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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 1999

OR

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

For the transition period from ___________ to ____________

Commission file number 1-4604

HEICO CORPORATION
(Exact name of registrant as specified in its charter)

FLORIDA	65-0341002
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3000 TAFT STREET, HOLLYWOOD, FLORIDA	33021
(Address of principal executive offices)	(Zip Code)

(954) 987-6101
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

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 ____

The number of shares outstanding of each of the Registrant's classes of common stock as of March 2, 1999:

Title of Class	Shares Outstanding
Common Stock, $.01 par value	8,465,660
Class A Common Stock, $.01 par value	7,131,522

HEICO CORPORATION

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PART I. FINANCIAL INFORMATION
HEICO CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS

ASSETS

	JANUARY 31, 1999	OCTOBER 31, 1998
	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 9,828,000	$ 8,609,000
Short-term investments	6,482,000	2,051,000
Accounts receivable, net	19,235,000	19,422,000
Inventories	26,910,000	24,327,000
Prepaid expenses and other current assets	2,501,000	1,768,000
Deferred income taxes	1,659,000	2,010,000
Total current assets	66,615,000	58,187,000
Property, plant and equipment	34,961,000	30,823,000
Less accumulated depreciation	(16,411,000)	(16,028,000)
Property, plant and equipment, net	18,550,000	14,795,000
Intangible assets less accumulated amortization of $1,681,000 and $1,186,000, respectively	67,267,000	53,964,000
Unexpended bond proceeds	1,860,000	2,252,000
Deferred income taxes	1,160,000	495,000
Other assets	4,286,000	3,368,000
Total assets	$159,738,000	$133,061,000

LIABILITIES AND SHAREHOLDERS' EQUITY

	JANUARY 31, 1999	OCTOBER 31, 1998
Current liabilities:		
Current maturities of long-term debt	$ 399,000	$ 377,000
Trade accounts payable	6,950,000	6,158,000
Accrued expenses and other current liabilities	9,498,000	10,401,000
Income taxes payable	1,098,000	664,000
Total current liabilities	17,945,000	17,600,000
Long-term debt, net of current maturities	46,110,000	30,143,000
Other non-current liabilities	3,915,000	2,819,000
Total liabilities	67,970,000	50,562,000
Minority interest in consolidated subsidiary	18,616,000	14,892,000
Commitments and contingencies (Notes 2, 6 and 9)		
Shareholders' equity:		
Preferred stock, par value $.01 per share; Authorized - 10,000,000 shares issuable in series; 200,000 designated as Series A Junior Participating Preferred Stock, none issued	--	--
Common stock, $.01 par value; Authorized - 30,000,000 shares; Issued and outstanding - 8,464,025 and 8,323,036 shares, respectively	84,000	83,000
Class A Common Stock, $.01 par value; Authorized - 30,000,000 shares; Issued and outstanding - 4,136,572 and 4,140,404 shares, respectively	41,000	41,000
Capital in excess of par value	36,203,000	34,474,000
Accumulated other comprehensive income	(215,000)	(1,142,000)
Retained earnings	39,537,000	36,649,000
	75,650,000	70,105,000
Less: Note receivable from employee savings and investment plan	(2,498,000)	(2,498,000)
Total shareholders' equity	73,152,000	67,607,000

Total liabilities and shareholders' equity	$159,738,000	$133,061,000

SEE NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS.

HEICO CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS - UNAUDITED

	THREE MONTHS ENDED JANUARY 31,	
	1999	1998
Net sales	$ 28,211,000	$ 19,783,000
Operating costs and expenses:		
Cost of sales	16,528,000	12,479,000
Selling, general and administrative expenses	4,906,000	3,483,000
Total operating costs and expenses	21,434,000	15,962,000
Operating income	6,777,000	3,821,000
Interest expense	(596,000)	(129,000)
Interest and other income	226,000	514,000
Income before income taxes and minority interest	6,407,000	4,206,000
Income tax expense	2,307,000	1,406,000
Income before minority interest	4,100,000	2,800,000
Minority interest	897,000	518,000
Net income	$ 3,203,000	$ 2,282,000
Net income per share:		
Basic	$ .26	$ .18
Diluted	$ .21	$ .15
Weighted average number of common shares outstanding:		
Basic	12,515,352	12,434,066
Diluted	15,531,650	15,309,776
Cash dividends per share	$ .025	$ .025

SEE NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS.

