UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON DC 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended September 30, 1999

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 0-23125

OSI SYSTEMS, INC.
(Exact name of Registrant as specified in its charter)

California	33-0238801
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

12525 Chadron Avenue
Hawthorne, California 90250
(Address of principal executive offices)

Registrant's telephone number, including area code: (310) 978-0516

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 as the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety days.

YES X NO

As of November 8, 1999 there were 9,406,695 shares of common stock outstanding.

OSI SYSTEMS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

OSI SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)
(Unaudited)

	September 30, 1999	June 30, 1999
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 7,683	$ 7,241
Marketable securities available for sale	1,769	1,708
Accounts receivable, net of allowance for doubtful accounts of $1,091 and $860 at September 30, 1999 and June 30, 1999, respectively	27,095	29,330
Other receivables	2,323	1,862
Inventory	24,822	24,481
Prepaid expenses	1,429	1,018
Deferred income taxes	1,108	1,108
Income taxes receivable	2,463	1,853
Total current assets	68,692	68,601
Property and Equipment, Net	14,465	14,486
Intangible and Other Assets, Net	9,124	8,581
Deferred income taxes	1,703	1,703
Total	$93,984	$93,371
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Bank lines of credit	$12,930	$ 8,678
Current portion of long-term debt	297	292
Accounts payable	6,836	9,145
Accrued payroll and related expenses	2,171	2,399
Income taxes payable	786	717
Advances from customers	843	996
Accrued warranties	2,070	1,984
Other accrued expenses and current liabilities	3,843	2,922
Total current liabilities	29,776	27,133
Long-Term Debt	71	117
Deferred Income Taxes	324	339
Total liabilities	30,171	27,589
Shareholders' Equity		
Preferred stock, no par value; authorized, 10,000,000 shares; none issued and outstanding at September 30, 1999 and June 30, 1999, respectively		
Common stock, no par value; authorized, 40,000,000 shares; issued and outstanding 9,739,195 and 9,732,415 shares at September 30, 1999 and June 30, 1999, respectively	49,256	49,230
Treasury stock	(1,605)	(438)
Retained earnings	16,779	18,160
Accumulated other comprehensive income	(617)	(1,170)
Total shareholders' equity	63,813	65,782
Total	$93,984	$93,371

See accompanying notes to consolidated financial statements

OSI SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)
(Unaudited)

	Three months ended September 30, 1999	Three months ended September 30, 1998
Revenues	$24,955	$21,404
Cost of goods sold	17,759	14,988
Gross profit	7,196	6,416
Operating expenses:		
Selling, general and administrative	5,183	3,363
Research and development	1,637	1,024
Goodwill amortization	127	26
Restructuring costs	1,898	
Total operating expenses	8,845	4,413
(Loss)/income from operations	(1,649)	2,003
Interest expense/(income), net	123	(167)
(Loss)/income before provision for income taxes	(1,772)	2,170
(Benefit) provision for income taxes	(391)	510
Net (loss)/income	$(1,381)	$ 1,660
(Loss) earnings per common share	$ (0.15)	$ 0.17
(Loss) earnings per common share,assuming dilution	$ (0.15)	$ 0.17

