pneumatic panel components, pressure and temperature sensors, microprocessor-based turbomachinery control systems and associated engineering services, and vibration monitoring instruments. Products included within the fluid handling segment are rotary gear, progressing cavity, positive displacement, centrifugal and piston-type metering pumps, turbine flow meters, calibrators, emissions measuring equipment and precision chemical dispensing products for the semiconductor industry. The analytical instrumentation segment's products include petroleum product analysis/test equipment, microprocessor-based leak testers, cooled CCD cameras and detectors and analytical products used in the operation of transmission and scanning electron microscopes.

Sales between geographic areas are primarily of finished products and are accounted for at cost plus a profit margin. Operating profit by business segment and by geographic area is defined as sales less operating costs and expenses. Income and expenses not allocated to business segments or geographic areas include investment income, interest expense and corporate administrative costs.

Identifiable assets are those assets used exclusively in the operations of each business segment or geographic area, or which are allocated when used jointly. Corporate assets are principally comprised of recoverable insurance claims, cash, deferred compensation assets and property and equipment.

The following table shows net sales, operating profit, and other financial information by industry segment for the years ended October 31:

	IC	FH	AI	Corporate	Total
1998					
Net sales	$ 177,258	$ 99,471	$ 112,441	$ -	$ 389,170
Operating profit	31,458	24,125	16,417	(5,908)	66,092
Identifiable assets	116,454	76,487	176,574	12,018	381,533
Depreciation and amortization	4,331	3,440	6,195	468	14,434
Capital expenditures	2,139	1,706	1,475	182	5,502
1997					
Net sales	$ 123,129	$ 94,175	$ 80,932	$ -	$ 298,236
Operating profit	22,402	25,853	18,292	(5,677)	60,870
Identifiable assets	118,386	69,117	134,970	6,847	329,320
Depreciation and amortization	3,712	2,844	4,347	497	11,400
Capital expenditures	1,817	1,693	1,347	127	4,984
1996					
Net sales	$ 98,197	$ 86,094	$ 41,360	$ -	$ 225,651
Operating profit	21,075	24,026	6,377	(4,206)	47,272
Identifiable assets	84,845	71,405	84,048	2,655	242,953
Depreciation and amortization	2,909	2,184	2,538	220	7,851
Capital expenditures	1,991	2,300	446	273	5,010

(Dollar and share amounts in thousands, except per share data)

Summarized data for the Company's U.S. and foreign operations (principally in Europe and Japan) for the years ended October 31 are as follows:

	United States	Foreign	Corporate adjustments and eliminations	Total
1998				
Sales to unaffiliated customers	$ 336,985	$ 52,185	$ -	$ 389,170
Sales between geographic areas	12,385	5,077	(17,462)	-
Net sales	$ 349,370	$ 57,262	$ (17,462)	$ 389,170
Operating profit	$ 60,788	$ 11,212	$ -	$ 72,000
General corporate expenses	-	-	(5,908)	(5,908)
Income from operations	$ 60,788	$ 11,212	$ (5,908)	$ 66,092
Identifiable assets	$ 338,191	$ 31,324	$ 12,018	$ 381,533
1997				
Sales to unaffiliated customers	$ 259,583	$ 38,653	$ -	$ 298,236
Sales between geographic areas	7,326	3,795	(11,121)	-
Net sales	$ 266,909	$ 42,448	$ (11,121)	$ 298,236
Operating profit	$ 59,286	$ 7,267	$ -	$ 66,547
General corporate expenses	-	-	(5,677)	(5,677)
Income from operations	$ 59,286	$ 7,267	$ (5,677)	$ 60,870
Identifiable assets	$ 292,936	$ 29,537	$ 6,847	$ 329,320
1996				
Sales to unaffiliated customers	$ 195,048	$ 30,603	$ -	$ 225,651
Sales between geographic areas	2,334	740	(3,074)	-
Net sales	$ 197,382	$ 31,343	$ (3,074)	$ 225,651
Operating profit	$ 44,497	$ 6,981	$ -	$ 51,478
General corporate expenses	-	-	(4,206)	(4,206)
Income from operations	$ 44,497	$ 6,981	$ (4,206)	$ 47,272
Identifiable assets	$ 214,751	$ 25,547	$ 2,655	$ 242,953

Export sales from the United States during the years ended October 31, 1998, 1997 and 1996 were approximately $160,000, $111,000 and $78,000, respectively. In the year ended October 31, 1998 these exports were shipped primarily to Russia (27%), Asia and the Far East (23%), Europe (22%) and Latin America (12%).

