UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 quarter ended May 31, 1998

OR

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

Commission File No. 1-11288

APPLIED POWER INC.
(Exact name of Registrant as specified in its charter)

Wisconsin	39-0168610
(State of incorporation)	(I.R.S. Employer Id. No.)

13000 West Silver Spring Drive
Butler, Wisconsin 53007
Mailing address: P. O. Box 325, Milwaukee, Wisconsin 53201
(Address of principal executive offices) (Zip Code)

(414) 781-6600
(Registrant's telephone number)

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 such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Number of outstanding shares of Class A Common Stock: 27,937,056 as of June 30, 1998.

APPLIED POWER INC.

INDEX

<TABLE>
<CAPTION>

</TABLE>

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

APPLIED POWER INC.
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
(Dollars in thousands, except per share amounts)
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended May 31,		Nine Months Ended May 31,	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Net Sales	$241,653	$173,839	$667,487	$484,105
Cost of Products Sold	157,087	109,248	433,764	298,443
Gross Profit	84,566	64,591	233,723	185,662
Engineering, Selling and Administrative Expenses	51,985	43,478	149,579	127,525
Amortization of Intangible Assets	3,545	1,750	8,746	5,046
Operating Earnings	29,036	19,363	75,398	53,091
Other Expense(Income):				
Net financing costs	5,920	3,143	15,390	8,963
Other - net	(151)	(469)	(346)	(1,146)
Earnings Before Income Tax Expense	23,267	16,689	60,354	45,274
Income Tax Expense	8,318	5,591	21,299	15,167
Net Earnings	$ 14,949	$ 11,098	$ 39,055	$ 30,107
Basic Earnings Per Share:				
Earnings Per Share	$ 0.54	$ 0.40	$ 1.41	$ 1.09
Weighted Average Common Shares Outstanding (000's)	27,911	27,586	27,790	27,506
Diluted Earnings Per Share:				
Earnings Per Share	$ 0.51	$ 0.39	$ 1.33	$ 1.05
Weighted Average Common and Equivalent				

Shares Outstanding (000's)	29,539	28,809	29,426	28,626
	========	========	========	========

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

APPLIED POWER INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

<TABLE>
<CAPTION>

	May 31, 1998	August 31, 1997
	(Unaudited)	
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,262	$ 5,846
Net accounts receivable	83,471	84,697
Net inventories	129,950	115,761
Prepaid expenses and deferred taxes	22,141	19,602
	--------	--------
Total Current Assets	239,824	225,906
Other Assets	30,423	7,305
Goodwill	283,794	109,078
Other Intangibles	47,704	30,723
Net Property, Plant and Equipment	129,433	90,580
	--------	--------
Total Assets	$731,178	$463,592
	========	========
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings	$ 37,475	$ 21,428
Trade accounts payable	66,501	54,555
Accrued compensation and benefits	29,326	24,736
Income taxes payable	3,521	7,093
Other current liabilities	22,660	20,462
	--------	--------
Total Current Liabilities	159,483	128,274
Long-Term Debt	284,213	101,663
Deferred Income Taxes	17,030	14,596
Other Liabilities	25,786	14,950
Shareholders' Equity:		
Common stock, issued and outstanding 27,936,556 and 13,816,678 shares, respectively	5,587	2,763
Additional paid-in capital	40,030	38,388
Retained earnings	204,579	166,776
Cumulative translation adjustment	(5,530)	(3,818)
	--------	--------
Total Shareholders' Equity	244,666	204,109
	--------	--------
Total Liabilities and Shareholders' Equity	$731,178	$463,592
	========	========