See accompanying notes to consolidated financial statements

OSI SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three months ended September 30, 1999	1998
Cash flows from operating activities:		
Net (loss) income	$(1,381)	$ 1,660
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	983	645
Deferred income taxes	(17)	-
Changes in operating assets and liabilities:		
Accounts receivable	2,379	2,384
Other receivables	(222)	(487)
Inventory	(227)	(1,837)
Prepaid expenses	(413)	(335)
Accounts payable	(2,422)	(54)
Accrued payroll and related expenses	(174)	(912)
Income taxes payable	53	112
Increase in prepaid income taxes receivable	(540)	-
Advances from customers	(166)	(260)
Accrued warranty	69	(115)
Other accrued expenses and current liabilities	793	340
Net cash (used in) provided by operating activities	(1,285)	1,141
Cash flows from investing activities:		
Additions to property and equipment	(616)	(1,594)
Addition to marketable securities available for sale	-	(1,431)
Gain on sale of marketable securities available for sale	(2)	
Decrease in equity investments	39	-
Cash paid for business acquisitions, net of cash acquired	(776)	(8,663)
Other assets	-	(487)
Net cash used in investing activities	(1,355)	(12,175)
Cash flows from financing activities:		
Net proceeds from bank lines of credits	4,245	6,400
Payments on long-term debt	(46)	(356)
Proceeds from exercise of stock options and warrants	26	9
Treasury stock	(1,167)	-
Net cash provided by financing activities	3,058	6,053
Effect of exchange rate changes on cash	24	24
Net increase (decrease) in cash	442	(4,957)
Cash or cash equivalents, beginning of period	7,241	22,455
Cash or cash equivalents, end of period	$ 7,683	$ 17,498
Supplemental disclosures of cash flow information - Cash paid/(received) during the period for:		
Interest	$ 47	$ (239)
Income taxes	$ 95	$ 394

See accompanying notes to consolidated financial statements

OSI SYSTEMS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - OSI Systems, Inc. and its subsidiaries (collectively, the "Company") is a vertically integrated worldwide provider of devices, subsystems and end-products based on optoelectronic and silicon pressure-sensor micro-structure technology. The Company designs and manufactures optoelectronic and silicon pressure-sensor devices and value-added subsystems for original equipment manufacturers in a broad range of applications, including security, medical diagnostics, telecommunications, gaming, office automation, aerospace, computer peripherals and industrial automation. In addition, the Company utilizes its optoelectronic technology and design capabilities to manufacture security and inspection products that it markets worldwide to end users under the "Rapiscan", "Secure" and "Metor" brand names. These products are used to inspect people, baggage, cargo and other objects for weapons, explosives, drugs and other contraband. The Company has also, through the acquisition of Osteometer MediTech A/S ("Osteometer"), expanded into the manufacture and sale of bone densitomers, which are used to provide bone loss measurements in the diagnosis of osteoporosis.

Consolidation - The consolidated financial statements include the accounts of OSI Systems, Inc. and its majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated balance sheet as of September 30, 1999, the consolidated statements of operations and the consolidated statements of cash flows for the three-month periods ended September 30, 1999 and 1998 have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "Commission"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. However, in the opinion of management, all adjustments, consisting of only normal and recurring adjustments, necessary for a fair presentation of the financial position and the results of operations for the periods presented have been included. These consolidated financial statements and the accompanying notes should be read in conjunction with the audited consolidated financial statements and accompanying notes for the fiscal year ended June 30, 1999 included in the Company's Annual Report on Form 10K as filed with the Commission on September 28, 1999. The results of operations for the three months ended September 30, 1999 are not necessarily indicative of the results to be expected for the fiscal year ending June 30, 2000.

Recent Developments - On October 4, 1999, the Company acquired an additional equity interest, representing 15.3% of the stock ownership of TFT Medical, Inc. for $1.2 million, including professional fees associated with the acquisition. With this additional equity investment, the Company has increased its equity share in TFT Medical, Inc. to 55.6%. TFT Medical Inc. develops new generation pulse oximeter instruments and probes for use in the medical field.

Foreign Exchange Instruments - The Company's use of derivatives is limited to the purchase of foreign exchange contracts in order to minimize foreign exchange transaction gains and losses. The Company purchases forward contracts to hedge commitments to acquire inventory for sale and does not use the contracts for trading purposes. Realized gains and losses on these contracts are recognized in the same period as the hedged transactions. The forward exchange contracts related to inventory purchases are recognized as adjustments to the basis of the underlying assets. As of September 30, 1999 and June 30, 1999 there was approximately $211,000 and $200,000, respectively, in outstanding foreign exchange contracts. At September 30, 1999 and June 30, 1999, there were no carrying amounts related to foreign currency contracts on the consolidated balance sheets. The fair values of foreign exchange contracts are estimated by obtaining quotes from brokers. At September 30, 1999 and June 30, 1999, the carrying amount and fair value of these contracts were not material to the consolidated financial statements.

Inventory - Inventory is stated at the lower of cost or market; cost is determined on the first-in, first-out method.