(Dollar and share amounts in thousands, except per share data)

Sales to customers outside the United States account for a significant portion of the Company's revenues and are summarized by business segment and by geographic area as follows:

	IC	FH	AI	Total
1998				
Canada	$ 5,226	$ 4,156	$ 1,343	$ 10,725
United Kingdom	11,032	1,010	4,678	16,720
Europe (excluding U.K.)	17,127	3,710	23,692	44,529
CIS	43,811	-	372	44,183
Japan	165	3,704	15,701	19,570
Asia and Far East	13,065	2,658	6,250	21,973
Latin America	15,021	1,827	2,668	19,516
Other	15,667	551	2,654	18,872
Total	$ 121,114	$ 17,616	$ 57,358	$ 196,088
1997				
Canada	$ 5,347	$ 4,908	$ 1,069	$ 11,324
United Kingdom	8,556	510	2,140	11,206
Europe (excluding U.K.)	13,569	2,929	16,601	33,099
CIS	15,805	4	734	16,543
Japan	122	2,944	12,959	16,025
Asia and Far East	9,215	2,818	4,453	16,486
Latin America	7,410	1,264	2,409	11,083
Other	17,407	1,490	3,447	22,344
Total	$ 77,431	$ 16,867	$ 43,812	$ 138,110
1996				
Canada	$ 3,671	$ 3,861	$ 832	$ 8,364
United Kingdom	11,209	337	1,858	13,404
Europe (excluding U.K.)	12,597	1,657	7,079	21,333
CIS	25,440	-	800	26,240
Japan	77	4,355	3,422	7,854
Asia and Far East	5,347	3,215	2,952	11,514
Latin America	3,956	1,079	1,738	6,773
Other	8,114	587	3,459	12,160
Total	$ 70,411	$ 15,091	$ 22,140	$ 107,642

Net sales to RAO Gazprom were $41,870, $14,742 and $18,311 for the years ended October 31, 1998, 1997 and 1996, respectively.

(Dollar and share amounts in thousands, except per share data)

(14) Quarterly Financial Data (Unaudited)

	Fiscal 1998 quarters			
	First	Second	Third	Fourth
Net sales	$ 90,099	$ 95,995	$ 97,412	$ 105,664
Gross profit	45,467	48,415	48,299	48,772
Net earnings	10,720	10,634	10,560	7,402
Earnings per common share:				
Basic	$ 0.35	$ 0.34	$ 0.34	$ 0.24
Diluted	$ 0.34	$ 0.33	$ 0.33	$ 0.24

	Fiscal 1997 quarters			
	First	Second	Third	Fourth
Net sales	$ 55,108	$ 67,019	$ 88,523	$ 87,586
Gross profit	29,436	36,970	44,783	42,200
Net earnings	5,830	10,146	11,630	8,744
Earnings per common share:				
Basic	$ 0.19	$ 0.34	$ 0.38	$ 0.28
Diluted*	$ 0.19	$ 0.32	$ 0.37	$ 0.27

* The sum of the four quarters does not agree with the total for the year due to rounding.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES

Schedule II - Consolidated Valuation and Qualifying Accounts
for the Years ended October 31, 1998, 1997 and 1996

(In thousands)

	Balance at beginning of year	Additions charged to costs and expenses	Deductions	Other	Balance at end of year
Allowance for doubtful accounts:					
Year ended October 31, 1998	$ 1,866	$ 4,643	$ (173)	$ 579	$ 6,915
Year ended October 31, 1997	992	1,053	(714)	535	1,866
Year ended October 31, 1996	990	19	(160)	143	992
Reserve for inventory obsolescence:					
Year ended October 31, 1998	2,053	1,558	(911)	1,381	4,081
Year ended October 31, 1997	1,310	1,037	(516)	222	2,053
Year ended October 31, 1996	605	892	(621)	434	1,310

Deductions from the allowance for doubtful accounts represent the net write-off of uncollectible accounts receivable. Deductions from the inventory obsolescence reserve represent the disposal of obsolete items.

Other includes the allowance for doubtful accounts and reserve for inventory obsolescence of acquired businesses at the dates of acquisition and the effects of foreign currency translation adjustments for those companies whose functional currency is not the U.S. dollar.