HEICO CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS - UNAUDITED

	THREE MONTHS ENDED JANUARY 31,	
	1999	1998
Cash flows from operating activities:		
Net income	$ 3,203,000	$ 2,282,000
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,232,000	589,000
Deferred income taxes	(314,000)	(289,000)
Deferred financing costs	(36,000)	(21,000)
Minority interest in consolidated subsidiary	897,000	518,000
Change in assets and liabilities:		
Decrease in accounts receivable	1,097,000	259,000
(Increase) in inventories	(1,571,000)	(2,227,000)
(Increase) in prepaid expenses and other current assets	(725,000)	(224,000)
(Increase) in unexpended bond proceeds	(71,000)	--
(Decrease) increase in trade payables, accrued expenses and other current liabilities	(1,496,000)	618,000
Increase in income taxes payable	434,000	961,000
Other	(12,000)	(58,000)
Net cash provided by operating activities	2,638,000	2,408,000
Cash flows from investing activities:		
Purchases of businesses, net of cash acquired	(14,234,000)	--
Net change in short-term investments	(3,504,000)	--
Purchases of property, plant and equipment	(4,109,000)	(717,000)
Payment received from employee savings and investment plan note receivable	--	444,000
Other	(132,000)	(331,000)
Net cash (used in) investing activities	(21,979,000)	(604,000)
Cash flows from financing activities:		
Proceeds from the issuance of long-term debt:		
Proceeds from revolving credit facility	16,000,000	--
Bond reimbursement proceeds	432,000	509,000
Other	--	94,000
Proceeds from the exercise of stock options	1,842,000	38,000
Repurchases of common stock	(127,000)	--
Principle payments on long-term debt	(99,000)	(106,000)
Cash dividends paid	(315,000)	(316,000)
Additional minority interest investment	2,827,000	--
Net cash provided by financing activities	20,560,000	219,000
Net increase in cash and cash equivalents	1,219,000	2,023,000
Cash and cash equivalents at beginning of year	8,609,000	24,199,000
Cash and cash equivalents at end of period	$ 9,828,000	$ 26,222,000

SEE NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS.

1. The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes normally included in annual consolidated financial statements and should be read in conjunction with the financial statements and notes thereto included in the Company's latest Annual Report on Form 10-K for the year ended October 31, 1998. In the opinion of management, the unaudited consolidated condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary for a fair presentation of the consolidated condensed balance sheets, statements of operations and cash flows for such interim periods presented. The results of operations for the three months ended January 31, 1999 are not necessarily indicative of the results which may be expected for the entire fiscal year.

2. Effective December 4, 1998, the Company, through a subsidiary, acquired substantially all of the assets of Rogers-Dierks, Inc. (Rogers-Dierks). In consideration of this acquisition, the Company paid $14.1 million in cash at the closing, and committed to pay $1.1 million in deferred payments over the next two years. The source of the purchase price was proceeds from the Company's $120 million revolving credit facility. Subject to meeting certain earnings objectives, the former shareholders' of Rogers-Dierks could receive additional consideration of up to $7.3 million payable in cash or shares of the Company's Class A Common Stock. The purchase price will be adjusted based on the final determination of the actual net worth of the net assets acquired as of December 4, 1998 as well as any contingent consideration paid. This acquisition has been accounted for using the purchase method of accounting and the results of operations of Rogers-Dierks were included in the Company's results effective December 4, 1998. Had Rogers-Dierks been acquired as of the beginning of fiscal 1998, the pro forma consolidated results would not have been materially different from the reported results.

Rogers-Dierks formerly designed and manufactured FAA-approved, factory-new jet engine replacement parts for sale to commercial airlines. The Company has continued to use the acquired assets for the same purposes as formerly used by Rogers-Dierks.

Subsequent to the closing of the transaction, Lufthansa Technik AG (Lufthansa) made an additional investment of approximately $3 million in HEICO Aerospace Holding Corp. (HEICO Aerospace) representing 20% of the initial cash consideration.

