

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 1998

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
(State or other jurisdiction of
incorporation or organization)

51-0263969
(I.R.S. Employer
Identification No.)

160 BEN BURTON ROAD
BOGART, GEORGIA
(Address of principal executive offices)

30622
(Zip Code)

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

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

The number of shares outstanding of the Registrant's common stock as of August 19, 1998 was 31,282,892.

ROPER INDUSTRIES, INC.

REPORT ON FORM 10-Q FOR THE QUARTER ENDED JULY 31, 1998

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ROPER INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (UNAUDITED)
(In thousands, except per share data)

	THREE MONTHS ENDED JULY 31,		NINE MONTHS ENDED JULY 31,	
	1998	1997	1998	1997
Net sales	\$97,412	\$88,523	\$283,506	\$210,650
Cost of sales	49,113	43,740	141,325	99,461
Gross profit	48,299	44,783	142,181	111,189
SG&A expenses	30,297	25,428	88,768	65,594
Operating profit	18,002	19,355	53,413	45,595
Interest expense	2,107	1,706	5,669	4,217
Other income	115	106	670	553
Earnings before income taxes	16,010	17,755	48,414	41,931
Income taxes	5,450	6,125	16,500	14,325
Net earnings	\$10,560	\$11,630	\$ 31,914	\$ 27,606
Net earnings per common and common equivalent share:				
Basic	\$ 0.34	\$ 0.38	\$ 1.03	\$ 0.91
Diluted	\$ 0.33	\$ 0.37	\$ 1.00	\$ 0.88
Weighted average common and common equivalent shares outstanding:				
Basic	31,248	30,680	31,121	30,477
Diluted	32,042	31,491	31,963	31,197
Cash dividends per common share	\$ 0.060	\$ 0.045	\$ 0.180	\$ 0.135

See accompanying notes to condensed consolidated financial statements.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS	JULY 31, 1998	OCTOBER 31, 1997
----- (Unaudited)		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,374	\$ 649
Accounts receivable	84,986	78,752
Inventories	55,577	50,199
Other current assets	3,720	2,290

Total current assets	148,657	131,890

PROPERTY, PLANT AND EQUIPMENT:		
Cost	67,918	63,002
Accumulated depreciation and amortization	(36,159)	(31,607)

Property, plant and equipment, net	31,759	31,395

OTHER ASSETS:		
Intangible assets, net	198,673	154,255
Other assets	14,938	11,780

Total other assets	213,611	166,035

TOTAL ASSETS	\$394,027	\$329,320
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Accounts payable	\$ 16,411	\$ 15,654
Accrued liabilities	29,493	25,231
Income taxes payable	-	1,564
Current portion of long-term debt	4,901	2,487

Total current liabilities	50,805	44,936

NONCURRENT LIABILITIES:		
Long-term debt	126,268	99,638
Other noncurrent liabilities	8,199	6,877

Total noncurrent liabilities	134,467	106,515

STOCKHOLDERS' EQUITY:		
Common stock	313	309
Additional paid-in capital	66,870	61,950
Cumulative translation adjustments	(1,279)	(937)
Retained earnings	142,851	116,547

Total stockholders' equity	208,755	177,869

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$394,027	\$329,320
=====		

See accompanying notes to condensed consolidated financial statements.

ROPER INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	NINE MONTHS ENDED JULY 31,	
	1998	1997

Cash flows from operating activities:		
Net earnings	\$ 31,914	\$ 27,606
Depreciation and amortization	10,612	8,041
Other, net	1,370	(10,796)

Net cash provided by operating activities	43,896	24,851

Cash flows from investing activities:		
Acquisitions of businesses, net of cash acquired	(62,607)	(50,700)
Capital expenditures	(3,893)	(2,696)

Net cash used in investing activities	(66,500)	(53,396)

Cash flows from financing activities:		
Proceeds from long-term debt	49,508	48,532
Principal payments on long-term debt	(19,965)	(16,948)
Dividends paid on common stock	(5,610)	(4,123)
Other, net	2,590	1,361

Net cash provided by financing activities	26,523	28,822

Effect of exchange rate changes on cash	(194)	(120)

Net increase in cash and cash equivalents	3,725	157
Cash and cash equivalents, beginning of period	649	423

Cash and cash equivalents, end of period	\$ 4,374	\$ 580
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See accompanying notes to condensed consolidated financial statements.

NOTE 1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements for the three-month and nine-month periods ended July 31, 1998 and 1997 are unaudited. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows of Roper Industries, Inc. ("Roper") and its subsidiaries for all periods presented.

Roper management 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 accordance with generally accepted accounting principles. Actual results could differ from those estimates.

The results of operations are not necessarily indicative of the results to be expected for the full fiscal year. It is recommended that these unaudited condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 1997 Annual Report on Form 10-K as filed with the Securities and Exchange Commission.

NOTE 2. ACQUISITIONS

Effective December 1, 1997, the Company acquired the outstanding common stock of EG&G Flow Technology, Inc. for total cash costs of \$10.0 million. The new subsidiary was subsequently renamed FTI Flow Technology, Inc. ("Flow Technology"). Flow Technology, based in Phoenix, Arizona, manufactures and markets turbine flow meters, calibrators and emissions measurement equipment for aerospace, automotive and industrial markets. Flow Technology is a member of Roper's Fluid Handling segment.