EXHIBIT INDEX

Number	Exhibit
2.1	Agreement and Plan of Reorganization (Photometrics, Ltd.) incorporated herein by reference to Exhibit 2 to the Roper Industries, Inc. Current Report on Form 8-K filed April 15, 1998
3.1	Amended and Restated Certificate of Incorporation, including Form of Certificate of Designation, Preferences and Rights of Series A Preferred Stock incorporated herein by reference to Exhibit 4.01 to the Roper Industries, Inc. Current Report on Form 8-K filed on January 18, 1996
3.2	Amended and Restated By-Laws incorporated herein by reference to Exhibit 3 to the Roper Industries, Inc. Current Report on Form 8-K filed June 2, 1997
4.01	Rights Agreement between Roper Industries, Inc. and SunTrust Bank, Atlanta, Inc. as Rights Agent, dated as of January 8, 1996, including Certificate of Designation, Preferences and Rights of Series A Preferred Stock (Exhibit A), Form of Rights Certificate (Exhibit B) and Summary of Rights (Exhibit C), incorporated by reference to 4.02 to the Roper Industries, Inc. Current Report on Form 8-K filed June 2, 1997
4.02	Third Amended and Restated Credit Agreement dated May 15, 1997 by and between Roper Industries, Inc. and Nationsbank, N.A. (South) and the lender parties thereto, incorporated herein by reference to Exhibit 4 to the Roper Industries, Inc. Current Report on Form 8-K filed June 2, 1997
4.03	Amendment Agreement No. 1 to the Amended and Restated Credit Agreement incorporated herein by reference to Exhibits 4.03 and 4.04 to Roper Industries, Inc.'s Quarterly Report on Form 10-Q filed August 21, 1998
4.04	Amendment Agreement No. 2 to the Amended and Restated Credit Agreement incorporated herein by reference to Exhibits 10.8 and 10.10 to the Roper Industries, Inc. Registration Statement (no. 33-44665) on Form S-1 filed December 20, 1991
4.05	Amendment Agreement No. 3 to the Amended and Restated Credit Agreement

10.01	Lease of Milwaukee, Oregon Facility incorporated herein by reference to Exhibit 10.8 to the Roper Industries, Inc. Registration Statement (No.33-44665 on Form S-1 filed December 20, 1991
10.02	1991 Stock Option Plan, as amended, incorporated herein by reference to Exhibits 3.1, 10.2, 10.5 and 10.6 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998
10.03	Stock Option Plan, as amended
10.04	Form of Indemnification Agreement, incorporated herein Registration Statement (No. 33-44665 on Form S-1 filed December 20, 1991)
10.05	Consulting Agreement incorporated herein by reference to Exhibits 3.1, 10.1, 10.5 and 10.6 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998
10.06	Consultant Agreement incorporated herein by reference to Exhibits 3.1, 10.1, 10.5 and 10.6 to the Roper Industries, Inc. Annual report on Form 10-K filed January 21, 1998
10.11	Labor Agreement, incorporated herein by reference to Exhibit 10.3 to the Roper Industries, Inc. Annual Report on 10-K filed January 25, 1996
21	List of Subsidiaries
23	Consent of Independent Auditors-KPMG Peat Marwick LLP
27	Financial Data Schedule

AMENDMENT AGREEMENT NO. 3
TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT AGREEMENT NO. 3 TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made and entered into as of this 10th day of November, 1998, by and among ROPER INDUSTRIES, INC., a Delaware corporation (the "Borrower"), the Lenders signatory hereto (the "Lenders") and NATIONSBANK, N.A., a national banking association and successor to NationsBank, National Association (South), as Agent (the "Agent") for the Lenders party to the Agreement (defined below).

W I T N E S S E T H:

WHEREAS, the Borrower, the Agent and the Lenders have entered into an Amended and Restated Credit Agreement dated May 15, 1997, as amended by Amendment No. 1 dated as of February 10, 1998, and Amendment No. 2 dated as of June 15, 1998 (the "Agreement"), pursuant to which the Lenders have agreed to make available to the Borrower a revolving credit facility of up to $200,000,000, including a Letter of Credit Facility of up to $10,000,000; and

WHEREAS, the Agreement provides that the Letters of Credit to be issued under the Agreement will be issued from time to time for the account of the Borrower;

WHEREAS, the Borrower has indicated that its Subsidiaries often need the credit enhancement afforded by a Letter of Credit in the course of their operations and the Borrower has requested that the Issuing Bank be authorized to issue Letters of Credit under the Agreement on behalf of the Borrower and one or more Subsidiaries, as well as on behalf of the Borrower;

WHEREAS, the Borrower shall be directly responsible for the reimbursement obligations relating to any such Letters of Credit; and

WHEREAS, the Borrower has requested and the Agent and the Lenders party hereto have agreed, subject to the terms and conditions of this Amendment, to amend certain provisions of the Agreement as set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants, promises and conditions herein set forth, it is hereby agreed as follows:

1. Definitions. The term "Agreement" as used herein and in the Loan Documents shall mean the Agreement as hereby amended and as from time to time further amended or modified. Unless the context otherwise requires, all capitalized terms used herein without definition shall have the respective meanings provided therefor in the Agreement.

2. Amendment to Credit Agreement. Subject to the conditions set forth herein, the Agreement is amended, effective as of the date hereof, as follows:

(a) Section 1.2 of the Agreement is amended such that the following defined terms shall be restated in their entirety to read as follows:

(i) "'Applications and Agreements for Letters of Credit' means, collectively, the Applications and Agreements for Letters of Credit, or similar documentation, executed by the Borrower, or by the Borrower and a Subsidiary, as applicable, from time to time and delivered to the Issuing Bank to support the issuance of Letters of Credit."

(ii) "'Commercial Letter of Credit' means a documentary letter of credit issued by the Issuing Bank for the account of the Borrower, or the Borrower and a Subsidiary, as applicable, which letter of credit is secured by documents."

