SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A
Amendment No. 1

(Mark One)

(X) Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended December 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 1-10596

ESCO ELECTRONICS CORPORATION

(Exact name of registrant as specified in its charter)

Missouri	43-1554045
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8888 Ladue Road, Suite 200 St. Louis, Missouri (Address of principal executive offices)	63124-2090 (Zip Code)

Registrant's telephone number, including area code: (314) 213-7200

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

Number of common stock trust receipts outstanding at January 31, 1999:
12,273,963 receipts.

This Amendment No. 1 is filed to correct a typographical error in "Cash flows from operating activities: Other" appearing in the Condensed Consolidated Statements of Cash Flows (Unaudited) under Item 1. Financial Statements.

Item 1. Financial Statements

ESCO ELECTRONICS CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended December 31, 1998	1997
Net sales	$ 88,193	78,077
Costs and expenses:		
Cost of sales	65,299	56,048
Selling, general and administrative expenses	17,221	15,532
Interest expense	1,732	1,691
Other, net	1,610	1,071

Total costs and expenses		85,862	74,342
Earnings before income taxes		2,331	3,735
Income tax expense		816	1,125
Net earnings before accounting change		1,515	2,610
Cumulative effect of accounting change, net of tax		(25,009)	-
Net earnings (loss)		$(23,494)	2,610
Earnings (loss) per share:			
Earnings before accounting change:	- Basic	$ .12	.22
	- Diluted	.12	.21
Net earnings (loss)	- Basic	$ (1.91)	.22
	- Diluted	(1.91)	.21

See accompanying notes to condensed consolidated financial statements.

ESCO ELECTRONICS CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Dollars in thousands)

	December 31, 1998	September 30, 1998
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 5,286	4,241
Accounts receivable, less allowance for doubtful accounts of $738 and $664, respectively	54,335	51,530
Costs and estimated earnings on long-term contracts, less progress billings of $28,983 and $51,529, respectively	21,424	26,995
Inventories	60,634	81,579
Other current assets	3,775	2,776
Total current assets	145,454	167,121
Property, plant and equipment, at cost	151,880	150,332
Less accumulated depreciation and amortization	55,609	52,323
Net property, plant and equipment	96,271	98,009
Excess of cost over net assets of purchased businesses, less accumulated amortization of $5,148 and $4,557, respectively	71,978	72,512
Deferred tax assets	55,735	44,740
Other assets	22,866	26,920
	$392,304	409,302
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term borrowings and current Maturities of long-term debt	$ 46,500	30,111
Accounts payable	33,619	39,908
Advance payments on long-term contracts, less costs incurred of $42,212 and $5,046, respectively	17,135	11,442
Accrued expenses and other current liabilities	19,548	25,346
Total current liabilities	116,802	106,807
Other liabilities	28,128	28,339
Long-term debt	48,176	50,077

Total liabilities	193,106	185,223
Commitments and contingencies	-	-
Shareholders' equity:		
Preferred stock, par value $.01 per share, authorized 10,000,000 shares	-	-
Common stock, par value $.01 per share, Authorized 50,000,000 shares; issued 12,676,346 and 12,641,664 shares, respectively	127	126
Additional paid-in capital	201,114	200,913
Retained earnings since elimination of deficit at September 30, 1993	3,783	27,277
Cumulative foreign currency translation adjustments	480	520
Minimum pension liability	(2,260)	(2,260)
	203,244	226,576
Less treasury stock, at cost; 409,025 and 234,025 common shares, respectively	(4,046)	(2,497)
Total shareholders' equity	199,198	224,079
	$392,304	409,302

See accompanying notes to condensed consolidated financial statements.

ESCO ELECTRONICS CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Three Months Ended December 31,	
	1998	1997
Cash flows from operating activities:		
Net earnings (loss) after accounting change	$(23,494)	2,610
Adjustments to reconcile net earnings (loss) to net cash used by operating activities:		
Depreciation and amortization	4,501	4,773
Changes in operating working capital, net of accounting change	(19,019)	(21,448)
Effect of accounting change, net of tax	25,009	-
Other	2,751	219
Net cash used by operating activities	(10,252)	(13,846)
Cash flows from investing activities:		
Capital expenditures	(1,681)	(3,747)
Acquisition of businesses, less cash acquired	-	(3,460)
Net cash used by investing activities	(1,681)	(7,207)
Cash flows from financing activities:		
Net increase in short-term borrowings	16,500	18,500
Proceeds from long-term debt	96	-
Principal payments on long-term debt	(2,108)	(1,000)
Other	(1,510)	(530)
Net cash provided by financing activities	12,978	16,970
Net increase (decrease) in cash and cash equivalents	1,045	(4,083)
Cash and cash equivalents, beginning of period	4,241	5,818
Cash and cash equivalents, end of period	$ 5,286	1,735

See accompanying notes to condensed consolidated financial statements.

ESCO ELECTRONICS CORPORATION AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Basis of Presentation

The accompanying condensed consolidated financial statements, in the opinion of management, include all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the results for the interim periods presented. The condensed consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all the disclosures required by generally accepted accounting principles. For further information refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 1998. Certain prior year amounts have been reclassified to conform with the fiscal 1999 presentation.