On February 27, 1998, a newly formed Roper subsidiary acquired the assets of Acton Research Corporation ("Acton") for total cash costs of \$9.3 million and approximately 75,000 restricted shares of Roper common stock. Acton, based in Acton, Massachusetts, manufactures and markets spectrometers, monochromators and optical components and coatings for various high-end analytical applications. Acton is a member of Roper's Analytical Instrumentation segment.

On March 31, 1998, Roper acquired the outstanding common stock of Photometrics, Ltd. ("Photometrics") for total cash costs of \$36.4 million. Photometrics, based in Tucson, Arizona, is a leading manufacturer and marketer of extremely sensitive cooled CCD cameras and detectors for primary and applied research markets. Subsequent to this acquisition, Princeton Instruments, Inc. was renamed Roper Scientific, Inc. ("Roper Scientific") and Photometrics was merged into Roper Scientific. Roper Scientific manages its Arizona- and New Jersey-based operations as separate divisions and is a member of Roper's Analytical Instrumentation segment.

On May 31, 1998, a Roper subsidiary, Metrix Instrument Co., L.P., acquired the assets of PMC/Beta Limited Partnership ("PMC/Beta") for total cash costs of \$6.5 million. PMC/Beta, based in Natick, Massachusetts, manufactures and markets vibration monitoring equipment. PMC/Beta is a member of Roper's Industrial Controls segment.

All of the acquisitions completed thus far during fiscal 1998 have been accounted for as purchases. The total acquisition costs (payments to sellers and direct costs incurred by Roper) have been allocated to the net assets acquired based upon their fair values. The excess of the acquisition costs over the fair values of the net assets acquired for each business is being amortized

using the straight-line method over lives ranging from 15 to 25 years. Only the operating results of these companies subsequent to their being acquired are included in Roper's consolidated results.

NOTE 3. LONG-TERM DEBT

Effective March 1998, Roper entered into a five-year agreement with a bank to essentially convert \$50 million of its variable-rate debt to fixed-rate debt at an interest rate of 5.93%. Effective May 1998, Roper entered into a similar five-year agreement with a bank to essentially convert an additional \$25 million of its variable-rate debt to fixed-rate debt at an interest rate of 5.99%. Both of these agreements were subsequently amended to lower the interest rate to 5.65% and 5.74%, respectively, in exchange for granting the bank an option to extend the agreements for an additional five-year period. At July 31, 1998, the accumulated difference between the variable-rate interest and the fixed-rate interest was not significant.

NOTE 4. BASIC AND DILUTED EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE

Effective at the start of fiscal 1998, Roper adopted the provisions of Statement of Financial Accounting Standards No. 128 - Earnings per Share. This Statement introduced basic and diluted calculations that superseded primary and fully diluted calculations. Prior period data has been restated to be consistent with current data.

Basic earnings per share of common stock is calculated by dividing net earnings by the weighted average number of shares of Roper common stock outstanding during the period. Diluted earnings per common equivalent share include common stock equivalents in the determination of average shares outstanding. Roper's common stock equivalents consist of stock options.

NOTE 5. SUPPLEMENTAL CASH FLOW INFORMATION

A summary of supplemental cash flow information for the nine months ended July 31, 1998 and 1997 is as follows (in thousands):

	1998	1997

Cash paid during the period for:		
Interest	\$ 4,371	\$ 5,790
Income taxes	\$21,788	\$ 15,175
Net assets of businesses acquired:		
Fair value of assets, including goodwill	\$70,051	\$ 77,801
Liabilities assumed	(5,508)	(18,741)
Common stock issued	(1,936)	(8,360)
Cash paid, net of cash acquired	\$62,607	\$ 50,700
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NOTE 6. INVENTORIES

Inventories are summarized below (in thousands):

	JULY 31, 1998	OCTOBER 31, 1997
Raw materials and supplies	\$28,310	\$25,729
Work in process	16,855	13,715
Finished products	12,107	12,398
Less LIFO reserve	(1,695)	(1,643)
Total	\$55,577	\$50,199

NOTE 7. INDUSTRY SEGMENTS

Sales and operating profit by industry segment are set forth in the following table (in thousands):

	THREE MONTHS ENDED JULY 31,			NINE MONTHS ENDED JULY 31,		
	1998	1997	CHANGE	1998	1997	CHANGE
NET SALES:						
Industrial Controls	\$42,286	\$41,502	1.9%	\$127,355	\$ 84,799	50.2%
Fluid Handling	25,361	23,263	9.0%	76,636	70,271	9.1%
Analytical Instrumentation	29,765	23,758	25.3%	79,515	55,580	43.1%
Total	\$97,412	\$88,523	10.0%	\$283,506	\$210,650	34.6%
GROSS PROFIT:						
Industrial Controls	\$20,244	\$20,588	-1.7%	\$ 62,839	\$ 46,149	36.2%
Fluid Handling	11,673	10,705	9.0%	34,597	32,276	7.2%
Analytical Instrumentation	16,382	13,490	21.4%	44,745	32,764	36.6%
Total	\$48,299	\$44,783	7.9%	\$142,181	\$111,189	27.9%
OPERATING PROFIT (a):						
Industrial Controls	\$ 8,163	\$ 9,856	-17.2%	\$ 26,508	\$ 18,245	45.3%
Fluid Handling	6,396	6,287	1.7%	18,431	19,310	-4.6%
Analytical Instrumentation	4,392	4,700	-6.6%	12,808	12,114	5.7%
Total	\$18,951	\$20,843	-9.1%	\$ 57,747	\$ 49,669	16.3%

(a) Operating profit is before any allocation for corporate general and administrative expenses. Corporate general and administrative expenses were \$949 and \$1,488 for the three months ended July 31, 1998 and 1997, respectively. These expenses were \$ 4,334 and \$4,074 for the nine months ended July 31, 1998 and 1997, respectively.