(iii) "'Letter of Credit' means a Standby Letter of Credit or a Commercial Letter of Credit issued by the Issuing Bank for the account of the Borrower, or the Borrower and a Subsidiary, as applicable, pursuant to Article III hereof, including the Existing Letters of Credit."

(iv) "'Letter of Credit Facility' means the facility described in Article III hereof providing for the issuance by the Issuing Bank for the account of the Borrower, or the Borrower and a Subsidiary, as applicable, of Letters of Credit in an aggregate stated amount at any time outstanding not exceeding the Total Letter of Credit Commitment."

(v) "'Reimbursement Obligation' shall mean at any time, the obligation of the Borrower with respect to any Letter of Credit (whether such Letter of Credit was issued for the account of the Borrower or the Borrower and a Subsidiary) to reimburse the Issuing Bank and the Lenders to the extent of their respective Participations (including by the receipt by the Issuing Bank of proceeds of Loans pursuant to Section 3.2) for amounts theretofore paid by the Issuing Bank pursuant to a drawing under such Letter of Credit."

(vi) "'Standby Letter of Credit' means a letter of credit issued by the Issuing Bank for the account of the Borrower, or the Borrower and a Subsidiary, as applicable, in favor of a Person advancing credit or securing an obligation on behalf of the Borrower or such Subsidiary."

(b) Section 3.1 of the Agreement is amended in its entirety to read as follows:

"3.1 Letters of Credit. The Issuing Bank agrees, subject to the terms and conditions of this Agreement, upon request of the Borrower, or the Borrower and a Subsidiary, as applicable, to issue from time to time for the account of the Borrower, or the Borrower and a Subsidiary, as applicable, Letters of Credit upon delivery to the Issuing Bank of an Application and Agreement for Letter of Credit relating thereto in form and content acceptable to the Issuing Bank; provided, that (i) the Letter of Credit Outstandings shall not exceed the Total Letter of Credit Commitment and (ii) no Letter of Credit shall be issued if, after giving effect thereto, Letter of Credit Outstandings plus the Revolving Credit Outstandings plus Swing Line Outstandings shall exceed the Total Revolving Credit Commitment. No Letter of Credit shall have an expiry date (including all rights of the Borrower, any Subsidiary or any beneficiary named in such Letter of Credit to require renewal) or payment date occurring later than the earlier to occur of one year after the date of its issuance or the fifth Business Day prior to the Stated Termination Date. Without limiting the foregoing, the Borrower agrees that all Letters of Credit issued upon the request of any Subsidiary or for the benefit of such Subsidiary or any other beneficiary named therein shall constitute Letter of Credit Outstandings; provided further, all obligations owing in connection with such Letters of Credit shall constitute Obligations of the Borrower and be payable by the Borrower as otherwise provided herein with respect to any other Letter of Credit issued at the Borrower's request or for the Borrower's account."

(c) Section 3.2(a) of the Agreement is amended such that the references to "Section 2.14" appearing therein are deleted and "Section 2.13" references are inserted in lieu thereof.

(d) Section 3.2(e) of the Agreement is amended in its entirety to read as follows:

"(e). The issuance by the Issuing Bank of each Letter of Credit shall, in addition to the conditions precedent set forth in Article VI, be subject to the conditions that such Letter of Credit be in such form and contain such terms as shall be reasonably satisfactory to the Issuing Bank consistent with the then current practices and procedures of the Issuing Bank with respect to similar letters of credit, and the Borrower, or if applicable, the Borrower and a Subsidiary, shall have executed and delivered such other instruments and agreements relating to such Letters of Credit as the Issuing Bank shall have reasonably requested consistent with such practices and procedures and shall not be in conflict with any of the express terms herein contained. All Letters of Credit shall be issued pursuant to and subject to the Uniform Customs and Practice for Documentary Credits, 1993 revision, International Chamber of Commerce Publication No. 500 and all subsequent amendments and revisions thereto."

3. Guarantors. Each of the Guarantors has joined into the execution of this Amendment for the purpose of consenting to the amendments contained herein and reaffirming its guaranty of the Obligations, including without limitation those arising in connection with Letters of Credit issued for the account of the Borrower and any of its Subsidiaries.

4. Borrower's Representations and Warranties. The Borrower hereby represents, warrants and certifies that:

(a) The representations and warranties made by it in Article VII of the Agreement are true on and as of the date hereof before and after giving effect to this Amendment except that the financial statements referred to in Section 7.6(a) shall be those most recently furnished to each Lender pursuant to Section 8.1(a) and (b) of the Agreement;

(b) The Borrower and each Guarantor has the power and authority to execute and perform this Amendment and has taken all action required for the lawful execution, delivery and performance thereof.

