

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of Earliest  
Event Reported): September 17, 1998

SUN HYDRAULICS CORPORATION

-----  
(Exact name of registrant as specified in its charter)

Florida	0-21835	59-2754337
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1500 West University Parkway Sarasota, Florida	34232
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(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 941-362-1200

ITEM 5. OTHER EVENTS.

PRESS RELEASE

On September 17, 1998, the Company issued the press release attached hereto as Exhibit 99.1 announcing a \$0.04 per share dividend on its common stock payable on October 15, 1998, to shareholders of record on September 30, 1998.

On November 10, 1998, the Company issued the press release attached hereto as Exhibit 99.2 announcing its plans to form joint-venture company in China.

On November 13, 1998, the Company issued the press release attached hereto as Exhibit 99.3 announcing earnings for the quarter ended September 30, 1998.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

- (a) Financial Statements of Businesses Acquired.

None.

- (b) Pro Forma Financial Information.

None.

- (c) Exhibits.

<TABLE>  
<CAPTION>

Exhibit Number	Exhibit Description
<S> <C>	
99.1	Press Release of the Registrant dated September 17, 1998.
99.2	Press Release of the Registrant dated November 10, 1998.
99.3	Press Release of the Registrant dated November 13, 1998.

</TABLE>

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#### SIGNATURE

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

SUN HYDRAULICS CORPORATION

By: /s/ Richard J. Dobbyn

-----  
Richard J. Dobbyn  
Chief Financial Officer (Principal  
Financial and Accounting Officer)

Dated: November 16, 1998

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#### EXHIBIT INDEX

<TABLE>  
<CAPTION>

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</TABLE>

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Exhibit 99.1

FOR RELEASE: Immediately

Contact:

Richard K. Arter      Investor Relations      941-362-1200  
Richard J. Dobbyn      Chief Financial Officer      941-362-1200

SUN HYDRAULICS CORPORATION DECLARES THIRD QUARTER DIVIDEND

SARASOTA, FLA, September 17, 1998 - Sun Hydraulics Corporation (NASDAQ: SNHY) has announced a \$0.04 per share dividend on its common stock. The dividend is payable on October 15, 1998, to shareholders of record as of September 30, 1998.

Sun Hydraulics Corporation, with manufacturing and distribution facilities in Sarasota, Florida, Coventry, England and Erkelenz, Germany, is a leading designer and manufacturer of high-performance screw-in hydraulic cartridge valves and manifolds for global mobile and industrial markets.

EXHIBIT 99.2

FOR RELEASE: Immediately

Contact:

Richard K. Arter            Investor Relations            941-362-1200  
Richard J. Dobbyn        Chief Financial Officer        941-362-1200

SUN HYDRAULICS CORPORATION ANNOUNCES APPLICATION FOR JOINT VENTURE IN CHINA

SARASOTA, FLA, November 10, 1998 - Sun Hydraulics Corporation (NASDAQ: SNHY) today announced that it has applied to form a joint-venture company in China. The proposed company, Sun Hydraulics Systems (Shanghai) Ltd., will be located in Songjiang, a suburb of Shanghai, and will be a joint-venture partnership between Sun Hydraulics Corporation, and Links Lin, the owner of Sun Hydraulics Corporation's Taiwanese distributor, Taiphil Pioneer. Upon approval of the joint venture by the Chinese government, Mr. Lin will set up residence in Shanghai to act as general manager of the new company.

"Our relationship with Links Lin goes back more than 12 years," said Sun Hydraulics President Clyde Nixon. "During that time, Mr. Lin has specialized in designing and manufacturing steel and ductile iron manifolds that incorporate our screw-in cartridge valves, primarily for use in industrial markets. Together with our recent acquisition of Korea Fluid Power, these two companies provide an experienced Asian base for the design and manufacture of both aluminum and ductile iron manifolds."