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

This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in Roper's Annual Report on Form 10-K for the year ended October 31, 1997 and Note 7 to Roper's Condensed Consolidated Financial Statements included elsewhere in this Report.

RESULTS OF OPERATIONS

GENERAL

The following table presents certain information relating to the operations of Roper expressed as a percentage of net sales.

	THREE MONTHS ENDED JULY 31,		NINE MONTHS ENDED JULY 31,	
	1998	1997	1998	1997
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	50.4%	49.4%	49.8%	47.2%
Gross profit	49.6%	50.6%	50.2%	52.8%
SG&A expenses	31.1%	28.7%	31.3%	31.2%
Operating profit	18.5%	21.9%	18.9%	21.6%
Interest expense	2.2%	1.9%	2.0%	2.0%
Other income	0.1%	0.1%	0.2%	0.3%
Earnings before income taxes	16.4%	20.1%	17.1%	19.9%
Income taxes	5.6%	7.0%	5.8%	6.8%
Net earnings	10.8%	13.1%	11.3%	13.1%

The profit margins for each segment are listed below as a percentage of net sales.

	THREE MONTHS ENDED JULY 31,		NINE MONTHS ENDED JULY 31,	
	1998	1997	1998	1997
Gross profit:				
Industrial Controls	47.9%	49.6%	49.3%	54.4%
Fluid Handling	46.0%	46.0%	45.1%	45.9%
Analytical Instrumentation	55.0%	56.8%	56.3%	58.9%
Operating profit (a):				
Industrial Controls	19.3%	23.7%	20.8%	21.5%
Fluid Handling	25.2%	27.0%	24.1%	27.5%
Analytical Instrumentation	14.8%	19.8%	16.1%	21.8%

(a) Before allocation of corporate general and administrative expenses

THREE MONTHS ENDED JULY 31, 1998 COMPARED TO 1997

Roper's total sales increased 10% for the three months ended July 31, 1998 compared to the three months ended July 31, 1997. Core (excluding Gazprom) sales increased 8% in 1998 compared to 1997. Total Industrial Controls sales increased 2%, mostly due to increased sales to Gazprom and the April 1998 acquisition of PMC/BETA. Sales to Gazprom (reported as part of Industrial Controls) were \$9.8 million during the quarter ended July 31, 1998 compared to \$7.1 million during the third quarter of fiscal 1997. Compressor Controls sales other than to Gazprom decreased 28% due mostly to customer-driven project delays related to the effects of low energy prices on energy and chemical processing projects. Fluid Handling sales increased 9% due mostly to the December 1997 acquisition of Flow Technology and a 19% increase at Fluid Metering. The Fluid Metering increase was due primarily to accelerated shipments for several of its major OEM programs. These increases more than offset a 30% decrease at Integrated Designs (which continues to experience adverse business conditions in the semiconductor equipment industry) and an 11% decline at Roper Pump (attributed to economic downturns in Asia affecting demand for power generation equipment and low oil prices affecting demand for mud motors). Analytical Instrumentation sales increased 25% due mostly to the recent acquisitions of Photometrics (March 1998), Acton (February 1998) and Industrial Data Systems (October 1997). The effects of these acquisitions more than offset a 22% decline at Uson resulting from weakness in the automotive industry and a 14% decline at ISL. The primary reason for the decline at ISL was due to significant non-recurring shipments made in the third quarter of fiscal 1997. Princeton (acquired in May 1997) and Photometrics, Roper's two digital imaging companies, were merged to form Roper Scientific. Princeton and Photometrics operate as separate divisions.

Total gross profit increased 8% for the three months ended July 31, 1998 compared to the three months ended July 31, 1997. Gross profit margins for Roper and each of its three segments were similar in 1998 compared to 1997. The slight decline in margins for Industrial Controls was due to lower margins at Compressor Controls caused by a higher volume of low margin sales in the third quarter of fiscal 1998 and the underabsorption of near-term fixed costs on a lower level of high margin sales. Although Fluid Handling gross margins were the same in the third quarter of fiscal 1998 as the third quarter of fiscal 1997, Flow Technology had relatively high margins compared to the other companies in this segment that offset a volume-related decline at Integrated Designs. The slight decline in Analytical Instrumentation margins was due primarily to Acton, which had relatively low margins compared to the other companies in this segment.