Inventory at September 30, 1999 and June 30, 1999 consisted of the following (in thousands):

	September 30, 1999	June 30, 1999
Raw Materials.....	$11,747	$11,963
Work-in-process...	8,221	8,000
Finished goods....	4,854	4,518
Total..........	$24,822	$24,481

Earnings Per Share - Earnings per common share is computed using the weighted average number of shares outstanding during the period. Earnings per common share-assuming dilution, is computed using the weighted average number of shares outstanding during the period and dilutive common stock equivalents from the Company's stock option plans. The following table reconciles the numerator and denominator used in calculating earnings per common share and earnings per common share-assuming dilution.

	For the Quarter ended September 30,					
	1999			1998		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
Earnings per common share						
Income available to common stockholders	$(1,381,000)	9,521,695	$(0.15)	$1,660,000	9,693,165	$0.17
Effect of Dilutive Securities						
Options, treasury stock method		0			153,506	
Earnings per common share assuming dilution						
Income available to common stockholder, assuming dilution	$(1,381,000)	9,521,695	$(0.15)	$1,660,000	9,846,671	$0.17

Comprehensive Income - In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 130 "Reporting for Comprehensive Income" (SFAS No. 130), which the Company adopted in the first quarter of fiscal 1999. SFAS No.130 establishes standards for reporting and displaying comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income is computed as follows (in thousands):

	For the Quarter ended September 30,	
	1999	1998
Net income	$(1,381)	$1,660
Other comprehensive income, net of taxes:		
Foreign currency translation adjustments	493	(103)
Unrealized gains on marketable securities available for sale	59	167
Other comprehensive income	552	64
Comprehensive income	$(829)	$1,724

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Statement

Statements in this report that are forward-looking are based on current expectations, and actual results may differ materially. Forward-looking statements involve numerous risks and uncertainties that could cause actual results to differ materially, including, but not limited to, the possibilities that the demand for the Company's products may decline as a result of possible changes in general and industry specific economic conditions and the effects of competitive pricing and such other risks and uncertainties as are described in this report on Form 10-Q and other documents previously filed or hereafter filed by the Company from time to time with the Securities and Exchange Commission.

Results of Operations

Revenues. Revenues consist of sales of optoelectronic and pressure sensor devices, subsystems, medical imaging systems and security and inspection products. Revenues are recorded net of all inter-company transactions. Revenues increased by 16.6% to $25.0 million for the three months ended September 30, 1999, compared to $21.4 million for the comparable prior year period. Revenues for the three months ended September 30, 1999 from optoelectronic and pressure sensor devices, subsystems and medical imaging systems were $13.8 million or approximately 55.1% of the Company's revenues and revenues from security and inspection products were $11.2 million, or approximately 44.9% of the Company's revenues. The increase in revenues from sales of optoelectronic and pressure sensor devices, subsystems and medical imaging systems for the three months ended September 30, 1999 was primarily due to sales of pressure sensors through the recent acquisition of Silicon Microstructures Inc. ("SMI") and was partially offset by a decrease in sales to the oil exploration industry. The increase in revenues from the sale of security and inspection products for the three months ended September 30, 1999 was primarily due to sales of walk-through metal detection systems through the recent acquisition of the security products business of Metorex International Oy ("Metorex Security").

Gross Profit. Cost of goods sold consists of material, labor and manufacturing overhead. Gross profit increased by $780,000, or 12.2%, to $7.2 million for the three months ended September 30, 1999 from $6.4 million for the three months ended September 30, 1998. As a percentage of revenues, gross profit decreased to 28.8% for the three months ended September 30, 1999 from 30.0% for the three months ended September 30, 1998. The decrease in gross margin was mainly due to product mix and manufacturing inefficiencies due to acquisitions.