Barring unforeseen delays, it is expected that Sun Hydraulics Systems (Shanghai) Ltd. will be formed before the end of 1998. In addition to designing and manufacturing ductile iron manifolds, the new joint-venture company will serve as a source of technical support for the application and sale of Sun products in Hong Kong and mainland China.

Sun Hydraulics is a leading designer and manufacturer of high performance screw-in hydraulic cartridge valves and manifolds for global industrial and mobile markets.

FORWARD-LOOKING INFORMATION

Certain oral statements made by management from time to time and certain statements contained herein that are not historical facts are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and, because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements, including those in Management's Discussion and Analysis of Financial Condition and Results of Operations are statements regarding the intent, belief or current expectations, estimates or projections of the Company, its Directors or its Officers about the Company and the industry in which it operates, and assumptions made by management, and include among other items, (i) the Company's strategies regarding growth, including its intention to develop new products; (ii) the Company's financing plans; (iii) trends affecting the Company's financial condition or results of operations; (iv) the Company's ability to continue to control costs and to meet its liquidity and other financing needs; (v) the declaration and payment of dividends; (vi) the Company's Year 2000 readiness plans and costs; and (vii) the Company's ability to respond to changes in customer demand domestically and internationally, including as a result of standardization. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that the anticipated results will occur.

Important factors that could cause the actual results to differ materially from those in the forward-looking statements include, among other items, (i) the economic cyclicality of the capital goods industry in general and the hydraulic valve and manifold industry in particular, which directly affect customer orders, lead times and sales volume; (ii) conditions in the capital markets, including the interest rate environment and the availability of capital; (iii) changes in the competitive marketplace that could affect the

Company's revenue and/or cost bases, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; (iv) changes in technology or customer requirements, such as standardization of the cavity into which screw-in cartridge valves must fit, which could render the Company's products or technologies noncompetitive or obsolete; (v) new product introductions, product sales mix and the geographic mix of sales nationally and internationally; (vi) the Company's ability timely to become Year 2000 ready, including the Company's ability to identify all critical systems that will be impacted by the Year 2000, the Company's ability, in a cost-efficient manner, to correct, upgrade or replace such systems, and the Year 2000 readiness of third parties with which the Company has material relationships; and (vii) changes relating to the Company's international sales, including changes in regulatory requirements or tariffs, trade or currency restrictions, fluctuations in exchange rates, and tax and collection issues. Further information relating to factors that could cause actual results to differ from those anticipated is included but not limited to information under the headings "Risk Factors" in the Form S-1 Registration Statement and Prospectus for the Company's initial public offering, and "Business" in the Company's Form 10-K for the year ended December 31, 1997, and "Management's Discussion and Analysis" in the Company's Form 10-Q for the quarter ended June 30, 1998. The Company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Exhibit 99.3

FOR RELEASE: Immediately

Contact:

Richard K. Arter      Investor Relations      941-362-1200  
Richard J. Dobbyn      Chief Financial Officer      941-362-1200

SUN HYDRAULICS CORPORATION REPORTS \$0.31 EARNINGS PER SHARE FOR THIRD QUARTER  
SETTLEMENT OF INSURANCE CLAIM CONTRIBUTES TO EARNINGS RISE

SARASOTA, FLA, November 13, 1998 - Sun Hydraulics Corporation (NASDAQ: SNHY) today announced net sales were \$17.7 million for the quarter ended September 30, 1998, compared to \$17.3 million for the quarter ended September 30, 1997. Net income for the quarter ended September 30, 1998 was \$2.0 million, or \$0.31 per diluted share, compared to net income of \$1.4 million, or \$0.21 per diluted share, for the same quarter in 1997. The settlement of a business interruption insurance claim contributed approximately \$0.17 per diluted share to net income. Without the insurance claim settlement, basic and diluted net income per share and would have been \$0.15 and \$0.14, respectively, for the third quarter of 1998.