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

APPLIED POWER INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

<TABLE>
<CAPTION>

	Nine Months Ended May 31,	
	1998	1997
<S>	<C>	<C>
Operating Activities		

Net Earnings	$ 39,055	$ 30,107
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	25,746	18,172
Changes in operating assets and liabilities, excluding the effects of business acquisitions and dispositions:		
Accounts receivable	(7,363)	(13,170)
Inventories	9,931	(449)
Prepaid expenses and other assets	(1,358)	(1,787)
Trade accounts payable	(218)	3,436
Other liabilities	(12,642)	1,098
Income taxes payable	(3,406)	(2,706)
Net Cash Provided By Operating Activities	49,745	34,701
Investing Activities		
Proceeds on the sale of property, plant and equipment	10,933	3,019
Purchases of property, plant and equipment	(24,030)	(18,208)
Cash used for business acquisitions	(253,463)	(64,831)
Proceeds from sale of product line	6,000	-
Investment in VERO Group plc	(18,744)	-
Other	61	(15)
Net Cash Used In Investing Activities	(279,243)	(80,035)
Financing Activities		
Proceeds from issuance of long-term debt	262,297	67,000
Principal payments on long-term debt	(83,418)	(19,899)
Net borrowings on short-term credit facilities	16,515	2,151
Debt financing costs	(382)	-
Additional receivables financed	30,000	525
Dividends paid on common stock	(1,252)	(1,240)
Stock options exercised	4,466	2,480
Other	-	(84)
Net Cash Provided By Financing Activities	228,226	50,933
Effect of Exchange Rate Changes on Cash	(312)	(978)
Net Increase(Decrease) in Cash and Cash Equivalents	(1,584)	4,621
Cash and Cash Equivalents - Beginning of Period	5,846	1,001
Cash and Cash Equivalents - End of Period	$ 4,262	$ 5,622

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

APPLIED POWER INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in thousands, except per share amounts)

Note A - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Applied Power Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with the instructions of 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. For additional information, refer to the consolidated financial statements and footnotes thereto in the Company's 1997 Annual Report on Form 10-K.

In the opinion of management, all adjustments considered necessary for a fair presentation have been made. Such adjustments consist of only those of a recurring nature. Operating results for the three and nine months ended May 31, 1998 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 1998.

Note B - Earnings Per Share

During the second quarter, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share," which was issued by the Financial Accounting Standards Board (FASB) in February 1997. Under the new pronouncement, the dilutive effect of stock options is excluded from the calculation of primary earnings per share, now called basic earnings per share. Earnings per share information for all prior periods presented has been restated to conform with the new calculation under SFAS No. 128.

The reconciliations between basic and diluted earnings per share are as follows:

	Three Months Ended May 31, 1998	Three Months Ended May 31, 1997	Nine Months Ended May 31, 1998	Nine Months Ended May 31, 1997
Numerator:				
Net earnings for basic and diluted earnings per share	$14,949	$11,098	$39,055	$30,107
Denominator:				
Weighted average common shares outstanding for basic earnings per share	27,911	27,586	27,790	27,506
Net effect of dilutive options based on the treasury stock method using average market price	1,628	1,223	1,636	1,120
Weighted average common and equivalent shares outstanding for diluted earnings per share	29,539	28,809	29,426	28,626
Basic Earnings Per Share	$ 0.54	$ 0.40	$ 1.41	$ 1.09
Diluted Earnings Per Share	$ 0.51	$ 0.39	$ 1.33	$ 1.05

Note C - Acquisitions

On May 1, 1998, the Company completed the acquisition of all of the outstanding capital stock of Premier Industries ("Premier") for approximately $20,000 in cash and approximately $1,800 of assumed debt. Cash paid for the transaction was funded through borrowings under existing credit facilities. Preliminary allocations of the purchase price resulted in approximately $11,300 of the purchase price being assigned to goodwill. Headquartered in Hudson, New Hampshire, Premier manufacturers enclosures and provides integration services for electronic equipment OEM's. The operating results of Premier subsequent to May 1, 1998 are included in the Condensed Consolidated Statement of Earnings.

On May 1, 1998, the Company also completed the acquisition of substantially all of the assets of Product Technology Inc. ("PTI") for approximately $17,000. Cash paid for the transaction was funded through borrowings under existing credit facilities. Preliminary allocations of the purchase price resulted in approximately $15,200 of the purchase price being assigned to goodwill. PTI provides electronic manufacturing and integration services for a diverse customer base and is headquartered in Irvine, California. The operating results of PTI subsequent to May 1, 1998 are included in the Condensed Consolidated Statement of Earnings.

On February 12, 1998, the Company completed the acquisition of all of the outstanding capital stock of Del City Wire Co., Inc. ("Del City") at a cash price of approximately $22,400. Cash paid for the transaction was funded through borrowings under existing credit facilities. Preliminary allocations of the purchase price resulted in approximately $19,400 of the purchase price being assigned to goodwill. Headquartered in Oklahoma City, Oklahoma, Del City is a direct catalog supplier of electrical wire, consumables, and accessories to wholesale and OEM customers in the heavy equipment, automotive, trucking, marine, and industrial markets. Del City is also a domestic manufacturer of solderless terminals, molded electrical plugs, battery cables, and related products. The operating results of Del City subsequent to February 12, 1998 are included in the Condensed Consolidated Statement of Earnings.