Selling, general and administrative ("SG&A") expenses increased 19% for the three months ended July 31, 1998 compared to the three months ended July 31, 1997 mostly due to companies acquired since the beginning of the third quarter of fiscal 1997. As a percentage of sales, SG&A expenses were 31% and 29% for the three months ended July 31, 1998 and 1997, respectively. As a percentage of sales, SG&A expenses increased in Industrial Controls due mostly to Petrotech and Compressor Controls. Petrotech's increased costs were from improved staffing in several areas and certain temporary costs to implement a new information system. During the third quarter of fiscal 1998, Compressor Controls' commission structure payable on sales to Gazprom was modified retroactively to the beginning of the fiscal year that had the effect of increasing the commission expense as a percentage of sales. Fluid Handling expenses increased as a percentage of sales due to Flow Technology (average for Roper, but high for this segment) and Integrated Designs (costs stayed about the same whereas sales dropped significantly). Analytical Instrumentation expenses increased as a percentage of sales throughout the segment. The largest changes compared to the third quarter of last year were at ISL and Uson where large decreases in sales were not matched with corresponding decreases in expenses.

Interest expense increased \$401,000 for the three months ended July 31, 1998 compared to the three months ended July 31, 1997 principally due to higher debt levels resulting from the acquisitions of seven businesses since the beginning of the third quarter of fiscal 1997.

Roper's effective income tax rate was 34.0% for the three months ended July 31, 1998 compared to 34.5% for the three months ended July 31, 1997. Roper's income tax policy throughout a fiscal year is to adjust its quarterly provision based on its most current estimate of its effective income tax rate for the entire year. At this time during each of the past two years, the effective income tax rate estimate for the entire year was about 34%.

Sales order bookings were \$110.2 million during the three months ended July 31, 1998 compared to \$80.6 million for the third quarter of fiscal 1997. The seven businesses acquired during the twelve months ended July 31, 1998 account for most of the increase. Compressor Controls also had significantly higher bookings during the third quarter of fiscal 1998 compared to the third quarter of fiscal 1997. On a pro forma basis (same periods in fiscal 1997 as in fiscal 1998), bookings are up 11% with the increase at Compressor Controls representing the largest change between periods. Industrial Controls bookings increased 67% (\$56.9 million vs. \$34.0 million) and pro forma bookings increased 39%. Compressor Controls bookings are up 96% due mostly to Gazprom, which placed only a nominal amount of orders in the third quarter of fiscal 1997. Actual and pro forma bookings at Petrotech are up 105% (three months in fiscal 1998 vs. two months in fiscal 1997) and 31% (due to the largest single order in Petrotech's history booked in the third quarter of fiscal 1998), respectively. Fluid Handling actual and pro forma bookings decreased 20% (\$20.6 million vs. \$25.9 million) and 29%, respectively. Actual bookings benefited from the acquisition of Flow Technology. Fluid Handling bookings were adversely affected by declines at Fluid Metering and Integrated Designs of 57% and 72%, respectively. Fluid Metering bookings were skewed by large blanket orders that occurred irregularly (second quarter in fiscal 1998 and third quarter in fiscal 1997). The decline in Integrated Designs bookings reflected depressed conditions in the semiconductor equipment industry. Analytical Instrumentation actual and pro forma bookings increased 58% (\$32.7 million vs. \$20.7 million) and 13%, respectively. Actual bookings benefited from the acquisitions of Acton, Industrial Data Systems, Photometrics and Princeton. Pro forma bookings reflect strength at Roper Scientific.

Sales order backlog was \$103.5 million at July 31, 1998 (Industrial Controls - \$57.2 million, Fluid Handling - \$14.1 million and Analytical Instrumentation - \$32.2 million) compared to \$86.2 million at July 31, 1997 (\$47.3 million, \$17.4 million and \$21.4 million for Industrial Controls, Fluid Handling and Analytical Instrumentation, respectively). Pro forma backlog was up 6% at July 31, 1998 compared to July 31, 1997. Pro forma changes greater than \$1 million were at Compressor Controls (down 11%), Petrotech (up 93%), Fluid Metering (down 56%), Integrated Designs (down 66%), Roper Pump (down 23%) and Roper Scientific (up 20%). Backlog changes are generally consistent with the factors affecting each of these businesses discussed previously.

NINE MONTHS ENDED JULY 31, 1998 COMPARED TO 1997

Roper's total sales increased 35% for the nine months ended July 31, 1998 compared to the nine months ended July 31, 1997. Core sales increased 28% comparing these same periods in fiscal 1998 to fiscal 1997. Most of the overall increase was due to the effects of businesses acquired since the beginning of fiscal 1997, particularly Petrotech and Princeton. Sales to Gazprom more than doubled to \$31.4 million compared to \$13.5 million in the first nine months of fiscal 1997. Industrial Controls sales increased 50% due mostly to Petrotech (fiscal 1998 includes nine months vs. only two months in fiscal 1997) and Compressor Controls sales to Gazprom (fiscal 1997 sales were relatively small pending Gazprom's efforts to secure a suitable financing arrangement). Fluid Handling sales increased 9% due mostly to Flow Technology (fiscal 1998 includes eight months vs. none in fiscal 1997). Analytical Instrumentation sales increased 43% due mostly to the acquisitions of several companies since the beginning of fiscal 1997, particularly the Roper Scientific businesses. Offsetting the acquisition-related gains were declines at Gatan (down 11% due to poor market conditions in Asia and Europe) and Uson (excluding Industrial Data Systems, down 15% due to weakness in the automotive market).