For the nine months ended September 30, 1998, basic and diluted net income per share were \$0.76 and \$0.74, respectively. Net sales for the nine months ended September 30, 1998, increased 15.3% to \$54.4 million, compared to \$47.2 million in the first nine months of 1997. Net income for the nine months ended September 30, 1998, including the insurance claim settlement, increased 40.4% to \$4.8 million, compared to \$3.4 million in the first nine months of 1997.

As previously announced, third quarter earnings, disregarding the settlement of the insurance claim, fell below analyst expectations due to flat sales compared to the second quarter of 1998, a decline in productivity, lower manifold sales volume and increased material costs. Net sales were approximately the same as the second quarter of 1998.

"As I stated before, I'm obviously disappointed with our performance this past quarter," said Sun Hydraulics President Clyde Nixon. "We did not get the productivity we had anticipated out of the cartridge operation as we continued to work at improving our output. On the material cost side, we have experienced a steady rise in the prices we pay for purchased parts for our cartridge products and are actively reviewing our procurement procedures and evaluating our supplier base. We are concentrating on improving internal and external processes to yield parts with more consistent quality and improved cost structure, as well as allocating additional resources to our United States cartridge manufacturing operations to increase cartridge valve capacity.

"Manifold sales slowed in the third quarter and because manifolds typically yield a higher level of earnings contribution, this sales weakness contributed to the earnings shortfall," Nixon said. "We believe the lower manifold sales are indicative of a general slowdown in the hydraulic markets, a situation we will closely monitor. The National Fluid Power Association is predicting 1999 sales for the hydraulics industry to decline about 5%.

"Despite the soft markets, Sun Hydraulics is continuing to position itself for growth," Nixon concluded. "We are excited about our acquisition of Korea Fluid Power in September, and equally excited about the joint-venture company we are forming in China. Together with the expansion of our factory in England, the start-up of manifold manufacturing in Germany and our new cartridge products, especially our new solenoid valves, we believe that Sun Hydraulics is well positioned to grow in the screw-in cartridge valve and manifold markets."

FORWARD-LOOKING INFORMATION

Certain oral statements made by management from time to time and certain statements contained herein that are not historical facts are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and, because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements, including those in Management's Discussion and Analysis of Financial Condition and Results of Operations are statements regarding the intent, belief or current expectations, estimates or projections of the Company, its Directors or its Officers about the Company and the industry in which it operates, and assumptions made by management, and include among other items, (i) the Company's strategies regarding growth, including its intention to develop new products; (ii) the Company's financing plans; (iii) trends affecting the Company's financial condition or results of operations; (iv) the Company's ability to continue to control costs and to meet its liquidity and other financing needs; (v) the declaration and payment of dividends; (vi) the Company's Year 2000 readiness plans and costs; and (vii) the Company's ability to respond to changes in customer demand domestically and internationally, including as a result of standardization. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that the anticipated results will occur.

Important factors that could cause the actual results to differ materially from those in the forward-looking statements include, among other items, (i) the economic cyclicality of the capital goods industry in general and the hydraulic valve and manifold industry in particular, which directly affect customer orders, lead times and sales volume; (ii) conditions in the capital markets, including the interest rate environment and the availability of capital; (iii) changes in the competitive marketplace that could affect the Company's revenue and/or cost bases, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; (iv) changes in technology or customer requirements, such as standardization of the cavity into which screw-in cartridge valves must fit, which could render the Company's products or technologies noncompetitive or obsolete; (v) new product introductions, product sales mix and the geographic mix of sales nationally and internationally; (vi) the Company's ability timely to become Year 2000 ready, including the Company's ability to identify all critical systems that will be impacted by the Year 2000, the Company's ability, in a cost-efficient manner, to correct, upgrade or replace such systems, and the Year 2000 readiness of third parties with which the Company has material relationships; and (vii) changes relating to the Company's international sales, including changes in regulatory requirements or tariffs, trade or currency restrictions, fluctuations in exchange rates, and tax and collection issues. Further information relating to factors that could cause actual results to differ from those anticipated is included but not limited to information under the headings "Risk Factors" in the Form S-1 Registration Statement and Prospectus for the Company's initial public offering, and "Business" in the Company's Form 10-K for the year ended December 31, 1997, and "Management's Discussion and Analysis" in the Company's Form 10-Q for the quarter ended September 30, 1998. The Company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