The Company also purchased all of the outstanding shares of capital stock of AA Manufacturing, Inc. ("AA") on February 12, 1998 for approximately $19,700 in cash which was funded through borrowings under existing credit facilities. Preliminary purchase price allocations show that the transaction generated goodwill of approximately $17,500. AA, headquartered in Garland, Texas, with a separate facility in Austin, Texas, is a manufacturer and integrator of custom electronic enclosures. The operating results of AA subsequent to February 12, 1998 are included in the Condensed Consolidated Statement of Earnings.

On January 22, 1998, the Company completed the acquisition of substantially all of the assets of Performance Manufactured Products Inc. and a related entity ("PMP") for approximately $23,700 in cash and approximately $5,000 of assumed debt. The transaction was funded through borrowings under existing credit facilities. Goodwill totaling approximately $17,100 was recorded in the acquisition as a result of preliminary allocations of the purchase price. PMP, headquartered in San Jose, California, is a manufacturer and integrator of custom electronic enclosures. The operating results of PMP subsequent to January 22, 1998 are included in the Condensed Consolidated Statement of Earnings.

On January 13, 1998, the Company completed the acquisition of all of the outstanding capital stock of Ancor Products, Inc. ("Ancor"). Cash paid for the transaction totaled approximately $4,700 and the Company assumed $100 in debt of Ancor. Preliminary allocations of the purchase price resulted in approximately $2,500 of goodwill. The transaction was funded through borrowings under existing credit facilities. Ancor, headquartered in Cotati, California, is a market leader in electrical products to the marine industry. The operating results of Ancor subsequent to the acquisition date are included in the Condensed Consolidated Statement of Earnings.

On October 16, 1997, the Company's CalTerm subsidiary acquired substantially all of the assets of Nylo-Flex Manufacturing Company, Inc. ("Nylo-Flex") for approximately $2,400 in cash. The transaction was funded through borrowings under then existing credit facilities. Goodwill totaling approximately $1,400 was recorded in the acquisition. Nylo-Flex, which does business under the TAM name, is headquartered in Mobile, Alabama. Nylo-Flex is a manufacturer, packager, and distributor of high quality battery terminals, battery cables, and battery maintenance accessories to the automotive, marine, farm, fleet, and industrial markets. The operating results of Nylo-Flex subsequent to October 16, 1997 are included in the Condensed Consolidated Statement of Earnings.

On October 6, 1997, the Company, through a wholly-owned subsidiary, accepted for payment all shares of Versa Technologies, Inc. ("Versa/Tek") common stock which were tendered pursuant to the Company's tender offer to purchase all outstanding shares at a cash price of $24.625 net per share. The balance of the outstanding shares was acquired for the same per share cash price in a follow-up merger on October 9, 1997. Cash paid for the transaction totaled approximately $141,000. Preliminary allocations of the purchase price resulted in approximately $97,000 of goodwill. The transaction was primarily funded with proceeds from a $140,000, 364-day revolving credit facility from the Company's then existing lenders. Versa/Tek, based in Racine, Wisconsin, is a value-added manufacturer of custom engineered components and systems for diverse industrial markets. The operating results of Versa/Tek subsequent to the acquisition date are included in the Condensed Consolidated Statement of Earnings. The following unaudited pro forma data summarize the results of operations for the periods indicated as if the acquisition of Versa/Tek had been completed on September 1, 1996, the beginning of the 1997 fiscal year. The pro forma data give effect to actual operating results prior to the acquisition and adjustments to interest expense, depreciation, goodwill amortization, and income taxes. These pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisition had occurred on September 1, 1996 or that may be obtained in the future. The pro forma data do not give effect to the other acquisitions completed subsequent to August 31, 1997.

<TABLE>
<CAPTION>

	Nine Months Ended May 31,	
	1998	1997
<S>	<C>	<C>
Net Sales	$676,817	$560,126
Net Earnings	$ 39,132	$ 28,508
Basic Earnings Per Share	$ 1.41	$ 1.04
Shares Used in Computation	27,790	27,506
Diluted Earnings Per Share	$ 1.33	$ 1.00
Shares Used in Computation	29,426	28,626

</TABLE>

All acquisitions were accounted for using the purchase method.