(c) There has been no material adverse change in the condition, financial or otherwise, of the Borrower and its Subsidiaries since the date of the most recent financial reports of the Borrower received by each Lender under Section 8.1 of the Agreement, other than changes in the ordinary course of business, none of which has been a material adverse change;

(d) The business and properties of the Borrower and its Subsidiaries are not, and since the date of the most recent financial report of the Borrower and its Subsidiaries received by the Agent under Section 8.1 of the Agreement have not been, adversely affected in any substantial way as the result of any fire, explosion, earthquake, accident, strike, lockout, combination of workmen, flood, embargo, riot, activities of armed forces, war or acts of God or the public enemy, or cancellation or loss of any major contracts; and

(e) No event has occurred and no condition exists which, upon the consummation of the transaction contemplated hereby, constitutes a Default or an Event of Default on the part of the Borrower or any Subsidiary under the Agreement or the Notes either immediately or with the lapse of time or the giving of notice, or both.

5. Conditions to Effectiveness. This Amendment shall not be effective until the Agent has received to its satisfaction each of the following:

(a) receipt of twelve (12) counterparts of this Amendment executed by the Borrower, the Guarantors, the Agent and the Required Lenders; and

(b) such other documents, instruments and certificates as reasonably requested by the Agent.

6. Entire Agreement. This Amendment sets forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersedes any prior negotiations and agreements among the parties relative to such subject matter. None of the terms or conditions of this Amendment may be changed, modified, waived or canceled orally or otherwise, except by writing, signed by all the parties hereto, specifying such change, modification, waiver or cancellation of such terms or conditions, or of any proceeding or succeeding breach thereof.

7. Full Force and Effect of Agreement. Except as hereby specifically amended, modified or supplemented, the Agreement and all of the other Loan Documents are hereby confirmed and ratified in all respects and shall remain in full force and effect according to their respective terms.

8. Counterparts. This Amendment may be executed in any number of counterparts and all the counterparts taken together shall be deemed to constitute one and the same instrument.

9. Further Assurances. The Borrower agrees to deliver such additional instruments and take such further action (and shall cause each of its Subsidiaries to do the same) as the Agent may reasonably request in order to further evidence the intention of the Agent and the Lenders with respect to Letters of Credit issued for the account of the Borrower and any Subsidiary.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officers, all as of the day and year first above written.

BORROWER:

ROPER INDUSTRIES, INC.

WITNESS:

/s/ Shandler D. Cronk

By:/s/ Martin S. Headley

Name: Martin S. Headley

Title: Vice President and CFO

GUARANTORS:

AMOT CONTROLS CORPORATION
AMOT/METRIX INVESTMENT COMPANY
AMOT SALES CORPORATION
COMPRESSOR CONTROLS CORPORATION (an Iowa corporation)
COMPRESSOR CONTROLS CORPORATION (a Delaware corporation) d/b/a Compressor Controls Corporation - CIS/EE in Iowa
CORNELL PUMP COMPANY
CORNELL PUMP MANUFACTURING CORPORATION
FLUID METERING, INC.
GATAN INTERNATIONAL, INC.
GATAN, INC.
GATAN SERVICE CORPORATION
ISL INTERNATIONAL, INC.
ISL NORTH AMERICA, INC.
MOLECULAR IMAGING CORPORATION
PREX CORPORATION
ROPER ACQUISITION, INC.
ROPER HOLDINGS, INC.
ROPER INDUSTRIAL PRODUCTS INVESTMENT CO.
ROPER INTERNATIONAL, INC.
ROPER INTERNATIONAL PRODUCTS, LTD.
ROPER PUMP COMPANY
USON CORPORATION
PETROTECH, INC.
ROPER SCIENTIFIC, INC.
FTI FLOW TECHNOLOGY, INC.
ACTON RESEARCH CORPORATION

WITNESS:

/s/ Shandler D. Cronk
\- ------------------------

By:/s/ Martin S. Headley

Name: Martin S. Headley
Title: Vice President

____

INTEGRATED DESIGNS L.P.
By Compressor Controls Corporation, an Iowa corporation and its sole general partner

WITNESS:

/s/ Shandler D. Cronk
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\- ------------------------

By:/s/ Martin S. Headley
Name: Martin S. Headley
Title: Vice President & Assistant Secretary

METRIX INSTRUMENT CO., L.P.
By AMOT Sales Corporation, its sole general partner

WITNESS:

/s/ Shandler D. Cronk
\- ------------------------
\- ------------------------

By:/s/ Martin S. Headley
Name: Martin S. Headley
Title: Vice President & Assistant Secretary

PREX L.P.
By Compressor Controls Corporation, an Iowa corporation and its sole general partner

WITNESS:

/s/ Shandler D. Cronk
\- ------------------------
\- ------------------------

By:/s/ Martin S. Headley
Name: Martin S. Headley
Title: Vice President & Assistant Secretary

USON L.P.
By Compressor Controls Corporation, an Iowa corporation and its sole general partner

WITNESS:

/s/ Shandler D. Cronk
\- ------------------------
\- ------------------------

By:/s/ Martin S. Headley
Name: Martin S. Headley
Title: Vice President & Assistant Secretary

AGENT:

NATIONSBANK, N.A., as Agent for the Lenders

By:/s/ Greg McCrery

Name: Greg McCrery
Title: Vice President

LENDERS:

NATIONSBANK, N.A.

