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 December 31, 1993

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: 1-6620

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

DELAWARE	11-1893410
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 JERICHO QUADRANGLE, JERICHO, NEW YORK	11753
(Address of principal executive offices)	(Zip Code)

(516) 938-5544
(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, and (2) has been subject to such filing requirements for the past 90 days.

X Yes ______ No ______

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 35,234,043 shares of Common Stock as of January 31, 1994.

FORM 10-Q

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INSTRUMENT SYSTEMS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 1993 (Unaudited)	September 30, 1993 (Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 27,550,000	$ 26,466,000
Marketable securities	24,170,000	11,095,000
Accounts receivable, less allowance for doubtful accounts	44,968,000	51,885,000
Contract costs and recognized income not yet billed	28,278,000	35,453,000
Inventories (Note 2)	59,097,000	55,985,000
Investment in affiliate, sold in October 1993 (Note 4)	---	11,615,000
Prepaid expenses and other current assets	6,669,000	7,094,000
Total current assets	190,732,000	199,593,000
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation and amortization of $43,105,000 at December 31, 1993 and $40,939,000 at September 30, 1993	48,394,000	49,807,000
OTHER ASSETS	20,111,000	20,870,000

	$259,237,000	$270,270,000

<FN>

See notes to condensed consolidated financial statements.

INSTRUMENT SYSTEMS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 1993 (Unaudited)	September 30, 1993 (Note 1)
LIABILITIES AND SHARHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 23,985,000	$ 30,896,000
Other current liabilities	50,895,000	51,914,000
Total current liabilities	74,880,000	82,810,000
LONG-TERM DEBT	17,070,000	23,298,000
EMPLOYEE STOCK OWNERSHIP PLAN AND OTHER OBLIGATIONS	2,203,000	2,849,000
SHAREHOLDERS' EQUITY:		
Preferred stock, par value $.25 per share, authorized 3,000,000 shares -- Second Preferred Stock, Series I, authorized 1,950,000 shares, issued 1,678,791 shares at December 31, 1993 and 1,680,491 shares at September 30, 1993 (liquidation value $16,788,000 and $16,805,000, respectively).	420,000	420,000
Common Stock, par value $.25 per share, authorized 85,000,000 shares, issued 35,877,822 shares at December 31, 1993 and 35,803,344 shares at September 30, 1993, and 590,300 shares and 202,900 shares in treasury at December 31, 1993 and September 30, 1993, respectively	8,969,000	8,951,000
Other shareholders' equity	155,695,000	151,942,000
Total shareholders' equity	165,084,000	161,313,000
	$259,237,000	$270,270,000

<FN>

See notes to condensed consolidated financial statements.

INSTRUMENT SYSTEMS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	THREE MONTHS ENDED DECEMBER 31,	
	1993	1992

Net sales	$116,155,000	$103,582,000
Cost of sales	81,788,000	73,065,000
Gross profit	34,367,000	30,517,000
Selling, general and administrative expenses	22,917,000	21,077,000
Income from operations	11,450,000	9,440,000
Other income (expense):		
Interest expense	(461,000)	(502,000)
Interest income	452,000	234,000
Other, net	92,000	206,000
	83,000	(62,000)
Income from continuing operations before income taxes	11,533,000	9,378,000
Provision for income taxes:		
Federal	3,892,000	2,907,000
State and other	836,000	859,000
	4,728,000	3,766,000
Income from continuing operations	6,805,000	5,612,000
Discontinued operations, net of income tax effect	---	173,000
Net income	$ 6,805,000	$ 5,785,000
Net income per share of common stock (Note 3)	$ .18	$ .15

<FN>

See notes to condensed consolidated financial statements.

INSTRUMENT SYSTEMS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	THREE MONTHS ENDED DECEMBER 31,	
	1993	1992
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 6,805,000	$ 5,785,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,359,000	2,335,000
Provision for losses on accounts receivable	191,000	185,000
Income from discontinued operations	---	(263,000)
Change in assets and liabilities:		
Decrease in accounts receivable and contract costs and recognized income not yet billed	13,901,000	7,430,000
Increase in inventories	(3,112,000)	(1,140,000)
Increase in prepaid expenses and other assets	(541,000)	(540,000)
Decrease in accounts payable, accrued liabilities and Federal income taxes	(11,043,000)	(5,069,000)
Other changes, net	(8,000)	62,000
Total adjustments	1,747,000	3,000,000

Net cash provided by operating activities	8,552,000	8,785,000
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in marketable securities	(13,075,000)	(2,456,000)
Acquisition of property, plant and equipment	(804,000)	(1,637,000)
Proceeds from sale of investment in affiliate	11,615,000	---
(Increase) decrease in equipment lease deposits and other	1,219,000	(625,000)
Net cash used in investing activities	(1,045,000)	(4,718,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury shares	(3,338,000)	(391,000)
Payment of long-term debt	(3,249,000)	(104,000)
Other, net	164,000	182,000
Net cash used by financing activities	(6,423,000)	(313,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,084,000	3,754,000
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	26,466,000	18,007,000
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 27,550,000	$ 21,761,000

<FN>

See notes to condensed consolidated financial statements.

INSTRUMENT SYSTEMS CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Basis of Presentation -

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The balance sheet at September 30, 1993 has been derived from the audited financial statements at that date. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three-month period ended December 31, 1993 are not necessarily indicative of the results that may be expected for the year ended September 30, 1994. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report to shareholders for the year ended September 30, 1993. The Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," during the quarter ended December 31, 1993. Adoption of this standard did not have a material effect on the Company's financial position or results of operations. Prior periods have not been restated to reflect this standard.