Note D - Sale of Product Line

On March 31, 1998, the Company completed the sale of assets of Moxness Industrial Products, a division of Versa/Tek, for approximately book value. The sale did not include the Company's Mox-Med division located in Portage, Wisconsin which will continue to be part of the Engineered Solutions segment of the Company.

Note E - Accounts Receivable Financing
- - --------------------------------------

On November 20, 1997, the Company replaced its former $50,000 accounts receivable financing facility with a new facility that provides up to $80,000 of multi-currency accounts receivable financing. The new agreement expires in November 2000. All other terms of the agreement remain the same.

Note F - Net Inventories
- - -----------------------

It is not practical to segregate the amounts of raw materials, work-in-process or finished goods at the respective balance sheet dates, since the segregation is possible only as the result of physical inventories which are taken at dates different from the balance sheet dates. The systems of the Company's operating units have not been designed to capture this segregation due to the very short production cycle of their products and the minimal amount of work-in-process.

Note G - Shareholders' Equity
- - ----------------------------

On January 8, 1998, the Board of Directors authorized a two-for-one stock split effected in the form of a 100 percent stock dividend to shareholders of record on January 22, 1998. To effect the stock split, a total of 13,891,578 shares of the Company's common stock were issued on February 3, 1998. All references in the accompanying financial statements to the average number of common shares and related per share amounts have been restated to reflect the stock split.

At the Annual Meeting of Shareholders on January 9, 1998, the shareholders voted to increase the number of authorized shares of Class A Common Stock from 40,000,000 to 80,000,000.

Note H - Subsequent Events
- - -------------------------

On April 6, 1998, the Company entered into a definitive merger agreement with ZERO Corporation ("ZERO") pursuant to which ZERO would become a wholly-owned subsidiary of the Company (the "Merger"). Stockholders of ZERO would receive 0.85 of a share of the Company's Class A common stock for each share of ZERO stock. It is anticipated that up to approximately 11,175 shares of common stock will be issued in the Merger, representing approximately 29% of the shares of common stock expected to be outstanding after the Merger based on the number of shares outstanding at the date hereof. Approved by the boards of directors of both companies, consummation of the Merger is subject to approval by the stockholders of both companies. The Merger would be accounted for as a pooling of interests and is expected to be completed July 31, 1998. ZERO's operations have two business segments: "Enclosures and Accessories" for the electronics industry and "Other." ZERO's primary business is "Enclosure and Accessories" for the system packaging, thermal management and engineered case requirements of the telecommunications, instrumentation and data processing markets of the electronics industry. ZERO's "Other" segment serves the air cargo and consumer/other markets. Air Cargo designs, manufactures and markets a broad range of specialized and general-purpose cargo containers as well as a patented telescoping baggage/cargo system. In addition, ZERO produces and markets the well-known line of ZERO Halliburton(R) luggage, carrying cases and attaches for consumers worldwide, food service containers and other specialized enclosures.

On June 5, 1998, the Company announced that Applied Power Limited, a United Kingdom subsidiary of the Company, had accepted for payment all of the VERO Group plc ("VERO") stock tendered, which totaled over 72% of the outstanding VERO shares, pursuant to Applied Power Limited's tender offer to acquire the entire issued share capital of VERO at a price of 192 pence per VERO share (the "Offer"). Applied Power Limited had previously acquired approximately 10% of VERO's shares, so that after accepting the shares tendered, Applied Power Limited owned or had accepted over 82% of VERO's shares. On June 19, 1998, Applied Power Limited announced that additional shares tendered brought the total of the shares it owned or had accepted for payment to over 90% of VERO's issued share capital. Applied Power Limited also announced that it would invoke Section 429 of the U.K. Companies Act of 1985, as amended, to acquire the remaining outstanding shares of VERO stock, so that after the required procedures are completed, Applied Power Limited will own all of the issued share capital of VERO. VERO is a United Kingdom company that manufactures electronic enclosures, racks, backplanes and power supplies.

The total amount of funds required to acquire all of the VERO shares is currently estimated to be approximately $195,000, including related fees and expenses. Applied Power Limited obtained all of the funds it expended from the Company. To provide the necessary funds, the Company and Enerpac B.V., a Netherlands subsidiary of the Company, as Borrowers, entered into a Multicurrency Credit Agreement, dated as of June 18, 1998 (the "Credit Agreement"), providing for a $700,000, 5-year revolving credit facility (the "Facility"). In conjunction with the closing of the Facility, the Company terminated its prior $350,000, 5-year revolving credit facility (the "Prior Facility"), and used certain funds received under the Facility to repay borrowings under the Prior Facility. The Facility is to be used to finance the remaining expenses of the Offer, provide for working capital, capital expenditures, and for other general corporate purposes.