By:/s/ Greg McCrery

Name: Greg McCrery
Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By:/s/ Lori J. McCarthy

Name: Lori J. McCarthy

Title: Vice President

SUNTRUST BANK, ATLANTA

By:/s/ R. Michael Dunlap

Name: R. Michael Dunlap

Title: First Vice President

By:/s/ Jonathan H. James

Name: Jonathan H. James

Title: Bank Officer

ABN AMRO BANK NV

By:/s/ Larry K. Kelley

Name: Larry K. Kelley

Title: Group Vice President

By:/s/ Robert A. Budnek

Name: Robert A. Budnek

Title: Vice President

SCOTIABANC INC.

By:/s/ P.M. Brown

Name: P.M. Brown

Title: Relationship Manager

CREDIT LYONNAIS ATLANTA AGENCY

By:/s/ David M. Cawrse

Name: David M. Cawrse

Title: First Vice President & Manager

WACHOVIA BANK OF GEORGIA, N.A.

By:/s/ William J. Darby

Name: William J. Darby

Title: Vice President

ROBERT FLEMING & CO. LIMITED

By:/s/ A.L. Burke

Name: A.L. Burke

Title: Authorized Signatory

THE BANK OF TOKYO-MITSUBISHI, LTD.

By:/s/ Brandon A. Meyerson

Name: Brandon A. Meyerson

Title: Assistant Vice President

THE SANWA BANK, LIMITED, acting through its
New York Branch on behalf of its Atlanta Agency

By: ------------------------------------

Name: -----------------------------------

Title: ----------------------------------

EXHIBIT 10.03

AMENDED AND RESTATED
ROPER INDUSTRIES, INC
1993 STOCK OPTION PLAN FOR NONEMPLOYEE DIRECTORS
(November 10, 1998)

1. PURPOSE

The purpose of the Roper Industries, Inc. 1993 Stock Option Plan for Nonemployee Directors (the "Plan") is to promote the interests of Roper Industries, Inc. (the "Company") and its shareholders by strengthening the Company's ability to attract and retain the services of experienced and knowledgeable nonemployee directors and by encouraging such directors to acquire an increased proprietary interest in the Company.

2. SHARES SUBJECT TO THE PLAN

The shares of common stock (the "Common Stock") of the Company for which options under the Plan may be granted (the "Shares") shall be shares currently authorized but unissued or currently held or subsequently acquired by the Company as treasury shares, including shares purchased in the open market or in private transactions. If any option granted under the Plan expires or terminates for any reason without having been exercised in full, the Shares subject to, but not delivered under, such option may become available for the grant of other options under the Plan. No shares delivered to the Company in full or partial payment of an option price payable pursuant to Paragraph 6.3 shall become available for the grant of other options under the Plan.

3. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Compensation Committee of the Company's Board of Directors (the "Committee"). Subject to the terms of the Plan, the Committee shall have the power to construe the provisions of the Plan, to determine all questions arising thereunder, and to adopt and amend such rules and regulations for administering the Plan as the Committee deems desirable.

4. PARTICIPATION IN THE PLAN

Each member of the Company's Board of Directors (a "Director") who is not otherwise an employee of the Company or any subsidiary of the Company (an "Eligible Director") shall be eligible to participate in the Plan.

5. NONSTATUTORY STOCK OPTIONS

All options granted under the Plan shall be nonstatutory options not intended to qualify under Section 422 of the Internal Revenue Code of 1986, as amended.

6. OPTION TERMS

Each option granted to an Eligible Director under the Plan and the issuance of Shares thereunder shall be subject to the following terms:

6.1 OPTION AGREEMENTS

Each option granted under the Plan shall be evidenced by an option agreement (an "Agreement") duly executed on behalf of the Company and by the Eligible Director to whom such option is granted and dated as of the applicable date of Grant. Each Agreement shall be signed on behalf of the Company by an officer or officers delegated such authority by the Committee using either manual or facsimile signature. Each Agreement shall comply with and be subject to the terms and conditions of the Plan. Any Agreement may contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Committee.

6.2 OPTION GRANT SIZE AND GRANT DATES

Following his or her initial appointment or election as a Director, each Eligible Director shall receive annually a grant (a "Grant") of options to purchase 4,000 Shares (subject to adjustment pursuant to Article 7). A Grant for any year shall be made following the Annual Meeting of Shareholders (as described in the Company's By-Laws) held in that year, provided that such Eligible Director is serving as a Director at the time of such Annual Meeting of Shareholders. Such Grants to an Eligible Director first elected at an Annual Meeting of Shareholders will commence therewith.