Total gross profit increased 28% for the nine months ended July 31, 1998 compared to the nine months ended July 31, 1997. Gross profit margins declined in each of Roper's three segments between the first nine months of fiscal 1998 and the first nine months of fiscal 1997. For Roper as a whole and the Industrial Controls segment, the declines were mostly due to Petrotech, which historically experiences lower margins than Roper's other businesses. Excluding Petrotech, Roper gross profit for the nine months ended July 31, 1998 and 1997 was 53.7% and 54.3%, respectively, and Industrial Controls gross profit for these same periods was 58.6% and 58.8%, respectively. This slight decline in margins for Industrial Controls was due to lower margins at Compressor Controls, particularly in the third quarter of fiscal 1998 as discussed above. Within

Fluid Handling, Flow Technology had relatively high margins compared to the other companies in this segment that offset small declines at each of the other companies in the segment. The slight decline in Analytical Instrumentation gross profit margin was due to the larger acquisitions since the beginning of fiscal 1997 that have lower margins than the segment's existing businesses. Excluding the recently acquired businesses, overall gross margins for the Analytical Instrumentation companies were slightly higher for the first nine months of fiscal 1998 compared to the first nine months of fiscal 1997.

SG&A expenses increased 35% for the nine months ended July 31, 1998 compared to the nine months ended July 31, 1997 mostly due to companies acquired since the beginning of fiscal 1997. As a percentage of sales, SG&A expenses were 31% for the nine months ended July 31 of both fiscal 1998 and fiscal 1997. As a percentage of sales, SG&A expenses decreased in Industrial Controls due mostly to Compressor Controls (relatively fixed infrastructure costs to support sales to Russia with relatively low sales in the first quarter of fiscal 1997). Fluid Handling expenses increased as a percentage of sales due mostly to Flow Technology (average for Roper, but high for this segment). Analytical Instrumentation expenses increased slightly as a percentage of sales throughout most of the segment. The largest percentage change compared to the first nine months of last year was at Uson where a large decrease in sales was not matched with a corresponding decrease in expenses.

Interest expense increased \$1.5 million for the nine months ended July 31, 1998 compared to the nine months ended July 31, 1997 principally due to higher debt levels resulting from the acquisitions of seven businesses since the beginning of fiscal 1997.

Roper's effective tax rate was 34.1% for the nine months ended July 31, 1998 compared to 34.2% for the nine months ended July 31, 1997. Roper's income tax policy throughout a fiscal year is to adjust its quarterly provision based on its most current estimate of its effective income tax rate for the entire year. At this time during each of the past two years, the effective income tax rate estimate for the entire year was about 34%.

Sales order bookings were \$299.3 million during the nine months ended July 31, 1998 compared to \$218.5 million for first nine months of fiscal 1997. The seven businesses acquired during the twelve months ended July 31, 1998 account for most of the increase. Compressor Controls also had significantly higher bookings during this period due to higher Gazprom bookings, especially during the third quarter of fiscal 1998 compared to the third quarter of fiscal 1997. On a pro forma basis, bookings are up 8% with the increase at Petrotech representing the largest change between periods. Industrial Controls bookings increased 49% (\$144.3 million vs. \$97.0 million) and pro forma bookings increased 24%. Compressor Controls bookings are up 18% due primarily to Gazprom orders being up 60%. Actual and pro forma bookings at Petrotech are up 334% and 60%, respectively, due to securing several large engineering and procurement contracts. Fluid Handling actual bookings increased 4% (\$72.6 million vs. \$69.6 million) whereas pro forma bookings decreased 6%. Actual bookings benefited from the acquisition of Flow Technology whereas pro forma bookings were adversely affected primarily by declines at Fluid Metering and Integrated Designs of 11% and 31%, respectively. The decline in Integrated Designs bookings reflected depressed conditions in the semiconductor equipment industry. Analytical Instrumentation actual bookings increased 59% (\$82.4 million vs. \$51.9 million) and pro forma bookings were flat. Actual bookings benefited from the acquisitions of Acton, Industrial Data Systems and the Roper Scientific businesses. Pro forma bookings reflect strength at Roper Scientific and slight declines at the other businesses within the segment.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Working capital was \$97.9 million at July 31, 1998 compared to \$87.0 million at October 31, 1997. Total debt was \$131.2 million at July 31, 1998 compared to \$102.1 million at October 31, 1997. The debt to total capitalization ratio was 38.9% at July 31, 1998 compared to 36.5% at October 31, 1997.

Since October 31, 1997, Roper's cash costs for acquisitions were \$10.0 million for Flow Technology, \$8.9 million for Acton, \$36.3 million for Photometrics and \$6.5 million for PMC/BETA. The acquisition of Acton also included the issuance about 75,000 shares of Roper common stock.

The assets and liabilities of these companies at their respective acquisition dates also account for many of the changes in Roper's consolidated assets and liabilities between October 31, 1997 and July 31, 1998.