On June 24, 1998, the Company announced that it had purchased Brown Manufacturing Company ("Brown"). Headquartered in Austin, Texas, Brown is a manufacturer of custom electronic enclosures. Cash paid for the transaction totaled approximately $9,000.

Note I - New Pronouncements

During February 1998, the FASB issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," which revises disclosures about pension and other postretirement benefits plans. This Statement is effective for the Company's 1999 fiscal year financial statements and restatement of disclosures for earlier years provided for comparative purposes will be required unless the information is not readily available. The Company is currently evaluating the extent to which its financial statements will be affected by SFAS No. 132.

In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," which specifies the accounting treatment provided to computer software costs depending upon the type of costs incurred. This Statement is effective for the Company's fiscal year 2000 financial statements and restatement of prior years will not be required. The Company does not believe that the adoption of this Statement will have a significant impact on its financial position or results of operations.

In April 1998, the AICPA issued SOP 98-5, "Reporting on the Costs of Start-Up Activities," which requires costs of start-up activities and organization costs to be expensed as incurred. This Statement is effective for the Company's fiscal year 2000 financial statements and initial application will be reported as a cumulative effect of a change in accounting principle. The Company is currently evaluating the extent to which its financial statements will be affected by SOP 98-5.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which requires that an entity recognize derivative instruments, including certain derivative instruments embedded in other contracts as either assets or liabilities and measure those instruments at fair value. This Statement is effective for the Company's fiscal year 2000 first quarter financial statements and restatement of prior years will not be required. The Company is currently evaluating the extent to which its financial statements will be affected by SFAS No. 133.

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

(Dollars in thousands, except per share amounts)

Results of Operations

The Company reported record sales and earnings for the third quarter ended May 31, 1998. Net earnings for the quarter were $14,949, or $0.51 on a diluted per share basis, compared to $11,098, or $0.39 per diluted share, for the third quarter of the prior year. For the first nine months of fiscal 1998, earnings were $39,055, or $1.33 on a diluted per share basis, a 27 percent improvement over the earnings from the comparable period last year of $30,107, or $1.05 per diluted share. Increased sales resulted in greater leverage on operating costs and generated the improved earnings. Foreign currency translation negatively impacted sales by approximately 2 percent for the quarter and 3 percent on a year-to-date basis. Excluding the effect of currency and acquisitions, sales grew 8 percent for the quarter and 11 percent on a year-to-date basis.

Certain prior year amounts previously reported in Tools & Supplies have been reclassified into Engineered Solutions to conform with the fiscal 1998 presentation.

<TABLE>
<CAPTION>

SALES BY SEGMENT

	Three Months Ended May 31,	Nine Months Ended May 31,

	1998	1997	Change	1998	1997	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tool & Supplies	$ 80,307	$ 74,096	8 %	$231,990	$216,305	7 %
Engineered Solutions	80,823	50,703	59 %	225,120	142,175	58 %
Technical Environments and Enclosures	80,523	49,040	64 %	210,377	125,625	67 %
Total	$241,653	$173,839	39 %	$667,487	$484,105	38 %

</TABLE>

Sales from Tools & Supplies grew by 8 percent and 7 percent for the three and nine month periods ended May 31, 1998, respectively. Ignoring the impact of the strengthening US Dollar, the segment's sales increased 11 percent for both the quarter and year-to-date. Approximately $20,400 of the sales growth was generated through business acquisitions on a year-to-date basis.

Engineered Solutions reported increases in sales of 59 percent for the quarter and 58 percent year-to-date. Foreign currency translation had the effect of reducing reported sales 2 percent and 3 percent in the three and nine month periods ended May 31, 1998, respectively. Excluding the effect of businesses acquired and the negative effect of foreign currency, sales in Engineered Solutions grew 17 percent for the quarter and 16 percent year-to-date. This growth is primarily attributable to the success of new products. The continued increases in market share in the European automotive market also contributed to the sales increase.