(2) Inventories -

Inventories, stated at the lower of cost (first-in, first-out or average) or market, are comprised of the following:

	December 31, 1993	September 30, 1993
Finished goods	$14,071,000	$13,136,000
Work in process	24,379,000	22,383,000
Raw materials and supplies	20,647,000	20,466,000

$59,097,000	$55,985,000

(3) Net Income Per Share -

Net income per share is calculated using the weighted average number of shares of common stock, and where dilutive, common stock equivalents outstanding during each period. Shares used in computing per share results were 37,928,000 and 37,902,000 for the three months ended December 31, 1993 and 1992, respectively.

(4) Discontinued Operations -

The sale of the Company's 25% interest in Oneita Industries, Inc. was completed in October 1993 for approximately $11,500,000. As a result, the operating results for the three months ended December 31, 1992 have been reclassified to reflect Oneita as a discontinued operation.

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

Results of Operations

Net sales were $116.2 million in the three-month period ended December 31, 1993, an increase of $12.6 million or 12.1% over last year. Net sales of the building products business were $61.1 million, an increase of $10.8 million or 21.4% over last year. The increase was principally due to increased unit sales of garage doors. Net sales of the specialty plastic films business were $26.9 million, approximately the same as last year. Net sales of the electronic information and communication systems business were $19.2 million, up $1.5 million or 8.8% over last year. The higher sales were principally due to new program awards.

Income from operations for the three-month period ended December 31, 1993 was $11.5 million, an increase of $2.0 million or 21.3% over last year. Operating income of the building products business increased $1.8 million over last year primarily due to the increased sales. Operating income of the specialty plastic films business increased by $.7 million compared to last year primarily due to production efficiencies and lower raw material costs. Operating income of the electronic information and communication systems business decreased by $.5 million principally due to a higher proportion of development contracts compared to the prior year and slightly increased G&A expenses.

Interest expense of $.5 million was approximately the same as in the prior year. Interest income of $.5 million was $.3 million higher than last year principally due to the investment of the proceeds from the October 1993 sale of the 25% ownership interest in Oneita Industries, Inc.

Liquidity and Capital Resources

Cash flow generated from operations was $8.5 million after income tax payments of $4.1 million. Cash and marketable securities increased by $14.2 million to $51.7 million. Working capital was $115.9 million, approximately the same as at September 30, 1993.

Cash flows from investing activities were principally due to $11.6 million of proceeds received from the sale of the Company's ownership interest in Oneita Industries, Inc.

Cash flows used by financing activities included debt reduction of $3.2 million and expenditures of approximately $3.3 million for the purchase of 387,400 shares of Common Stock in connection with the Company's previously announced stock buyback program. In January 1994, approximately $1.5 million was expended to acquire additional treasury shares.

Anticipated cash flows from operations, together with existing cash and lease line availability, should be adequate to finance presently anticipated short and long-term liquidity needs.

INSTRUMENT SYSTEMS CORPORATION AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1 Legal Proceedings

Instrument Systems Corporation -- Sinclair Refinery Superfund Site -- Wellsville, New York. As previously reported, the Atlantic Richfield Company ("ARCO") initially notified the Company in 1991 that based upon ARCO's investigation of the groundwater at the Sinclair Refinery Superfund Site in Wellsville, New York, a portion of which ("Operable Unit II") allegedly is owned currently by an indirect wholly-owned subsidiary of the Company, ISC Development Corp., the shallow acquifer underlying the Site was found to be contaminated with various hazardous substances. It is ARCO's contention that manufacturing operations conducted at ISC Development Corp.'s premises (which were leased to a third party) may have contributed to this contamination and that as an owner and/or operator, the Company would be jointly and severally liable as a responsible party for the costs of remediation under Section 107 of CERCLA.

On or about October 26, 1992, a demand notice was served on the Company requesting essentially that the Company contribute equitably to the response costs being incurred by ARCO.

On or about January 26, 1994, ARCO served the Company with a summons and complaint in an action pending in the United States District Court for the Western District of New York. The Company has been named as one of several defendants whom the plaintiff claims should be held jointly and severally liable for the costs incurred and to be incurred by ARCO in the remediation and clean up of portions of the Sinclair Refinery Superfund Site.

Item 2 Changes in Securities

None

Item 3 Defaults upon Senior Securities

None

Item 4 Submission of Matters to a Vote of Security Holders

(a) The Registrant held its Annual Meeting of Stockholders on February 8, 1994.

(b) Not applicable.

(c) (i) A proposal to adopt an Outside Director Stock Award Plan was approved at the Annual Meeting. Votes cast at this meeting were 25,748,514 shares for, 2,118,509 shares against and 349,649 shares abstaining.

(ii) Four directors were elected at the Annual Meeting of Stockholders to serve until the Annual Meeting of Stockholders in 1997 or until their successors are chosen and qualified. The names of these Directors and votes cast in favor of their election and shares withheld are as follows:

NAME	VOTES FOR	VOTES WITHHELD

Name		
Robert Balemian	27,577,661	673,252
Harvey R. Blau	27,589,031	661,882
Ronald J. Kramer	27,412,409	838,504
Lieutenant General James W. Stansberry (Ret.)	27,563,279	687,634

Item 5 Other Information

None

Item 6 Exhibits and Reports on Form 8-K

Report on Form 8-K dated October 6, 1993 covering Item 2 -- Disposition of Assets and Item 7 -- Financial Statements and Exhibits.

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.

INSTRUMENT SYSTEMS CORPORATION

By Robert Balemian

Robert Balemian
President
(Principal Financial Officer)

Date February 9, 1994