	10/31/97	Acquired Companies	Other Activity	07/31/98
	-----	-----	-----	-----
	(In thousands)			
Accounts receivable	\$ 78,752	\$ 6,851	\$ (617)	\$ 84,986
Inventories	50,199	7,465	(2,087)	55,577
Property and equipment	31,395	1,263	(899)	31,759
Intangible assets	154,830	50,832	(6,989)	198,673
Accounts payable	(15,654)	(2,497)	1,740	(16,411)
Accrued liabilities	(25,231)	(3,011)	(1,251)	(29,493)
Other assets and liabilities, net	5,629	3,640	1,190	10,459

Included in accounts receivable at July 31, 1998 is \$3.7 million due from a customer in the CIS region (not Gazprom) for which Roper is evaluating its alternatives to pursue collection. The underlying sales that generated this balance occurred nearly two years ago. Until Roper more fully evaluates its alternatives, a valuation has not been deemed warranted.

Roper believes that internally generated cash flows and the remaining unused credit under its \$200 million credit facility with NationsBank will be adequate to finance normal operating and further acquisition requirements. Although Roper 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 Roper's activities, financial condition and results of operations. Roper has been notified by Leach Holding Corporation ("Leach") that it has terminated their negotiations with Roper pursuant to a previously announced letter of intent for the acquisition of Leach by Roper due to market conditions affecting the value of Roper common stock to be issued in exchange for the outstanding shares of Leach common stock.

Subsequent to July 31, 1998, Roper's Board of Directors authorized the purchase of up to 5% of Roper's outstanding common stock over a twelve-month period. These purchases can be made either on the open market or through privately negotiated transactions. These purchases will be funded by Roper's operating cash flows or borrowings under its existing NationsBank credit facility.

Roper anticipates that all of its businesses will generate positive cash flows, and that these cash flows will permit the reduction of outstanding debt at a pace consistent with that which Roper recently has experienced. However, the rate at which Roper can reduce its debt for the remainder of fiscal 1998 and beyond (and reduce the associated interest expense) will be affected by, among other things, the financing and operating requirements of any new acquisitions, the financial performance of its existing businesses, the level of common stock purchases under the buy-back program, the receipt, timing and shipments of new orders from Gazprom and the timing of payments from large CIS-region customers and cannot be predicted with certainty.

Capital expenditures were \$3.9 million for the nine months ended July 31, 1998. For the year ending October 31, 1998, total capital expenditures are estimated to be similar to the \$5.0 million that was spent in fiscal 1997.

OUTLOOK

Integrated Designs continues to experience poor market conditions in the semiconductor equipment industry and improved market conditions are not expected until at least the latter part of calendar 1999. Economic uncertainties in Asia continue to adversely affect several Roper businesses, especially Integrated Designs, Roper Pump and Gatan. Roper believes this region still possesses solid long-term growth potential. However, there is no certainty when or to what degree this potential growth might be realized.

Gazprom has recently established an internal financing mechanism for its turbomachinery controls purchases from Compressor Controls. Gazprom's funding is currently through a European bank wholly owned by Gazprom to more easily facilitate the payment terms Roper has requested and more consistently achieve scheduled shipment dates. Gazprom's gas supply contracts with Eastern Europe are believed to be a major source of hard currency for Gazprom to meet its hard currency obligations, including those to Compressor Controls. These gas supply arrangements are also believed to somewhat protect Gazprom from economic instability affecting Russia and other CIS-region countries. This financing arrangement is expected to be available to Gazprom over the coming years for additional turbomachinery controls purchases under its supply agreement with Compressor Controls. However, Compressor Controls' business with Gazprom will continue to be subject not only to Gazprom maintaining satisfactory financing arrangements, but political and other uncertainties in Russia and the region which could adversely affect the timing and amount of future shipments, and cannot be assured.

The Financial Accounting Standards Board has recently 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 Roper in either fiscal 1999 or fiscal 2000. Once adopted, none of these standards is expected to significantly affect Roper's financial statements or disclosures.

Roper has conducted a review throughout its operations to assess potential problems associated with processing dates beyond December 31, 1999. The majority of Roper's business systems are believed to be Year 2000 compliant, but some of the business systems will need to be modified or replaced to address this issue. All of Roper's products that are date sensitive are believed to have already been modified to address this issue. The costs of system and product modifications incurred thus far and estimated to be incurred in the future has not been, and is not expected to be, material to Roper's financial condition or results of operations.

FORWARD LOOKING INFORMATION

The information provided elsewhere in this report, in other Roper filings with the Securities and Exchange Commission, and in other press releases and public disclosures contains forward-looking statements about Roper's businesses and prospects as to which there are numerous risks and uncertainties which generally are beyond Roper's control. Some of these risks include the level and timing of future business with Gazprom, the timing of payments from large CIS-region customers the economic recovery of certain industries and geographic regions and the future operating results of the newly acquired businesses. There is no assurance that these and other risks and uncertainties will not have an adverse impact on Roper's future operations, financial condition or financial results.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

- **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.
- *****10.01 Lease of Milwaukee, Oregon facility.
- **10.02 1991 Stock Option Plan, as amended. +
- *****10.03 Non-employee Director Stock Option Plan. +
- *****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.
- 27 Financial Data Schedule.

b. Reports on Form 8-K

None.

-
- * Not used.
 - ** 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 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 28, 1994.
 - ***** 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.

SIGNATURES

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 Registrant and in the capacities and on the dates indicated.