3. Short-term investments consist of equity securities with an aggregate cost of $6,819,000 and $3,864,000 as of January 31, 1999 and October 31, 1998, respectively. These investments are classified as available-for-sale and stated at a fair value of $6,482,000 and $2,051,000 as of January 31, 1999 and October 31, 1998, respectively. The gross unrealized losses were $337,000 and $1,813,000 as of January 31, 1999 and October 31, 1998, respectively. Unrealized gains and losses, net of deferred taxes, are reflected as an adjustment to shareholders' equity. Gross realized gains on sales of securities classified as available-for-sale, using the average cost method, were $288,000 in fiscal 1998 and zero in the first quarter 1999. There were no realized losses during these periods.

4. Accounts receivable are composed of the following:

	JANUARY 31, 1999	OCTOBER 31, 1998
Accounts receivable	$19,557,000	$19,681,000
Less allowance for doubtful accounts	(322,000)	(259,000)
Accounts receivable, net	$19,235,000	$19,422,000

Revenue amounts set forth in the accompanying Consolidated Condensed Statements of Operations do not include any material amounts in excess of billings relating to long-term contracts.

Inventories are comprised of the following:

	JANUARY 31, 1999	OCTOBER 31, 1998
Finished products	$10,814,000	$ 9,306,000
Work in process	6,745,000	5,213,000
Materials, parts, assemblies and supplies	9,351,000	9,808,000
Total inventories	$26,910,000	$24,327,000

Inventories related to long-term contracts were not significant as of January 31, 1999 and October 31, 1998.

5. Long-term debt consists of:

	JANUARY 31, 1999	OCTOBER 31, 1998
Borrowings under revolving credit facility	$36,000,000	$20,000,000
Industrial Development Revenue Bonds - Series 1997A	3,000,000	3,000,000
Industrial Development Revenue Bonds - Series 1997C	995,000	995,000
Industrial Development Revenue Bonds - Series 1996	3,500,000	3,500,000
Industrial Development Revenue Refunding Bonds - Series 1988	1,980,000	1,980,000
Equipment loans.	1,034,000	1,045,000
	46,509,000	30,520,000
Less current maturities	(399,000)	(377,000)
	$46,110,000	$30,143,000

In July 1998, the Company entered into a $120 million revolving credit facility (Credit Facility) with a bank syndicate. Funds are available for funding acquisitions, working capital and general corporate requirements on a revolving basis through July 2001. At January 31, 1999, the Company had a total of $36 million borrowed under the Credit Facility at a weighted average interest rate of approximately 6.00%.

The industrial development revenue bonds represent bonds issued by Broward County, Florida in 1996 (Series 1996 bonds) and in 1988 (Series 1988 bonds), and bonds issued by Manatee County, Florida in 1997 (Series 1997A and Series 1997C bonds).

As of January 31, 1999, unexpended proceeds of the Series 1997A and 1997C bonds of $374,000, including investment earnings, are held by the trustee and are available for future qualified expenditures. The Series 1997A and 1997C bonds bear interest at 2.95% as of January 31, 1999.

As of January 31, 1999, unexpended proceeds of the Series 1996 bonds of $1,486,000, including investment earnings, are held by the trustee and are available for future qualified expenditures. The Series 1996 and Series 1988 bonds bear interest as of January 31, 1999, at 2.90% and 2.65%, respectively.

Equipment loans bear interest at rates ranging from 8.25% to 8.75% as of January 31, 1999.

6. On January 22, 1999, the Company received notice of a proposed adjustment pursuant to an examination by the Internal Revenue Service of the Company's fiscal 1995 and 1996 tax returns, disallowing the utilization of a $4.6 million capital loss carryforward to offset the gain recognized by the Company in connection with the sale of its health care operations in July 1996. The Company disputes such proposed adjustment, which would result in additional taxes of approximately $1.8 million on the gain on the sale of the discontinued health care operations.

7. Research and development expenses for the first three months of fiscal 1999 and 1998 totaled $300,000 in each of the three month periods. The expenses for the first three months of 1999 and 1998 are net of $1.7 million and $600,000, respectively, received from Lufthansa pursuant to a research and development cooperation agreement entered into on October 30, 1997. Amounts received from Lufthansa and not used as of January 31, 1999 and 1998 were $2.3 million and $1.4 million, respectively, and are recorded as a component of accrued expenses and other current liabilities in the consolidated condensed balance sheets.