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SUN HYDRAULICS CORPORATION - SEPTEMBER 30, 1998  
 CONSOLIDATED STATEMENTS OF INCOME  
 (in thousands except per share data)

<TABLE>  
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Three Months Ended  
 September 30,  
 (unaudited)  
 1998      1997  
 ----      ----

<S>	<C>	<C>
Net sales	\$17,664	\$17,301

Cost of sales	13,132	11,842	
Gross profit	4,532	5,459	
Selling, engineering and administrative expenses	2,864	3,018	
Operating income	1,668	2,441	
Interest expense	216	285	
Miscellaneous (income) expense	(1,586)	27	
Income before income taxes	3,038	2,129	
Income tax provision	1,015	777	
Net income	\$ 2,023	\$ 1,352	
Basic net income per common share	.32 *	.21	
Basic weighted average shares outstanding		6,354	6,309
Diluted net income per common share	.31 *	.21	
Diluted weighted average shares outstanding	6,560	6,499	

\* During the third quarter of 1998, the Company received a settlement of an insurance claim of \$1,661, net of expenses, or \$1,096, net of expenses and taxes. Basic and diluted earnings per share were \$0.15 and \$0.14, respectively, without this insurance claim.

<TABLE>  
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Nine Months Ended  
September 30,  
(unaudited)  
1998      1997  
----      ----

<S>	<C>	<C>	
Net sales	\$54,381	\$47,176	
Cost of sales	39,078	32,488	
Gross profit	15,303	14,688	
Selling, engineering and administrative expenses	8,911	8,584	
Operating income	6,392	6,104	
Interest expense	707	653	
Miscellaneous (income) expense	(1,588)	41	
Income before income taxes	7,273	5,410	
Income tax provision	2,430	1,961	
Net income	\$ 4,843	\$ 3,449	
Basic net income per common share	.76 **	.55	
Basic weighted average shares outstanding		6,340	6,303
Diluted net income per common share	.74 **	.53	
Diluted weighted average shares outstanding	6,561	6,487	

\*\* During the third quarter of 1998, the Company received a settlement of an insurance claim of \$1,661, net of expenses, or \$1,096, net of expenses and taxes. Basic and diluted earnings per share were \$0.59 and \$0.57, respectively, without this insurance claim.

CONSOLIDATED BALANCE SHEETS  
(in thousands)

<TABLE>  
<CAPTION>

September 30,    December 31,  
1998              1997



	(unaudited)	
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,474	\$ 1,249
Accounts receivable, net of allowance for doubtful accounts of \$49 and \$47	6,109	4,558
Inventories	7,990	6,775
Other current assets	907	932
Total current assets	16,480	13,514
Property, plant and equipment, net	42,957	39,789
Other assets	689	86
Total assets	\$60,126	\$53,389
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 3,758	\$ 2,847
Accrued expenses and other liabilities	2,440	2,174
Long-term debt due within one year	1,744	1,035
Notes payable to related parties due within one year	702	757
Dividends payable	254	221
Income taxes payable	1,136	380
Total current liabilities	10,034	7,414
Long-term debt due after one year	6,724	6,620
Notes payable to related parties due after one year	649	1,152
Deferred income taxes	3,217	3,203
Total liabilities	20,624	18,389
Shareholders' equity:		
Preferred stock	--	--
Common stock	6	6
Capital in excess of par value	24,386	24,163
Retained earnings	14,813	10,732
Equity adjustment for foreign currency translation	297	99
Total shareholders' equity	39,502	35,000
Total liabilities and shareholders' equity	\$60,126	\$53,389

</TABLE>