Selling, General and Administrative. Selling, general and administrative expenses consisted primarily of compensation paid to sales, marketing, and administrative personnel, professional service fees, and marketing expenses. For the three months ended September 30, 1999, such expenses increased by $1.8 million or 54.1%, to $5.2 million from $3.4 million for the three months ended September 30, 1998. As a percentage of revenues, selling, general and administrative expenses increased to 20.8% for the three months ended September 30, 1999 from 15.7% for the three months ended September 30, 1998. The increase in expenses was due primarily to the inclusion of selling, general and administrative expenses of recent acquisitions in the Company's consolidated financial statements, increase in provision for doubtful accounts receivables, increase in legal expenses and other administrative expenses. For the three months ended September 30, 1999, the Company's recently acquired subsidiaries incurred $1.0 million of selling, general and administrative expenses.

Research and Development. Research and development expenses include research related to new product development and product enhancement expenditures. For the three months ended September 30, 1999, such expenses increased by $613,000 or 60.0% to $1.6 million from $1.0 million for the three months ended September 30, 1998. As a percentage of revenues, research and development expenses increased to 6.6% for the three months ended September 30, 1999 from 4.8% for the three months ended September 30, 1998. The increase was due primarily to the increase in personnel costs resulting from the Company's recently acquired subsidiaries and continued enhancement of Rapiscan X-ray systems. For the three months ended September 30, 1999, $510,000 of research and development expenses incurred by the acquired companies were included in the Company's consolidated financial statements.

Goodwill Amortization. Amortization of goodwill increased to $127,000 for the three months ended September 30, 1999 from $26,000 for the three months ended September 30, 1998. The increase in goodwill amortization was primarily due to the amortization of goodwill associated with the acquisition of Metorex Security and SMI. In the prior periods, goodwill amortization was included as a component of selling, general and administration expenses.

Restructuring Costs. In August 1999, the Company decided to close the operations of Osteometer in Denmark, and relocate certain of these operations to the Company's U.S. facilities. Based on current estimates, for the three months ended September 30, 1999, the Company recorded restructuring costs of $1.9 million related to the closure of the Osteometer facility in Denmark. These costs were associated primarily with the termination of certain employees, commitments and other facility closure costs. Of that amount, $623,000 was paid during the quarter and $1.3 million was included in other accrued expenses and current liabilities at September 30, 1999. The restructuring costs include $698,000 attributable to employee termination benefits for approximately 32 employees, of which $353,000 was paid during the quarter and $345,000 is included in other accrued expenses and current liabilities.

(Loss)Income from Operations. For the three months ended September 30, 1999, loss from operations was $1.6 million compared to income of $2.0 million for the three months ended September 30, 1998. Excluding the non-recurring restructuring costs of $1.9 million, income from operations for the three months ended September 30, 1999 decreased by $1.8 million or 87.7% to $249,000 from $2.0 million for the three months ended September 30, 1998. Income from operations decreased due to increased selling, general and administrative expenses, increased research and development expenses and increased goodwill amortization and was partially offset by increase in gross profit.

Interest Expense (Income). For the three months ended September 30, 1999, the Company incurred net interest expense of $123,000, compared to net interest income of $167,000 for the three months ended September 30, 1998. The net interest expense for the three months ended September 30, 1999 was due to increased borrowing on the Company's lines of credit and a reduction in short term investments used for working capital and acquisitions.

(Benefit) Provision for Income Taxes. For the three months ended September 30, 1999, the Company had an income tax benefit of $391,000 compared to a provision for income taxes of $510,000 for the three months ended September 30, 1998. As a percentage of loss before benefit for income taxes, the benefit for income taxes was 22.1% for the three months ended September 30, 1999 compared to a provision for income taxes of 23.5% as a percentage of income before provision for income taxes for the three months ended September 30, 1998. The reduction in the Company's effective tax rate was primarily due to non-recurring restructuring costs and a mix in income from U.S. and foreign operations.

Net(Loss)/Income. For the reasons outlined above, including the non-recurring restructuring costs for the three months ended September 30, 1999, the Company had a net loss of $1.4 million, compared to net income of $1.7 million for the three months ended September 30, 1998.

Liquidity and Capital Resources

The Company's operations used net cash of $1.3 million during the three months ended September 30, 1999. The amount of net cash used in operations reflects increases in inventory, other receivables, prepaid expenses and reduction in accounts payable, accrued payroll and related expenses and advances from customers. Net cash used in operations was offset in part by reduction in accounts receivables and increases in other accrued expenses and current liabilities.