8. Effective November 1, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements.

The Company's comprehensive income for the first quarter 1999 and 1998 consists of:

	THREE MONTHS ENDED JANUARY 31,	
	1999	1998
Net income	$3,203,000	$2,282,000
Other comprehensive income		
Unrealized holding gain on investments, net of tax of $550,000	927,000	--
Comprehensive income	$4,130,000	$2,282,000

Accumulated other comprehensive income as of January 31, 1999 and October 31, 1998 includes unrealized gain (loss) on investments as follows:

	ACCUMULATED OTHER COMPREHENSIVE INCOME
Balance, October 31, 1997	$ --
Unrealized holding (loss) on investments, net of tax benefit of $671,000	(1,142,000)
Balance, October 31, 1998	(1,142,000)

Unrealized holding gain on investments, net of tax of $550,000	927,000
Balance, January 31, 1999	$ (215,000)

9. In November 1989, HEICO Aerospace Corporation and Jet Avion were named defendants in a complaint filed by United Technologies Corporation (UTC) in the United States District Court for the Southern District of Florida. As of January 27, 1998, all counts of UTC's complaint that were not previously withdrawn by UTC have been dismissed by the court. The complaint, as amended in fiscal 1995, alleged infringement of a patent, misappropriation of trade secrets and unfair competition relating to certain jet engine parts and coatings sold by Jet Avion in competition with Pratt & Whitney, a division of UTC. UTC sought approximately $8 million in damages for the patent infringement and approximately $30 million in damages for the misappropriation of trade secrets and unfair competition claims. The aggregate damages referred to in the preceding sentence did not exceed approximately $30 million because a portion of the misappropriation and unfair competition damages duplicate the patent infringement damages. UTC also sought, among other things, pre-judgment interest and treble damages.

In July and November 1995, the Company filed its answers to UTC's complaint denying the allegations. In addition, the Company filed counterclaims against UTC for, among other things, malicious prosecution, trade disparagement, tortious interference, unfair competition and antitrust violations. The Company is seeking treble, compensatory and punitive damages in amounts to be determined at trial. UTC filed an answer denying the counterclaims. A number of motions remain pending and no trial date is currently set.

In August 1997, a Motion for Summary Judgment filed by the Company on a portion of the lawsuit was granted by the United States District Court Judge. The Summary Judgment dismissed UTC's claims for misappropriation of trade secrets and unfair competition, finding that Florida's statute of limitations bars such claims. In September 1997, UTC served a Motion for Reconsideration of the Court's Motion for Summary Judgment. In October 1997, UTC's Motion for Reconsideration was denied.

On January 28, 1998, a Motion for Summary Judgment filed by the Company on the sole remaining count in UTC's complaint (for patent infringement) was granted by the United States District Court Judge. The Summary Judgment dismissed UTC's remaining claim, finding that HEICO Aerospace Corporation and Jet Avion did not infringe UTC's patent.

As a result of these rulings, the only claims currently pending are the Company's counterclaims against UTC. UTC may challenge these rulings in further court proceedings. The Company intends to vigorously pursue its counterclaims. The ultimate outcome of this litigation is not certain at this time and no provision for gain or loss, if any, has been made in the consolidated financial statements.

In May 1998, the Company and its HEICO Aerospace Corporation and Jet Avion Corporation subsidiaries were served with a lawsuit by Travelers Casualty & Surety Co., f/k/a The Travelers Casualty and Surety Co. (Travelers). The complaint seeks reimbursement of legal fees and costs totaling in excess of $15 million paid by Travelers in defending the Company in the above referenced litigation with UTC. In addition, Travelers seeks a declaratory judgement that the Company did not and does not have insurance coverage under certain insurance policies with Travelers and accordingly, that Travelers did not have and does not have a duty to defend or indemnify the Company under such policies. Also named as defendants in Travelers' lawsuit are UTC and one of the law firms representing the Company in the UTC litigation.

The Company intends to vigorously defend Travelers' claim and believes that it has significant counterclaims for damages. After taking into consideration legal counsel's evaluation of Travelers' claim, management is of the opinion that the outcome of the Travelers litigation will not have a significant adverse effect on the Company's consolidated financial statements.