Technical Environments and Enclosures continued its impressive growth in sales with increases of 64 percent and 67 percent for the quarter and year-to-date periods ended May 31, 1998, respectively. Approximately $25,200 and $59,300 of the sales growth for the quarter and year, respectively, has come from acquisitions. The other significant factor driving the sales increase is the continued expansion of the direct sales force, both in size and geographic placement.

<TABLE>
<CAPTION>

GROSS PROFIT BY SEGMENT

	Three Months Ended May 31,			Nine Months Ended May 31,		
	1998	1997	Change	1998	1997	Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Tools & Supplies	$31,091	$27,055	15 %	$ 87,011	$ 83,982	4 %
Engineered Solutions	26,727	16,567	61 %	72,611	46,596	56 %
Technical Environments and Enclosures	26,748	20,969	28 %	74,101	55,084	35 %
Total	$84,566	$64,591	31 %	$233,723	$185,662	26 %

</TABLE>

The Company's third quarter and year-to-date gross profit increased 31 percent and 26 percent, respectively, over the comparable prior year periods. The improvement is primarily volume driven. The Company's year-to-date gross profit percentage held from the first and second quarter of fiscal 1998 at 35 percent. This represents a decrease from the 38 percent gross profit percentage realized for the nine months ended May 31, 1997. The decrease is mainly attributable to the acquisitions of lower gross profit margin enclosure businesses within Technical Environments and Enclosures.

ENGINEERING, SELLING AND ADMIN. EXPENSES BY SEGMENT

	Three Months Ended May 31,			Nine Months Ended May 31,		
	1998	1997	Change	1998	1997	Change
Tools & Supplies	$19,815	$19,365	2 %	$ 57,735	$ 57,245	1 %
Engineered Solutions	13,257	10,341	28 %	38,810	31,065	25 %
Technical Environments and Enclosures	17,247	12,218	41 %	47,334	34,858	36 %
General Corporate	1,666	1,554	7 %	5,700	4,357	31 %
Total	$51,985	$43,478	20 %	$149,579	$127,525	17 %

Engineering, selling and administrative ("operating") expenses increased 20 percent for the quarter and 17 percent on a year-to-date basis, reflecting the impact of acquisitions, which contributed approximately $6,600 and $16,000, respectively, and higher sales levels. The majority of the Company's growth and current year acquisitions are within the Engineered Solutions and Technical Environments and Enclosures segments, which explains the operating expense increases noted within these segments. Overall, the Company continues to reduce operating expenses as a percent of net sales by aggressively managing spending levels and through the acquisition of enclosures businesses within Technical Environments and Enclosures, which have a lower percentage of operating expenses. On a year-to-date basis, operating expenses were 22 percent of sales, down from 26 percent over the same period last year.

Amortization expense for the nine months ended May 31, 1998 was higher than that reported for the nine months ended May 31, 1997 due to the acquisitions made during and subsequent to the first nine months of fiscal 1997, including primarily Premier, PTI, Del City, AA, PMP, C Fab, Hormann, Versa/Tek, and Everest.

Net financing costs for the nine months ended May 31, 1998 increased over the prior year comparable period as a result of the additional borrowings for the acquisitions during and subsequent to the first nine months of fiscal 1997.

Liquidity and Capital Resources

Cash and cash equivalents totaled $4,262 and $5,846 at May 31, 1998 and August 31, 1997, respectively. In order to minimize net financing costs, the Company intentionally maintains low cash balances by using available cash to reduce short-term bank borrowings.

Net cash generated from operations, after considering non-cash items and changes in operating assets and liabilities, totaled $49,745 for the nine months ended May 31, 1998, a 43 percent improvement compared to $34,701 for the comparable prior year period. The improvement is the result of increased sales volume, which resulted in higher operating earnings, coupled with the benefit of working capital reduction programs.

Net cash used in investing activities totaled $279,243 for the first nine months of fiscal 1998, of which $253,463 was used for acquisitions. In addition, $24,030 was used for capital expenditures, which was offset by approximately $10,933 in proceeds generated primarily from a sale and leaseback transaction completed on two of the Company's properties.

TOTAL CAPITALIZATION	May 31, 1998	August 31, 1997

Shareholders' Equity	$244,666	42 %	$204,109	60 %
Total Debt	321,688	55 %	123,091	36 %
Deferred Taxes	17,030	3 %	14,596	4 %
Total	$583,384	100 %	$341,796	100 %

Outstanding debt at May 31, 1998 totaled $321,688, an increase of approximately $198,600 since the beginning of the year. The Company's debt to total capitalization ratio was 55 percent at May 31, 1998, up from 36 percent at the beginning of the year. The increases reflect additional borrowings for acquisitions net of cash received on increased receivable financing. Dividends of $1,252 were paid, while the exercise of stock options generated an additional $4,466 of cash in the nine month period ended May 31, 1998.