Signature -----	Title -----	Date -----
/s/ Derrick N. Key ----- Derrick N. Key	President and Chief Executive Officer	August 21, 1998
/s/ Martin S. Headley ----- Martin S. Headley	Vice President and Chief Financial Officer	August 21, 1998
/s/ Kevin G. McHugh ----- Kevin G. McHugh	Controller	August 21, 1998

EXHIBIT INDEX
TO REPORT ON FORM 10-Q

Number -----	Exhibit -----
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 3.1 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998.
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) incorporate herein by reference to Exhibit 4.02 to the Roper Industries, Inc. Current Report on Form 8-K filed January 18, 1996.
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 Amended and Restated Credit Agreement.
4.04	Amendment Agreement No. 2 to 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 Exhibit 10.2 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998.
10.03	Non-employee Director Stock Option Plan incorporated herein by reference to Exhibit 10.3 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 28, 1994.
10.04	Form of Indemnification Agreement incorporated herein by reference to Exhibit 10.10 to the Roper Industries, Inc. Registration Statement (No. 33-44665) on Form S-1 filed December 20, 1991.
10.05	Consulting Agreement (G.L. Ohrstrom & Co.) incorporated herein by reference to Exhibit 10.5 to the Roper Industries, Inc. Annual Report on Form 10-K filed January 21, 1998.
10.06	Consulting Agreement (E.D. Kenna) incorporated herein by reference to Exhibit 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 Form 10-K filed January 25, 1996.
27	Financial Data Schedule.

AMENDMENT AGREEMENT NO.
AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT AGREEMENT NO. 1 TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") is made and entered into as of this ___ day of _____, 1998, by and among ROPER INDUSTRIES, INC., a Delaware corporation (the "Borrower"), the Lenders signatory hereto (the "Lenders") and NATIONSBANK, NATIONAL ASSOCIATION, a national banking association and successor to NationsBank, National Association (South), as Agent (the "Agent") for the Lenders party to the Credit Agreement described 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 (the "Credit Agreement") pursuant to which the Lenders have agreed to make available to the Borrower a revolving credit facility of up to \$200,000,000; and

WHEREAS, as a condition to the making of loans the Lenders have required that each Subsidiary of Borrower execute a Guaranty Agreement whereby it guarantees payment of the Obligations arising under the Credit Agreement; and

WHEREAS, the Borrower has requested and the Agent and the Lenders party hereto have agreed, subject to the terms and conditions of this Agreement, to amend certain provisions of the Credit 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. Subject to the conditions set forth herein, Section 9.5 of

the Agreement is amended, effective as of the date hereof, by (i) deleting the phrase "of the Borrower" beginning in the first line, (ii) inserting the word "and" at the end of clause (f) and (iii) adding a new clause (g) thereto, which clause shall read as follows:

"(g) Indebtedness of up to \$5,000,000 arising under letters of credit or, without duplication, payment guarantees."

3. Guarantors. Each of the Guarantors has joined into the execution of

this Agreement for the purpose of consenting to the amendment contained herein and reaffirming its guaranty of the Obligations.

4. Borrower's Representations and Warranties. The Borrower hereby

represents, warrants and certifies that:

(a) The representations and warranties made by it in Article VI of the Credit Agreement are true on and as of the date hereof before and after giving effect to this Agreement 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 Credit Agreement;

(b) The Borrower has the power and authority to execute and perform this Agreement 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 Credit 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 Credit 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, constituted a Default or an Event of Default on the part of the Borrower under the Credit Agreement or the Notes either immediately or with the lapse of time or the giving of notice, or both.

5. Entire Agreement. This Agreement 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 Agreement 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.

6. Full Force and Effect of Agreement. Except as hereby specifically

amended, modified or supplemented, the Credit 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.

7. Counterparts. This Agreement may be executed in any number of

counterparts and all the counterparts taken together shall be deemed to
constitute one and the same instrument.

[Signature pages follow.]

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

BORROWER:

ROPER INDUSTRIES, INC.

WITNESS:

By: _____
Name: _____
Title: _____

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.
PRINCETON INSTRUMENTS, INC.

WITNESS:

By: _____
Name: _____
Title: _____

INTEGRATED DESIGNS L.P.

By Compressor Controls Corporation,
an Iowa corporation and its sole general
partner

WITNESS:

By: _____
Name: _____
Title: _____

METRIX INSTRUMENT CO., L.P.

By AMOT Sales Corporation, its sole general
partner

WITNESS:

By: _____
Name: _____
Title: _____

PREX L.P.

By Compressor Controls Corporation, an Iowa
corporation and its sole general partner

WITNESS:

By: _____
Name: _____
Title: _____

USON L.P.

By Compressor Controls Corporation,
an Iowa corporation and its sole general
partner

WITNESS:

By: _____
Name: _____
Title: _____

AGENT:

NATIONSBANK, NATIONAL ASSOCIATION, as
Agent for the Lenders

By: _____
Name: _____
Title: _____

LENDERS:

NATIONSBANK, NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

NBD BANK

By: _____
Name: _____
Title: _____

SUNTRUST BANK, ATLANTA

By: _____
Name: _____
Title: _____

ABN AMRO BANK NV

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SCOTIABANC INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

WACHOVIA BANK OF GEORGIA, N.A.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

THE SUMITOMO BANK, LIMITED

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

THE BANK OF TOKYO-MITSUBISHI, LTD.