Net cash used in investing activities was $1.4 million and $12.2 million for the three months ended September 30, 1999 and 1998, respectively. In the three months ended September 30, 1999, the net cash used in investing activities reflects primarily cash used in business acquisitions and purchases of property and equipment. In the period ended September 30, 1998, the net cash used in investing activities reflects primarily cash used in business acquisitions, purchase of property and equipment and purchase of marketable securities available for sale. In the period ended September 30, 1999, the Company paid 4.4 million Finnish markka (approximately $776,000 on September 30, 1999), in lieu of a contingent payment, based on future sales of up to $1.5 million for the acquisition of Metorex Security. The payment was recorded as goodwill.

Net cash provided by financing activities was $3.1 million and $6.1 million for the three months ended September 30, 1999 and 1998, respectively, in each case primarily in the form of net borrowing from bank lines of credit. In the three months ended September 30, 1999, net cash provided by financing activities was offset in part by the purchase of treasury stock.

In March 1999, the Company announced a stock repurchase program of up to 2,000,000 shares of its common stock. Through November 8, 1999, the Company repurchased 332,500 shares at an average price $4.83 per share. The stock repurchase program did not have a material effect on the Company's liquidity and is not expected to have a material effect on liquidity in subsequent quarters.

The Company anticipates that current cash balances, anticipated cash flows from operations and current borrowing arrangements will be sufficient to meet its working capital, stock repurchase program and capital expenditure needs for the foreseeable future.

Foreign Currency Translation. The accounts of the Company's operations in Singapore, Malaysia, England, Denmark, Finland, Norway and Canada are maintained in Singapore dollars, Malaysian ringgits, U.K. pounds sterling, Danish kroner, Finnish markka, Norwegian kroner and Canadian dollars, respectively. Foreign currency financial statements are translated into U.S. dollars at current rates, with the exception of revenues, costs and expenses, which are translated at average rates during the reporting period. Gains and losses resulting from foreign currency transactions are included in income, while those resulting from translation of financial statements are excluded from income and accumulated as a component of shareholder's equity. Net transaction gains of approximately $89,000 and $47,000 were included in income for the three months ended September 30, 1999 and 1998, respectively.

Inflation. The Company does not believe that inflation has had a material impact on its September 30, 1999 results of operations.

Year 2000 Compliance.
Overview:
The Company has a comprehensive Year 2000 project designed to identify and assess the risks associated with its information systems, products, operations and infrastructure, suppliers, and customers that are not Year 2000 compliant, and to develop, implement, and test remediation and contingency plans to mitigate these risks. The project comprises of four phases: (1) identification of risks, (2) assessment of risks, (3) development of

remediation and contingency plans, and (4) implementation and testing.

The Company's Year 2000 project is being spearheaded by a special task force comprised of a senior management team as well as other key personnel. The task force meets on a regular basis to determine and implement the steps necessary to insure that the Company becomes fully Year 2000 compliant.

Status:
The Company's Year 2000 project status is that identification of risks, and assessment of risks has been substantially completed. Development of remediation and contingency plans has either been completed or is underway and implementation and testing are either completed or in stages of completion.

Systems Compliance:
The Company has upgraded its critical database and believes that it is Year 2000 compliant. The financial systems of the Company's principal U.S. subsidiaries have been upgraded and are Year 2000 compliant. The financial systems of the Company's principal foreign subsidiaries are either Year 2000 compliant or in the process of being upgraded in order to be Year 2000 compliant. The Enterprise Resource Planning software used by several of the Company's operating subsidiaries has been certified by software vendors as Year 2000 compliant. The Company has completed a full assessment of all hardware, operating systems and software applications in use in the Company's information systems, operations and infrastructure on a worldwide basis. The necessary upgrading has been identified and necessary hardware purchased or redeployment of existing systems has been performed to ensure that all critical systems will be functional. The costs of such assessment and upgrading have not been material. The Company has obtained Year 2000 compliance statements from the manufacturers of the Company's hardware and software applications.