The results for the three month period ended December 31, 1998 are not necessarily indicative of the results for the entire 1999 fiscal year.

2. Earnings Per Share

The net loss per share for the first quarter of fiscal 1999, for both basic and diluted loss per share, is calculated using the weighted average number of common shares outstanding during the period. Basic earnings per share, before accounting change, is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the weighted average number of common shares outstanding during the period plus shares issuable upon the assumed exercise of dilutive common share options and performance shares by using the treasury stock method. The number of shares used in the calculation of earnings (loss) per share for each period presented is as follows (in thousands):

	Three Months Ended December 31, 1998	Three Months Ended December 31, 1997
Weighted Average Shares Outstanding - Basic	12,310	11,818
Dilutive Options and Performance Shares	312	764
Adjusted Shares - Diluted	12,622	12,582

Options to purchase 298,000 shares of common stock at prices ranging from $10.00-$19.22 per share and options to purchase 22,750 shares of common stock at $18.00 were outstanding during the three month periods ended December 31, 1998 and December 31, 1997, respectively, but were not included in the respective computations of diluted EPS because the options' exercise price was greater than the average market price of the common shares. These options expire in 2007 and 2008. Approximately 166,000 and 167,000 performance shares were outstanding but unearned at December 31, 1998, and 1997, respectively, and therefore, were not included in the respective computations of diluted EPS. The unearned performance shares expire in 2001.

3. Inventories

Inventories consist of the following (dollars in thousands):

	December 31, 1998	September 30, 1998
Finished goods	$ 11,024	9,491
Work in process, including long-term contracts	32,686	54,754
Raw materials	16,924	17,334
Total inventories	$ 60,634	81,579

Under the contractual arrangements by which progress payments are received, the U.S. Government has a security interest in the inventories associated with specific contracts. Inventories are net of progress payment receipts of $16.5 million and $14 million at December 31, 1998 and September 30, 1998, respectively.

4. Change in Accounting Principle

In April 1998, the American Institute of Certified Public Accountants (AICPA) issued Statement of Position (SOP) 98-5, "Reporting on the Costs of Start-up Activities". This SOP is applicable to all non-governmental entities and provides guidance on accounting for start-up activities, including pre-contract start-up costs and organization costs. SOP 98-5 broadly defines start-up costs as those one-time activities related to opening a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer or beneficiary, initiating a new process in an existing facility, or commencing some new operation. Start-up activities also include activities related to organizing a new entity, commonly referred to as organization costs.

The Company had previously accounted for these costs under the existing guidance provided by SOP 81-1,"Accounting for Performance of Construction-type Contracts." Under SOP 81-1, costs incurred for a specific anticipated contract were capitalized if those costs could be directly associated with the specific anticipated contract, and if their recoverability from that contract was probable. SOP 98-5 amends SOP 81-1 by requiring precontract, start-up and organization costs to be expensed as incurred.

The Company is required to adopt this change in accounting principle no later than the first quarter of fiscal year 2000. The Company decided to adopt the provisions of SOP 98-5 in the first quarter of fiscal year 1999 ended December 31, 1998. This change in accounting principle resulted in a non-cash, after-tax charge of approximately $25 million, and was recognized as a cumulative effect of an accounting change.

The after-tax charge related to precontract start-up, and organization costs incurred in anticipation of specific future contract awards which were based on specific customer-identified requirements. The after-tax charge is comprised of the following programs: the Tunner 60K aircraft cargo loader at SEI ($17.2 million); the Quiktrak automatic vehicle location system at the Comtrak division of SEI ($2 million); the advanced video surveillance system (Securvision) at Comtrak ($2 million); the Seawolf (U.S. Navy attach submarine) valve and manifold ship set program at Vacco Industries ($1.9 million); and other minor programs which aggregate $1.9 million.

The impact of adopting SOP 98-5 on the results of operations for first quarter ended December 31, 1998 was an increase to net earnings of approximately $.5 million, or $.04 per share. The favorable impact noted is primarily the net result of the absence of amortization expense related to the previously capitalized start-up costs, net of additional costs expensed. The after tax charge of adopting SOP 98-5 amounted to $25.0 million, or $2.03 per basic and diluted share.

5. Comprehensive Income (Loss)

Effective October 1, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income". SFAS No. 130 requires the Company to disclose all non-owner changes included in equity but not included in net earnings (loss) in a financial statement that is displayed with the same prominence as other financial statements. Prior year amounts have been conformed to the current year presentation.

Comprehensive loss for the three month period ended December 31, 1998 was $23.5 million. Comprehensive income for the three month period ended December 31, 1997 was $2.4 million. The Company's comprehensive income and loss is impacted only by foreign currency translation adjustments, net of tax.

SIGNATURE

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

ESCO ELECTRONICS CORPORATION

/s/Philip M. Ford
Philip M. Ford
Senior Vice President
and Chief Financial Officer
(as duly authorized officer
and principal financial
officer of the registrant)

Dated: February 25, 1999

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SEP-30-1999
DEC-31-1998
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55,073
738
60,634
145,454
151,880
55,609
392,304
116,802
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199,071
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88,193
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82,520
1,732
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1,610
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816
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0
(25,009)
(23,494)
(1.91)
(1.91)

This number does not include $21.4 million of costs and estimated earnings on long-term contracts.