The Company is involved in various other legal actions arising in the normal course of business. After taking into consideration legal counsel's evaluation of such actions, management is of the opinion that the outcome of these other matters will not have a significant effect on the Company's consolidated financial statements.

10. Effective February 4, 1999, the Company, through its subsidiary Radiant Power Corp., acquired the assets of the Radiant Power product line from Derlan, Inc. In consideration of this acquisition, the Company paid $6.5 million in cash. The source of the purchase price was proceeds from the Company's Credit Facility. The purchase price will be adjusted based on the final determination of the actual net worth of the net assets acquired as of the effective date. The acquisition is being accounted for using the purchase method of accounting and the results of operations of Radiant Power Corp. will be included in the Company's results effective February 4, 1999 and will be included in the Company's Electronics and Ground Support operations. The Radiant Power product

line includes back-up power supplies and battery packs for a variety of commercial aircraft applications.

In February and March 1999, the Company completed, through a public offering, the issuance of an aggregate of 2,994,050 shares of Class A Common Stock, including over-allotment options granted to the underwriters. The net proceeds of the offering to the Company approximated $56 million. A portion of the proceeds of the offering were used to repay $42.5 million outstanding under the Company's Credit Facility. The remaining proceeds will be used for working capital and general corporate purposes, including possible acquisitions.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Our results of operations during the current period and prior fiscal year have been affected by a number of significant transactions. This discussion of our financial condition and results of operations should be read in conjunction with our Consolidated Condensed Financial Statements and Notes thereto included herein. For further information regarding the acquisitions discussed below, see Notes 2 and 10 to our Condensed Consolidated Financial Statements. These acquisitions have been accounted for using the purchase method of accounting and are included in the Company's results of operations from the date of acquisition.

As of December 4, 1998, through our Flight Support Group, we acquired Rogers-Dierks for approximately $14.1 million in cash and approximately $1.1 million in deferred payments over the next two years, with additional consideration of up to approximately $7.3 million payable in cash or shares of our Class A Common Stock.

Effective February 4, 1999, through our Electronics & Ground Support Group (formerly referred to as the Ground Support Group), we acquired the assets of the Radiant Power product line from Derlan, Inc. for $6.5 million in cash. The Radiant Power product line includes back-up power supplies and battery packs for a variety of commercial aircraft applications.

In February and March 1999, we completed, through a public offering, the issuance of an aggregate of 2,994,050 shares of Class A Common Stock resulting in net proceeds to the Company of approximately $56 million. A portion of the proceeds of the offering were used to repay $42.5 million outstanding under our Credit Facility. The remaining proceeds will be used for working capital and general corporate purposes, including possible acquisitions.

RESULTS OF OPERATIONS

For the periods indicated, the following table sets forth net sales by product and the percentage of net sales represented by the respective items in the Company's Consolidated Condensed Statements of Operations.

	THREE MONTHS ENDED JANUARY 31,	
	1999	1998
	(Dollar amounts in thousands)	
Net sales		
Flight Support	$20,768	$13,930
Electronics & Ground Support	7,443	5,853
	$28,211	$19,783
Net sales	100.0%	100.0%
Gross profit	41.4%	36.9%
Selling, general and administrative expenses	17.4%	17.6%
Operating income	24.0%	19.3%
Interest expense	2.1%	.7%
Interest and other income	.8%	2.6%
Income tax expense	8.2%	7.1%
Minority interest	3.2%	2.6%
Net income	11.4%	11.5%

COMPARISON OF FIRST QUARTER 1999 TO FIRST QUARTER 1998

NET SALES

Net sales for the first quarter 1999 totaled $28.2 million, up 43% when compared to the first quarter 1998 net sales of $19.8 million.

The increase in first quarter 1999 sales reflects an increase of $6.8 million (a 49% increase) to $20.8 million from the Company's Flight Support products and services. This increase includes sales of McClain International, Inc. (McClain), Associated Composite, Inc. (Associated) and Rogers-Dierks (each acquired during the period July to December 1998) aggregating $4.3 million, with the balance reflecting increased sales volumes of jet engine replacement parts to the Company's commercial airline industry customers. The net sales increase also reflects an increase of $1.6 million (a 27% increase) to $7.4 million in revenues from the Company's Electronics & Ground Support products principally due to sales of new products and increased market penetration.