Trading Partners:
The Company has obtained, where possible, Year 2000 Compliance Statements or Certifications from its critical trading partners. This includes but is not limited to: banks, wire transfer services, electronic transfer services, utilities, communication systems, and freight carriers. The Company is currently in the process of obtaining Year 2000 certification from certain trading partners of its foreign subsidiaries.

Product Compliance:
The Company has completed evaluation of Year 2000 compliance of its own products. The majority of its products were found not to be affected by Year 2000 compliance issues since they do not utilize logic or a date or clock as part of their function. Certain products were determined to be impacted by the Year 2000 date change when "archiving" functions were utilized. The operations of the equipment itself were not impacted. Where applicable, customer notification was made and on request software updates will be performed on request.

Supplier Compliance:
The Company manufactures many products which are dependent on third party suppliers and vendors for critical parts. Critical suppliers have been notified and, where risk is established, contingency plans are in the process of being developed to assure uninterrupted operations.

Risk Assessment:
The Company believes that its greatest potential risks are associated with (i) its information systems and systems embedded in its operations and infrastructure ; and (ii) its reliance on Year 2000 compliance by the Company's vendors and suppliers. The Company has substantially completed the assessment of its operations and infrastructure, and at present time no significant problems have been identified. The Company has asked its critical vendors and suppliers to complete a Year 2000 survey to assess the status of their compliance in order to evaluate the effect it could have on the Company. The Company has completed distribution of surveys to its critical vendors and suppliers and is in the process of mailing follow-up requests to those vendors and suppliers who failed to respond to the initial mailing. The Company is in the process of establishing contingency planning based on either survey results or lack or response by the suppliers. Based on the status of the assessments made and remediation plans developed to date, the Company does not anticipate the cost of these contingency plans to be material and it expects to be able to fund the total costs through operating cash flows. However, the Company has not yet developed remediation for all known problems, or completed all contingency plans.

Based on the Company's current analysis and assessment of the state of its Year 2000 compliance, the Company's most reasonably likely worst case scenario involves delays in shipping of parts, including critical parts, by certain of the Company's vendors and suppliers. Such delays could cause the Company to experience delays in shipping its products. The Company is in the process of formulating contingency plans based on review of compliance surveys from its vendors and suppliers. These plans could include, among other things, increasing inventory of critical parts in late 1999 to insure an adequate supply is on hand to minimize shipping delays by the Company of its products.

As the Year 2000 project approaches completion, the Company may discover additional Year 2000 problems, and may not be able to develop, implement, or test remediation or contingency plans, or may find that the costs of these activities exceed current expectations and become material. In many cases, the Company is relying on assurances from suppliers that new and upgraded information systems and other products will be Year 2000 compliant. The Company continues to test such third-party products, but cannot be sure that its tests will be adequate or that, if problems are identified, they will be addressed in a timely and satisfactory manner. Additionally, even though the Company has made every effort to obtain Year 2000 compliance status from its critical suppliers and customers, it cannot enforce responses. In those cases where risks could exist, the necessary steps will be taken either by reserve funding, building inventory or identifying alternate sources prior to the end of 1999.

Because the Company uses a variety of information systems and has additional systems embedded in its operations and infrastructure, the Company cannot be sure that all of its systems will work together in a Year 2000 compliant fashion. Furthermore, the Company cannot be sure that it will not suffer business interruptions, either because of its own Year 2000 problems or those of its customers or suppliers whose Year 2000 problems may make it difficult or impossible for them to fulfill their commitments to the Company. If the Company fails to satisfactorily resolve Year 2000 issues related to its products in a timely manner, it could be exposed to liability to third parties. The Company is continuing to evaluate Year 2000-related risks and will take such further corrective actions as may be required.

PART II OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits
   27. Financial Data Schedule
b. Reports on Form 8-K
   None

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, in the City of Hawthorne, State of California on the 13th date of November 1999.

OSI Systems, Inc.

By: /s/ Deepak Chopra
Deepak Chopra
President and
Chief Executive Officer

By: /s/ Ajay Mehra
Ajay Mehra
Vice President and
Chief Financial Officer

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3-MOS
JUN-30-1999
JUL-01-1999
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