6.3 OPTION EXERCISE PRICE

The option exercise price per share for a Initial or Annual Grant shall be the average of the Fair Market Values (as hereinafter defined) for the fifth through the ninth business days (days on which the NASDAQ National Market System, or such other exchange on which the Shares shall be traded, is open for trading) following the date of Grant. For purposes of the Plan, "Fair Market Value" equals the mean of the high and low per share trading prices for the Common Stock as reported in THE WALL STREET JOURNAL.

6.4 VESTING; EXERCISE

An option shall vest and become nonforfeitable on the day of the Annual Meeting of Shareholders following the fiscal year in which the option was granted, if the optionee has continued to serve as a Director until that meeting. An option shall thereafter become exercisable, subject to Section 6.7, according to the following schedule.

PORTION OF OPTION GRANT THAT BECOMES EXERCISABLE	DAY ON WHICH PORTION BECOMES EXERCISABLE
20%	Date of the first Annual Meeting after the option grant
additional 20%	Date of the second Annual Meeting after the option grant
additional 20%	Date of the third Annual Meeting after the option grant
additional 20%	Date of the fourth Annual Meeting after the option grant
final 20%	Date of the fifth Annual Meeting after the option grant

6.5 TIME AND MANNER OF OPTION EXERCISE

Any vested and exercisable option is exercisable in whole or in part at any time or from time to time during the option period by giving written notice, signed by the person exercising the option, to the Company stating the number of Shares with respect to which the option is being exercised and accompanied by payment in full of the option exercise price for the number of Shares to be purchased. The date both such notice and payment are received by the office of the Secretary of the Company shall be the date of exercise of the stock option as to such number of Shares. No option may at any time be exercised with respect to a fractional share.

6.6 PAYMENT OF EXERCISE PRICE

Payment of the option exercise price may be in cash or by bank-certified, cashier's, or personal check or, to the extent permitted by the Committee, payment may be in whole or part by:

a. transfer to the Company of shares of Common Stock having a Fair Market Value equal to the option exercise price at the time of such exercise, or

b. delivery of instructions to the Company to withhold from the Shares that would otherwise be issued on the exercise that number of Shares having a Fair Market Value equal to the option exercise price at the time of such exercise.

If the Fair Market Value of the number of whole shares of Common Stock transferred or the number of whole option Shares surrendered is less than the total exercise price of the option, the shortfall must be made up in cash.

6.7 TERM OF OPTIONS

Each option shall expire ten years from its date of grant, but shall be subject to earlier termination as follows:

a. In the event of the termination of an optionee's service as a Director, other than by reason of retirement, total and permanent disability or death, the then-outstanding options of such optionee shall automatically expire on the effective date of such termination. For purposes of the Plan, the term "by reason of retirement" means (i) mandatory retirement pursuant to Board policy or (ii) termination of service voluntarily at a time when the optionee would be entitled to a retirement benefit under the Company's "Retirement Savings Plan", as then in effect, if the Eligible Director were an employee of the Company.

b. In the event of the termination of an optionee's service as a Director by reason of retirement or total and permanent disability, the then-outstanding options of such optionee that have vested pursuant to Section 6.4 shall become exercisable, to the full extent of the number of Shares remaining covered by such options, regardless of whether such options were previously exercisable, and each such option shall expire four years after the date of such termination or on the stated Grant expiration date, whichever is earlier.

c. In the event of the death of an optionee while the optionee is a Director, the then outstanding options of such optionee that have vested pursuant to Section 6.4 shall become exercisable, to the full extent of the number of Shares remaining covered by such options, regardless of whether such options were previously exercisable, and each such option shall expire four years after the date of death of such optionee or on the stated expiration date, whichever is earlier.

Exercise of a deceased optionees' options that are still exercisable shall be by the estate of such optionee or by a person or persons whom the optionee has designated in writing filed with the Company, or. if no such designation has been made, by the person or persons to whom the optionee's rights have passed by will or the laws of descent and distribution.

6.8 TRANSFERABILITY

The right of an optionee to exercise an option granted under the Plan shall, during the lifetime of such optionee, be exercisable only by such optionee or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code of 1986, as amended, or Title I of the Employee Retirement Income Security Act, or the rules thereunder (a "QDRO"), and shall not be assignable or transferable by such optionee other than by will or the laws of descent and distribution or a QDRO.

6.9. LIMITATION OF RIGHTS

6.9.1 LIMITATION AS TO SHARES. Neither the recipient of an option under the Plan nor an optionee's successor or successors in interest shall have any rights as a shareholder of the Company with respect to any Shares subject to an option granted to such person until the date of issuance of a stock certificate for such Shares.

6.9.2 LIMITATION AS TO DIRECTORSHIP. Neither the Plan, nor the granting of an option, nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that an Eligible Director has a right to continue as a Director for any period of time or at any particular rate of compensation.