GROSS PROFITS AND OPERATING EXPENSES

The Company's gross profit margins averaged 41.4% for the first quarter 1999 as compared to 36.9% for the first quarter 1998. This increase reflects an improvement in gross margins in the Flight Support operations resulting from higher gross profit margins contributed by the newly-acquired McClain and Rogers-Dierks operations as well as higher margins reflecting new products, customer mix and cost controls.

Selling, general and administrative ("SG&A") expenses were $4.9 million for the first quarter 1999 and $3.5 million for the first quarter 1998. The increase results from the inclusion of SG&A expenses of McClain, Associated and Rogers-Dierks, including additional goodwill amortization, and higher general corporate expenses. As a percentage of net sales, SG&A expenses declined to 17.4% for the first quarter 1999 from 17.6% for the first quarter 1998 reflecting continuing efforts to control costs while increasing revenues.

OPERATING INCOME

Operating income increased $3.0 million to $6.8 million (a 77% increase) for the first quarter 1999 from $3.8 million for the first quarter 1998. The improvement in operating income was due primarily to increases in sales and gross profits of the Flight Support and Electronics & Ground Support operations discussed above.

INTEREST EXPENSE

Interest expense increased $467,000 to $596,000 from the first quarter 1998 to the first quarter 1999. The increase was principally due to increased outstanding debt balances during the period related to borrowings on the Company's Credit Facility used principally to finance the Company's acquisitions.

INTEREST AND OTHER INCOME

Interest and other income decreased $288,000 to $226,000 from the first quarter 1998 to the first quarter 1999 due principally to the decrease in invested funds used for the acquisition of McClain in July 1998.

INCOME TAX EXPENSE

The Company's effective tax rate increased to 36% for the first quarter 1999 from 33.5% for the first quarter 1998 due principally to a decrease in benefits from export sales and a reduction in tax-free investments.

MINORITY INTEREST

Minority interest represents the 20% minority interest held by Lufthansa which increased from the first quarter 1999 to the first quarter of 1998 due to higher net income of the Flight Support Group.

NET INCOME

The Company's net income totaled $3.2 million, or $.21 per diluted share, in the first quarter 1999, improving 40% from net income of $2.3 million, or $.15 per diluted share, in the first quarter 1998.

The improvement in net income for the first quarter 1999 over the first quarter 1998 is primarily attributable to the increased sales and operating income partially offset by higher interest costs, the increase in minority interest in earnings of the Flight Support Group and the increase in the effective tax rate discussed above.

INFLATION

The Company has generally experienced increases in its costs of labor, materials and services consistent with overall rates of inflation. The impact of such increases on the Company's net income has been generally minimized by efforts to lower costs through manufacturing efficiencies and cost reductions.

LIQUIDITY AND CAPITAL RESOURCES

The Company generates cash primarily from operating activities and financing activities, including borrowings under long-term credit agreements and proceeds from the issuance of industrial development revenue bonds.

Principal uses of cash by the Company will include payments of interest and principal on debt, capital expenditures, increases in working capital and acquisitions.

The Company believes that operating cash flow, proceeds from the Class A Common Stock offering and available borrowings under the Company's Credit Facility will be sufficient to fund cash requirements for the foreseeable future.

OPERATING ACTIVITIES

The Company's cash flow from operations was $2.6 million for the first quarter 1999, principally reflecting net income of $3.2 million, adjustments for depreciation and amortization of $1.2 million, an increase in inventories of $1.6 million to meet increased sales orders, a decrease in receivables of $1.1 million due to timing of collections and a decrease in trade payables and other current liabilities aggregating $1.5 million primarily as a result of the timing of payments due for such liabilities.

INVESTING ACTIVITIES

The principal cash used in investing activities in the first quarter 1999 was cash used in the acquisition of Rogers-Dierks totaling $14.2 million. Purchases of property, plant and equipment totaled $4.1 million, including $2.7 million by Northwings Accessories Corp. (Northwings) to purchase a facility which will enable Northwings and Associated to operate from one location. The Company also purchased short-term investments totalling $2.9 million.