The Company anticipates that the funds generated from operations and available under credit facilities will be adequate to meet operating, debt service, and capital expenditure requirements for the foreseeable future.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

PART II - OTHER INFORMATION

Item 5 - Other Information

Deadlines for Shareholder Proposals

Pursuant to Rule 14a-5(e) under the Securities Exchange Act of 1934, as amended effective June 29, 1998:

(1) The deadline for submitting shareholder proposals for inclusion in the Company's proxy statement and form of proxy for the Company's 1999 annual meeting of shareholders pursuant to Rule 14a-8 is July 23, 1998.

(2) The date after which notice of a shareholder proposal submitted outside the processes of Rule 14a-8 is considered untimely is October 6, 1998.

Item 6 - Exhibits and Reports on Form 8-K

(a) See Index to Exhibits on page 14, which is incorporated herein by reference.

(b) The Company filed a Current Report on Form 8-K dated as of April 6, 1998 reporting under Item 5 that the Company and ZERO Corporation had executed an Agreement and Plan of Merger, dated as of April 6, 1998 (the "Merger Agreement").

The Company filed a Current Report on Form 8-K dated April 16, 1998 to restate its earnings per share information in accordance with Statement of Financial Accounting Standards No. 128.

Subsequent to May 31, 1998, the Company filed a Current Report on Form 8-K dated as of June 5, 1998 reporting under Item 2 the acquisition of VERO Group plc ("VERO") and filing the required historical and pro forma financial information under Item 7. Amendment No. 1 thereto on Form 8-K/A was filed on July 1, 1998 to amend the VERO historical financial statements in certain respects.

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.

APPLIED POWER INC.
(Registrant)

Date: July 14, 1998 By: /s/Robert C. Arzbaecher

Robert C. Arzbaecher,

Vice President and
Chief Financial Officer
(Principal Financial Officer
and duly authorized to sign
on behalf of the registrant)

APPLIED POWER INC.

INDEX TO EXHIBITS

FISCAL 1998 THIRD QUARTER 10-Q

Exhibit Number	Description	Incorporated Herein By Reference To	Page No.
2	Agreement and Plan of Merger, dated as of April 6, 1998, by and among Applied Power Inc., ZERO Corporation and STB Acquisition Corporation	Appendix A to the Joint Proxy Statement/ Prospectus contained in the Company's Registration Statement on Form S-4 (File No. 333-58267)	
4	Multicurrency Credit Agreement dated as of June 18, 1998, among Applied Power Inc. and Enerpac B.V., as Borrowers, various financial institutions from time to time party thereto, as Lenders, The First National Bank of Chicago, as Syndication Agent, Societe Generale, as Documentation Agent, and Bank of America National Trust and Savings Association, as Administrative Agent, arranged by BancAmerica Robertson Stephens	Exhibit 4.1 to the Company's Current Report on Form 8-K dated as of June 5, 1998	
27	Financial Data Schedule		15

<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND> This schedule contains summary financial information extracted from the unaudited financial statements of Applied Power Inc. for the nine month period ended May 31, 1998 and is qualified in its entirety by reference to such financial statements.
</LEGEND>
<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	AUG-31-1998
<PERIOD-END>	MAY-31-1998
<CASH>	4,262
<SECURITIES>	0
<RECEIVABLES>	88,244
<ALLOWANCES>	4,773
<INVENTORY>	129,950
<CURRENT-ASSETS>	239,824
<PP&E>	258,453
<DEPRECIATION>	129,020
<TOTAL-ASSETS>	731,178
<CURRENT-LIABILITIES>	159,483
<BONDS>	284,213
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	5,587
<OTHER-SE>	239,079
<TOTAL-LIABILITY-AND-EQUITY>	731,178
<SALES>	667,487
<TOTAL-REVENUES>	667,487
<CGS>	433,764
<TOTAL-COSTS>	433,764
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	15,390
<INCOME-PRETAX>	60,354
<INCOME-TAX>	21,299
<INCOME-CONTINUING>	39,055
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	39,055
<EPS-PRIMARY>	1.41
<EPS-DILUTED>	1.33

</TABLE>