By: _____
Name: _____
Title: _____

THE SANWA BANK, LIMITED, ATLANTA
AGENCY

By: _____
Name: _____
Title: _____

AMENDMENT AGREEMENT NO. 2
TO AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDMENT AGREEMENT NO. 2 TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made and entered into as of this 15th day of June, 1998, by and among ROPER INDUSTRIES, INC., a Delaware corporation (the "Borrower"), the Lenders signatory hereto (the "Lenders") and NATIONSBANK, NATIONAL ASSOCIATION, a national banking association and successor to NationsBank, National Association (South), as Agent (the "Agent") for the Lenders party to the Credit Agreement described 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, (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; and

WHEREAS, as a condition to the making of loans the Lenders have required that each Subsidiary of Borrower execute a Guaranty Agreement whereby it guarantees payment of the Obligations arising under the Agreement; 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 9.2 of the Agreement is amended by deleting from clause

(iii) the phrase "shall not exceed 50,000,000 in the aggregate for any Fiscal Year," and inserting the phrase "shall not exceed 30% of Consolidated Net Worth for any Fiscal Year," and by deleting from clause (iv) the phrase "if the Cost of the Acquisition exceeds \$25,000,000," and inserting the phrase "if the Cost of the Acquisition exceeds 15% of Consolidated Net Worth,"

(b) Section 9.3 of the Agreement is amended in its entirety to read as

follows:

"9.3 Capital Expenditures". Make or become committed to make

Capital Expenditures in an amount which in the aggregate exceeds 30% of the Consolidated EBITDA for the most recently completed Fiscal Year as reported in the most recent year-end financial reports delivered to the Agent pursuant to Section 8.1 (on a noncumulative basis, with the effect that

amounts not expended in any Fiscal Year may not be carried forward to a subsequent period);"

(c) Section 9.5 of the Agreement is amended by deleting clauses (f)

and (g) in their entirety and inserting a new clause (f) in lieu thereof, which clause shall read in its entirety as follows:

"(f) additional Indebtedness for Money Borrowed not otherwise covered by clauses (a) through (e) above, which in the aggregate shall not exceed 15% of Consolidated Total Assets at any time;"

(d) Section 9.6 of the Agreement is amended by deleting the phrase

"not to exceed \$1,500,000 in any Fiscal Year" and inserting the phrase "not to exceed 5% of Consolidated Total Assets in any Fiscal Year;"

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.

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 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 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 Agreement executed by the Borrower, the Guarantors, the Agent and the Required Lenders.

(b) evidence that each Subsidiary and Material Foreign Subsidiary has delivered the documentation described in Section 8.19 of the Agreement; and

(c) 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.

[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/ Melanie Cochran

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.
PRINCETON INSTRUMENTS, INC.
FTI FLOW TECHNOLOGY, INC.
ACTON RESEARCH CORPORATION
PHOTOMETRICS, LTD.

WITNESS:

/s/ Melanie Cochran

By: /s/ Martin S. Headley

Name: Martin S. Headley
Title: Vice President and CFO

INTEGRATED DESIGNS L.P.

By Compressor Controls Corporation,
an Iowa corporation and its sole general
partner

WITNESS:

/s/ Melanie Cochran

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/ Melanie Cochran

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/ Melanie Cochran

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/ Melanie Cochran

By: /s/ Martin S. Headley

Name: Martin S. Headley

Title: Vice President & Assistant Secretary

AGENT:

NATIONSBANK, NATIONAL ASSOCIATION, as Agent for
the Lenders

By: /s/ Greg McCrery

Name: Greg McCrery
Title Vice President

LENDERS:

NATIONSBANK, NATIONAL ASSOCIATION

By: /s/ Greg McCrery

Name: Greg McCrery
Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Molly Morawski

Name: Molly Morawski

Title: Corporate Finance Officer

SUNTRUST BANK, ATLANTA

By: /s/ R. Michael Dunlap

Name: R. Michael Dunlap
Title: Vice President

By: /s/ Jonathan H. James

Name: Jonathan H. James
Title: B.O.

ABN AMRO BANK NV

By: /s/ Larry K. Kelley

Name: Larry K. Kelley

Title: Group Vice President

By: /s/ Linda K. Davis

Name: Linda K. Davis

Title: Vice President

SCOTIABANC INC.

By: /s/ P.M. Brown

Name: P.M. Brown

Title: Relationship Manager

By: _____
Name: _____
Title: _____

WACHOVIA BANK OF GEORGIA, N.A.

By: /s/ William R. McCamey

Name: William R. McCamey

Title: Vice President

ROBERT FLEMING & CO. LIMITED

By: /s/ MJC Watts

Name: MJC Watts

Title: Authorized Signatory

THE SUMITOMO BANK, LIMITED

By: /s/ J.H. Broadley

Name: J.H. Broadley
Title: Vice President N.Y. Office

By: /s/ Brian M. Smith

Name: Brian M. Smith
Title: Senior Vice President &
Regional Manager (East)

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: /s/ P. Bartlett Wu

Name: P. Bartlett Wu
Title: Vice President

9-MOS

OCT-31-1998		
NOV-01-1997		
JUL-31-1998		4,374
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