FINANCING ACTIVITIES

The Company's principal financing activities during the first quarter 1999 included proceeds of long-term debt of $16.4 million, including $16.0 million from the Company's Credit Facility primarily to fund business acquisitions. In addition, the Company received $2.8 million from Lufthansa representing its additional minority interest investment required to maintain its 20% equity position in the Flight Support Group due to the acquisition of Rogers-Dierks and $1.8 million from the exercise of stock options during the first quarter 1999.

IMPACT OF THE YEAR 2000

Many older computer software programs refer to years in terms of their final two digits only. Such programs may interpret the year 2000 to mean the year 1900 instead. If not corrected, those programs could cause date-related transaction failures.

We developed a compliance assurance process to address this concern. A project team has performed a detailed assessment of all internal computer systems and, as discussed below, is developing and implementing plans to correct the problems. We expect these projects to be successfully completed during 1999.

Year 2000 problems could affect our research and development, production, distribution, financial, administrative and communication operations. Systems critical to our business which have been identified as non-Year 2000 compliant are either being replaced or corrected through programming modifications. In addition, the project team is looking at Year 2000 readiness from other aspects of our business, including customer order-taking, manufacturing, raw materials supply and plant process equipment. Our goal is to have our remediated and replaced systems operational by June 1999 to allow time for testing and verification. In addition to our in-house efforts, we have asked vendors, major customers, service suppliers, communications providers and banks whose systems failures potentially could have a significant impact on our operations to verify their Year 2000 readiness.

As part of our compliance process we are developing a contingency plan for those areas that are critical to the Company's business. These plans will be designed to mitigate serious disruptions to our business flow beyond the end of 1999, and will operate independently of our external providers' Year 2000 compliance. The major drive for contingency planning will be in the first half of 1999, with the expectation that our business groups will have plans in place by June 1999. Based on our current plans and efforts to date, we do not anticipate that Year 2000 problems will have a material effect on our results of operations or financial condition.

External and internal costs specifically associated with modifying internal use software for Year 2000 compliance are expensed as incurred. To date, we have spent less than $100,000 on this project. Costs to be incurred in the remainder of 1999 to fix Year 2000 problems are estimated at less than $100,000. Such costs do not include normal system upgrades and replacements. We do not expect the costs relating to Year 2000 remediation to have a material effect on our results of operations or financial condition.

The above expectations are subject to uncertainties. For example, if we are unsuccessful in identifying or fixing all Year 2000 problems in our critical operations, or if we are affected by the inability of suppliers or major customers to continue operations due to such a problem, our results of operations or financial condition could be materially impacted.

The total costs that we incur in connection with the Year 2000 problems will be influenced by our ability to successfully identify Year 2000 systems' flaws, the nature and amount of programming required to fix the affected programs, the related labor and/or consulting costs for such remediation, and the ability of third parties with whom we have business relationships to successfully address their own Year 2000 concerns. These and other unforeseen factors could have a material adverse effect on our results of operations or financial conditions.

NEW ACCOUNTING STANDARDS

Effective November 1, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material developments in previously reported litigation involving the Company and its subsidiaries.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27 Financial data schedule

(b) Reports on Form 8-K

A report on Form 8-K was filed by the Company dated December 8, 1998 and amended January 15, 1999, reported under Item 2, "Acquisition or Disposition of Assets," relating to the purchase of substantially all of the assets of Rogers-Dierks, Inc.

SIGNATURES

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

HEICO CORPORATION

(Registrant)

MARCH 15, 1999	BY /s/ THOMAS S. IRWIN
Date	Thomas S. Irwin, Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT INDEX

EXHIBIT	DESCRIPTION
27	Financial data schedule

5

3-MOS
JAN-31-1999
OCT-31-1998
9,828,000
6,482,000
19,557,000
(322,000)
26,910,000
66,615,000
34,961,000
(16,411,000)
159,738,000
17,945,000
9,475,000
0
0
125,000
73,027,000
159,738,000
28,211,000
28,211,000
16,528,000
21,434,000
0
0
596,000
6,407,000
2,307,000
3,203,000
0
0
0
3,203,000
.26
.21