6.10 REGULATORY APPROVAL AND COMPLIANCE

The Company shall not be required to issue any certificate or certificates for Shares upon the exercise of an option granted under the Plan or to record as a holder of record of Shares the name of the individual exercising an option under the Plan without obtaining, to the complete satisfaction of the Committee, the approval of all regulatory bodies deemed necessary by the Committee and without complying, to the Committee's complete satisfaction, with all rules and regulations under federal, state, or local law deemed applicable by the Committee.

7. CAPITAL ADJUSTMENTS

The number and class of Shares with respect to which an option may be granted to an Eligible Director under the Plan as provided in Article 6, the number and class of Shares subject to each outstanding option, and the exercise price per Share specified in each such option shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a split-up or consolidation of shares or any like capital adjustment, or the payment of any stock dividend, or other increase or decrease in the number of such shares effected without receipt of consideration by the Company.

8. EXPENSES OF THE PLAN

All costs and expenses of the adoption and administration of the Plan shall be dome by the Company, and none of such expenses shall be charged to any optionee.

9. EFFECTIVE DATE AND DURATION OF THE PLAN

The Plan shall be effective immediately following approval by the Company's shareholders. The Plan shall continue in effect until it is terminated by action of the Board of Directors or the Company's shareholders, but such termination shall not affect the terms of any then-outstanding options.

10. TERMINATION AND AMENDMENT OF THE PLAN

The Board may amend, terminate or suspend the Plan at any time, in its sole and absolute discretion; provided, however, that, if required to qualify the Plan under Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended, no amendment shall be made more than once every six months that would change the amount, price or timing of Grants, other than to comport with changes in the Internal Revenue Code of 1986, as amended, or the rules and regulations promulgated thereunder; and provided, further, that if required to qualify the Plan under Rule 16b-3, no amendment that would:

a. materially increase the number of Shares that may be issued under the Plan,

b. materially modify the requirements as to eligibility for participation in the Plan, or,

c. otherwise materially increase the benefits accruing to participants under the Plan shall be made without the approval of the Company's shareholders.

EXHIBIT 21 - SUBSIDIARIES OF ROPER INDUSTRIES, INC.

NAME OF SUBSIDIARY	STATE OF JURISDICTION OF INCORPORATION
Acton Research Corporation	Delaware
Amot Controls Corporation	Delaware
Amot Controls Ltd.	United Kingdom
Amot Controls, S.A.	Switzerland
Amot/Metrix Investment Company	Delaware
Amot Sales Corporation	Delaware
Compressor Controls Corporation (an Iowa Corporation)	Iowa
Compressor Controls Corporation (a Delaware Corporation d/b/a in Iowa as Compressor Controls Corporation - CIS/EE)	Delaware
Cornell Pump Company	Delaware
Cornell Pump Manufacturing Corporation	Delaware
Fluid Metering, Inc.	Delaware
FTI Flow Technology, Inc.	Arizona
Gatan International, Inc.	Pennsylvania
Gatan, Inc.	Pennsylvania
Gatan Service Corporation	Pennsylvania
Gatan Limited	United Kingdom
Gatan GmbH	Germany
Integrated Designs L.P.	Delaware
ISL Holdings, S.A.	France
ISL International, Inc.	Delaware
ISL North America, Inc.	Delaware
ISL Scientifique de Laboratoire - ISL, S.A.	France
Metrix Instrument Co., L.P.	Delaware
Molecular Imaging Corporation	Arizona
Nippon Roper K.K.	Japan
Petrotech, Inc.	Delaware
Prex L.P.	Delaware
Princeton Instruments Limited	United Kingdom
Princeton Instruments SARL	France
Roper Holdings, Inc.	Delaware
Roper industrial Products Investment Company	Iowa
Roper Industries (Europe) Limited	United Kingdom
Roper Industries Limited	United Kingdom
Roper International, Inc.	Delaware
Roper International Products, LTD.	Virgin Islands
Roper Pump Company	Delaware
Roper Scientific, Inc.	Delaware
Uson L.P.	Delaware

EXHIBIT 23

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Roper Industries, Inc.

We consent to incorporation by reference in the registration statements No.'s 333-36897, 33-71094, 33-77770 and 33-78026 on Form S-8 of Roper Industries, Inc. of our report dated December 4, 1998 relating to the consolidated balance sheets of Roper Industries, Inc. and subsidiaries as of October 31, 1998 and 1997, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended October 31, 1998, and the related schedule, which report appears in the October 31, 1998 Annual Report on Form 10-K of Roper Industries, Inc.

KPMG LLP

Atlanta, Georgia
January 18, 1999

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YEAR
OCT-31-1998
NOV-01-1997
OCT-31-1998
9,350
0
76,999
0
51,444
139,852
69,609
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381,533
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7,856
59,616
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39,316
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39,316
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1.24